

Deputy President, according to the Government's conventional thinking, culture, arts and sports are nothing but leisure activities. However, a modernist painting may be sold at an auction at a sky-high price. NBA, the English Premier League, F1 auto racing, and so on, are big businesses involving tens of billions and even hundreds of billions of dollars. Not only are there enormous business opportunities behind them, the internal cohesion brought by culture and sports, as well as the outward-going image packaging, can even upgrade the status of an entire city. Indeed, every international city will keep bidding for the right to host international sports events not for superficial economic gains, but for the intangible gain of raising its own image. Hong Kong has fortunately been chosen as an Olympic city next year and will also host the East Asian Games in 2009. These are definitely excellent opportunities for the territory. Provided that we can grasp the opportunities properly and make suitable arrangements and take complementary measures, the overall competition between Hong Kong and its peripheral cities and the competition between Hong Kong's convention and exhibition industry and the outside world will no longer be confined to comparison of sizes of land. Instead, the spirit of the city will also be engaged in the wrestling.

I so submit.

MRS SELINA CHOW (in Cantonese): In general, the public at large might not be too keen on participating in discussions on the development of the convention and exhibition industry, probably because they do not find it having a close bearing on their lives. As in the case of the development of the tourism industry, which has not only brought benefit to the industry itself but also boosted the retail, catering and passenger transport industries, the exhibition industry alone has directly created an additional 58 000 job vacancies. Furthermore, it has made an impact on a considerable number of peripheral industries and supporting facilities, involving hundreds of thousands of employees. In terms of the "multiplier" and "radiation" effects thus produced, the exhibition industry definitely matches up to the tourism industry. Besides the most primary sectors such as retail, catering, hotels and passenger transport, a large number of other trades and industries benefited by the exhibition industry can also be found everywhere. Indeed, examples can be cited at any time. They are, for instance, interior and booth design, decoration, sound and video, decorative lighting, logistics, communications, security, and so on. The scope

of business involved is very extensive, for these sectors themselves are supported by some industries of their own. On the whole, the "multiplier effect" thus achieved is remarkable.

As a world city and a global trade centre, Hong Kong has been a melting point, playing the central role as a distribution hub. For the local convention and exhibition industry to fare even better, Hong Kong must move forward in this direction. After years of effort, considerable success has been achieved by the industry. Let me cite some figures to illustrate my point. Last year alone, a total of 110 large-scale exhibitions were held in Hong Kong, with the number of exhibitors rising by 50% to 62 000, and attracting more than 600 000 attendees from overseas. If we calculate by the categories of visitors, we will find that the numbers of visitors from the Asia-Pacific Region, mainland visitors and visitors from Europe, the United States and other regions have increased remarkably by 43%, 24% and 20% respectively when compared to the year 2005. Without taking into account the total value of the orders placed by buyers with local exhibitors, the direct economic gains brought to Hong Kong have already reached \$26.4 billion.

Why are exhibitors and buyers from around the world so pleased to attend exhibitions held in Hong Kong? First of all, it is because of our possession of sophisticated hardware, excellent venues and facilities, as well as a sound legal system and low tax rates. But I think that Hong Kong's greatest advantage lies in its possession of world-class software in the form of a comprehensive package of most excellent and effective supporting services. In other words, not only do we have outstanding performance in hosting exhibitions, the standards of other key supporting services, such as air traffic, transport, communications, hotels, and even tourist destinations are among the highest in the world. When all these excellent factors are added up, Hong Kong offers confidence assurance in staging exhibitions. Therefore, exhibitors and buyers from around the world are all very pleased to come to Hong Kong because, besides conducting business, they may enjoy a quality stay as well.

During the recent discussions on the threats posed by Macao, many people expressed the fear that the convention and exhibition business of Hong Kong would be snatched by Macao with its Las Vegas style of *modus operandi*. I believe without competition, there will be no progress. Neither do we hope to

see all of our rivals standing still, while Hong Kong continues to rely solely on our assets. Furthermore, Las Vegas is truly attractive with its offer of everything ranging from conventions and exhibitions, gambling, entertainment, leisure and holidaymaking. No wonder it is hailed as the number one convention and exhibition city in the United States. However, can Macao achieve the same effect by adopting the same *modus operandi*? It must be borne in mind that one of the factors contributing to Las Vegas' success is the domestic demand of the United States and the whole of North America. On the contrary, Macao is just a small place with considerable domestic demand. It can survive by relying on external business only. The same goes for Hong Kong. After all, Hong Kong is more advantageous than Macao in attracting overseas customers, given our edges in air traffic, logistics, communications and infrastructure facilities. I believe if Macao can strengthen co-operation and complement each other's strength with Hong Kong, the exhibition industries of the two places can definitely be further developed with double results.

Lastly, while paying attention to the pace of our rivals, we must also further consolidate our intrinsic advantages, for we will fall behind if we do not make progress. As stated by President HU Jintao 17 days ago, there will be no way out if progress stops and retrogresses. Therefore, we must make great effort in our development and seek continuous improvement in hardware as well as the entire supporting package of software. I hope we can all march forward in this direction. Thank you, Deputy President.