

LCQ5: Measures to enhance competitiveness of convention and exhibition industry

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Following is a question by the Hon Yiu Si-wing and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (October 25):

Question:

A study has pointed out that the convention and exhibition (C&E) industry is characterised by "three highs", namely high growth potential, high added-values and highly beneficial innovations. Not only can C&E industry improve the international image of the city where C&E facilities are located, it can also attract business visitors, thereby driving the development of high value-added tourism. In 2015-2016, overnight C&E and incentives arrivals in Hong Kong reached 1.72 million and their per-capita spending exceeded HK\$8,400, which is 16 per cent higher than that of inbound visitors in Hong Kong in general. On the other hand, in recent years quite a number of Asian cities (e.g. Singapore and Bangkok) have identified the C&E industry as a key industry for development. According to a statistical report of the International Congress and Convention Association, Hong Kong was ranked the 19th worldwide last year in terms of the number of international meetings hosted, which was a drop of four places from that of the previous year and fared worse than the rankings of Singapore, Bangkok and Beijing, indicating that the C&E industry in Hong Kong is facing severe challenges from competitors in the region. In this connection, will the Government inform this Council:

(1) whether the authorities have reviewed the causes for the drop in the aforesaid ranking of Hong Kong; what difficulties the authorities encountered in the past five years in the course of developing the C&E industry;

(2) whether the authorities have analysed the resources injected by the authorities of Guangzhou, Shenzhen and Macau into the C&E industry there in recent years and the development trends of the industry there; if so, of the findings, and the plans and preparation put in place by these cities for developing the C&E industry there in the coming five years; and

(3) in the light of the plans and preparation made by the competitors to Hong Kong in respect of C&E industry and the development trends of their C&E industry, whether

the authorities have formulated corresponding measures in the short, medium and long terms so as to enhance the status of Hong Kong's C&E industry in the Asia-Pacific region; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to the three parts of the question raised by the Hon Yiu Si-wing is as follows.

Financial services, trading and logistics, tourism, creative industries, as well as various professional services are important industries to Hong Kong's economy. The convention and exhibition (C&E) industry plays an important role in promoting and supporting these industries.

The C&E industry on the one hand promotes the development of the overall economy, trading as well as the products and services industries. At the same time, it brings additional economic activities and employment opportunities to Hong Kong by attracting high-spending overnight business visitors to Hong Kong and driving the development of the tourism, retail, catering and entertainment industries. According to a study conducted by the industry, in 2014, the exhibition industry in Hong Kong generated a consumption expenditure of \$52.9 billion to the Hong Kong economy, equivalent to 2.3 per cent of the Gross Domestic Product, and created around 83 000 full-time equivalent employment opportunities. Last year, overnight C&E visitors reached 1.89 million, up 10 per cent year-on-year, bringing about a total expenditure of \$14.3 billion.

Every year, Hong Kong hosts a number of large-scale international C&E events, including international finance and commerce conferences such as the Asian Financial Forum, Asian Logistics and Maritime Conference and Business of IP Asia Forum; and large-scale international C&E events on arts and design such as Art Basel and the Business of Design Week. Together with the Belt and Road Summit held in Hong Kong in the past two consecutive years, all such events are unique or world-class annual C&E highlights in Hong Kong. In addition, among the various large-scale international exhibitions held in Hong Kong every year, over 10 are the largest Asian or even global exhibition and sourcing platforms for the trades concerned. Among them, the largest-scale events include electronics, jewellery, gifts,

watches and clocks, lighting, etc.

The statistics report of the International Congress and Convention Association mentioned by the Hon Yiu has a feature. It only covers conventions organised by international organisations in different cities on rotation and does not include conventions held in the same city every year nor exhibitions. As such, the report does not reflect the full picture of the C&E industry of individual cities. Nevertheless, we also notice from the report that the average number of participants of international conventions held in Hong Kong is relatively higher, reflecting that Hong Kong has advantages in hosting large-scale international conventions. Indeed, with the concerted efforts of the Government and Hong Kong's C&E industry over the years, Hong Kong has become a leading and preferred convention, exhibition and sourcing platform in Asia. Hong Kong has received a lot of awards over the years, including being named as the Best City for Meetings in Asia by the Smart Travel Asia Award for 11 consecutive years since 2007. This demonstrates clearly Hong Kong's position as an international C&E hub.

The development of the C&E industry in Hong Kong has opportunities as well as challenges. With a flourishing C&E industry and with Hong Kong's competitive advantages as an international finance, shipping and trading centre in Asia, organisers of many other renowned and important international C&E events have tried to host their events in Hong Kong. However, due to the shortage of C&E space in Hong Kong, both sides cannot take on such co-operation opportunities. Since the commissioning of the Atrium Link Extension of the Hong Kong Convention and Exhibition Centre (HKCEC) in 2009, there has been no additional supply of dedicated C&E venues in Hong Kong. The two existing dedicated C&E venues, namely HKCEC and the AsiaWorld-Expo, providing a total rentable space of about 160 000 square metres, have been fully utilised during peak periods of C&E events.

In contrast, our neighbouring regions and cities are working hard to expand their C&E venues. According to the figures of the Global Association of the Exhibition Industry, the exhibition space in the Asia-Pacific region significantly increased from 4.8 million square metres in 2006 to 8.1 million square metres in 2017, and the increases included the National Exhibition and Convention Center in Shanghai with a floor area of 500 000 square metres and a convention centre in Singapore with a floor area of 120 000 square metres. In addition, Shenzhen is building an international C&E centre with a floor area of 300 000 square metres. Therefore, in terms of floor area, there is a pressing need for expanding C&E facilities

in Hong Kong. Nevertheless, with limited land in Hong Kong, we need to, in parallel with expanding our facilities, define our strategic position to focus on C&E events which bring economic and development benefits to Hong Kong, so as to maintain our competitive edge in the C&E industry.

The Chief Executive announced in the Policy Address that the Government has decided to demolish the three government buildings in Wan Chai North and redevelop the site into C&E facilities to increase C&E space by about 23 000 square metres. The new facilities will be connected to and integrated with the existing HKCEC. At the same time, we will continue with the planned development of a convention centre above the Exhibition Station of the Shatin to Central Link to provide the market with additional convention space of about 15 000 square metres. The above plans will strengthen our competitiveness in hosting large-scale international conventions and exhibitions, and consolidate and enhance the status of the existing HKCEC in Wan Chai North as a C&E hub of Asia. We will also continue to explore the possibility of expanding other existing C&E facilities.

In addition, the Chief Executive also announced in the Policy Address the Development Blueprint for Hong Kong's Tourism Industry, in which one of the implementation goals is to consolidate Hong Kong's status as a destination for meeting, incentive travels, conventions and exhibitions (MICE). The Hong Kong Tourism Board will continue to bid for more large-scale international C&E events to be held in Hong Kong, by providing event organisers and participants with more attractive and targeted supporting services and value-added concessions. We will continue to closely monitor the development of MICE tourism in the region and adjust our strategies in a timely manner to maintain the competitiveness of Hong Kong's MICE tourism.

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