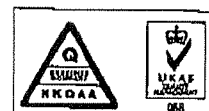




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ISO 9001 : 2000
Certificate No.: CC 83

30 December 2011

Clerk to Bill Committee on Competition Bill
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

To Whom It May Concern,

Support to Exempt HKTDC from the Competition Law

We have been using HKTDC's services ever since its establishment in 1966. In the past 45 years, HKTDC has been instrumental in helping HK SMEs in developing overseas markets. Before 1996, we only exhibited in overseas trade fairs. With the good work of HKTDC in organizing trade fairs in Hong Kong and the trend for overseas buyers coming to Asia to source, we exhibited in local trade fairs ever since 1996. While it is HKTDC's statutory obligation to promote trade, it can't effectively continue to do so unless it is exempted from the Competition Law. Therefore, we are writing to urge the Bill Committee on Competition Bill to exempt HKTDC from the Competition Law. Following are our key arguments:

HK SMEs Will Suffer

HK SMEs have been paying a lower participation fee for HKTDC trade fairs held in HK than their overseas counterparts. In general, they also have better choices of location in these trade fairs. If HKTDC is covered by the Competition Law, it will be forced to raise participation fee in line with similar trade fairs organized by other profit making fair organizers. HK SMEs will have to pay more and lose the privilege of enjoying better exhibition locations without paying a premium.

HKTDC is not a profit making organization. It has employed surplus generated from the few big local trade fairs to subsidize other promotional activities and services to SMEs. This also enables HKTDC to organize trade fairs for emerging industries that may likely lose money. HK SMEs will no longer enjoy such subsidized services if HKTDC is bounded by the Competition Law.

HK SMEs currently also enjoy packaged deals offered by HKTDC, e.g. free web-site advertisement for exhibitors at local HKTDC's trade fairs. Such deals may likely be limited by the Competition Law if HKTDC is not exempted.

A few multinational fair organizers are now dominating the exhibition industry worldwide. They organize exhibitions for major product sectors in different key locations worldwide which may or may not include Hong Kong. If HKTDC is not exempted, it may be forced to reduce or even withdraw from organizing local trade fairs. If so, there is no guarantee that the multinational fair organizers will continue holding trade fairs in Hong Kong. This is because many neighbouring cities are competing with Hong Kong (not HKTDC) by offering attractive incentives for these private organizers to organize their successful trade fairs there. HK SMEs will be forced to join trade fairs organized by these multinational fair organizers wherever they move such trade fairs.



HK Will Suffer

Local trade fairs not just benefit HK SMEs in that they can spend less in participating these trade fairs but also the Hong Kong economy. Thousands and thousands overseas buyers attending local trade fairs organized by HKTDC every year bring along great business opportunities to the local hotel, catering, retail and all related industries. As mentioned above, if HKTDC is not exempted from the Competition Law, Hong Kong runs the risk of losing these great business opportunities if private fair organizers relocate successful trade fairs elsewhere. Indeed, this has been done by some of these profit making private companies in the past.

HK SMEs rely very much on participating trade fairs to get orders. If HKTDC is restricted by the Competition Law to continue organizing quality local trade fairs at affordable prices for them, Hong Kong's economy will also be adversely affected.

As a side issue, Hong Kong as an exhibition centre has been losing its competitive edge due to lack of downtown exhibition space. There are long waiting lists for all the major trade fairs organized by HKTDC because of such shortage. The Legislative Council not only should exempt HKTDC from the Competition Law but urge the HKSAR Government to expand the existing HK Exhibition and Convention Centre so as to restore the competitiveness of Hong Kong as a an international exhibition centre.

Regards

Yours very truly
Sonca Products Ltd.

A handwritten signature in black ink, appearing to read "KC Leung", written over a white background.

KC Leung
Managing Director

c.c. Ms. Linda Lai
Deputy Secretary for Commerce & Economic Development (Commerce & Industry) 1