



22nd Dec. 2011.

Bills Committee on Competition Bill
Legislative Council
1 Legislative Council Road, Central.
Hong Kong

Dear Sirs,

This is Toby Chan, Founding Chairman of Asian Licensing Association; on behalf of our Association, I am writing to urge for a reconsideration of having HKTDC (aka TDC) exempted from "Competition Bill".

TDC has been working closely with all HK industries, running exhibitions, trade fairs, study missions, seminars, assisting brand building and promotion in China, conducting market researches and gathering related market and economic data etc. They are providing a basket of vital services and organizing trade exhibitions is only one of it. I do not see any other private company providing similar services so comprehensively. I think TDC is able to do so because of their economies of scale. Synergy and cost efficiencies are enjoyed and passed along to us fellow industrialists. While some may see TDC earning handsome profit from organizing trade fairs and exhibitions, the expense on brand building and promotion, research, information gathering and support are also tremendous. TDC will not be able to render the same level of service if part of its major business, such as organizing exhibitions, is taken out for the sake of encouraging competition. The immediate effect will be soaring of service fees from TDC in order to compensate the loss of revenue or loss of business. We will be forced to pay more because there is now, increased competition. I see this doing more harm than good to HK industries in this perspective.

TDC, being a semi-official entity has a mission to assist HK industries, to help us grow, prosper so as to strengthen local economy. Money making is not TDC's priority but they have to be allowed to make some money to finance other expensive tasks, such as information gathering, R and D, and data analysis. It is also with their "special" entity that they are able to draw VIP support from district government, officials, local enterprises when doing overseas trade shows. TDC provides exceptional publicity, ad and media exposure and high level official reception in their trade shows and exhibitions. We do not get the same level of service from other fair organizers given same or similar amount of fair participation fees. It is obvious that all these will be lost if TDC falls into "Competition Bill".



Most of us don't see TDC monopolizing the exhibition business as they do not own the Convention Centre nor can they prohibit others from using. There are over 100 trade shows in HK each year and TDC only runs around 30%. Competition cannot be encouraged in the trade show business because this is not a simple operation. Likewise, we are seeing more trade shows in Macau these days, they have the luxury of space. However, these trade shows are poorly managed and are no comparison to TDCs'. That is why you do not see HK industries shifting to trade shows in Macau!

Above summarizes my argument for having TDC exempted from "Competition Bill". The success and reputation TDC earned today is not from monopoly or sheer lack of competition; it is from many years endeavour and industry support. (We will not support if we were not benefiting!) Good performance and success will bring scale economies and synergy, there is less competition because others cannot match TDC's services. I do not agree that TDC should be penalized because they have out performed others.

I would very much appreciate if your office can seriously re-consider the issue and exempt TDC from "Competition Bill". Please do not change TDC's current mode of operation or take away certain area of business for the sake of encouraging competition. Please support TDC so that they can render the complete basket of professional services to HK industries, same as had from the very beginning.

Thank you for your kind attention.

Yours truly,

Dr. Toby L. M. Chan

Founding Chairman

Asian Licensing Association