

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 152 – GOVERNMENT SECRETARIAT :
COMMERCE AND INDUSTRY BUREAU**

**HEAD 181 – TRADE AND INDUSTRY DEPARTMENT
Subhead 001 Salaries**

Members are invited to recommend to Finance
Committee -

- (a) the creation of the following permanent post in
the Trade and Industry Department with effect
from 1 July 2001-

1 Administrative Officer Staff Grade C
(D2) (\$116,650 - \$123,850)

to be offset by the deletion of the following
permanent post in the Commerce and Industry
Bureau -

1 Administrative Officer Staff Grade C
(D2) (\$116,650 - \$123,850); and

- (b) the re-distribution of duties and responsibilities
among the directorate staff of the Trade and
Industry Department and some of the directorate
staff of the Commerce and Industry Bureau.

/PROBLEM

PROBLEM

The Director-General of Trade and Industry (DGTI) needs additional directorate support to handle the Trade and Industry Department's (TID) increasing workload in commercial relations, especially with the Mainland. To enhance operational efficiency, there is also a need to re-distribute duties and responsibilities among the directorate staff of the Commerce and Industry Bureau (CIB) and TID.

PROPOSAL

2. DGTI, with support of the Secretary for Commerce and Industry (SCI), proposes to create one permanent post of Administrative Officer Staff Grade C (AOSGC) (D2) to head the Asia Division of TID with effect from 1 July 2001, to be offset by the deletion of a permanent post of AOSGC in CIB. To enhance the operational efficiency to meet the increasing workload, SCI and DGTI also propose to re-distribute the duties and responsibilities among the directorate staff of TID and some of the directorate staff of CIB.

JUSTIFICATION**Increasing workload in commercial relations**

3. As part of the reorganisation of the trade and industry group of departments, the former Trade Department (now retitled as TID) was reorganised on 1 July 2000 to increase synergy and provide more efficient one-stop services to clients in the trade and industrial sector. At the same time, we also reviewed the duties of the directorate posts in TID. The review indicated that the schedule of Assistant Director-General of Trade and Industry (ADGTI) (Asia and Americas), desk officer responsible for the two largest trading partners of Hong Kong, was substantially overloaded. There was a growing demand from the industrial and trade sector for the Government to play a more active role in promoting trade relationships between Hong Kong and the Mainland. In addition, the establishment of the Mainland-HKSAR Joint Commission on Commerce and Trade (Joint Commission) in late 1999 and China's imminent accession to the World Trade Organisation (WTO) were expected to generate a lot of major commitments for ADGTI (Asia and Americas).

4. As it was uncertain during the reorganisation exercise whether the substantial increase in TID's workload would be long-term and justify the permanent creation of an AOSGC post, CIB decided to temporarily re-distribute the duties of an AOSGC post in CIB to two other Principal Assistant Secretaries (PAS) to enable the temporary deployment on 1 July 2000 of a supernumerary AOSGC post from CIB to TID for 12 months. This special arrangement provided

/timely

timely relief to the Department to cope with its expanded scope of work and allowed time to assess whether there would be a permanent need for an additional AOSGC post in TID in the light of actual operational experience.

Re-distribution of duties and responsibilities among directorate staff in TID

5. The supernumerary AOSGC post deployed to TID has been designated as ADGTI (Asia). With this additional post, TID has re-distributed the workload of the ADGTIs and put related subjects under single ADGTIs to enhance operational efficiency. ADGTI (Asia) takes over from ADGTI (Asia and Americas) commercial relations with trading partners within Asia, Mainland trade issues, liaison with Ministry of Foreign Trade and Economic Cooperation, work pertaining to TID's purview under the Joint Commission, and local trade issues. The officer also takes on certain other duties and responsibilities from ADGTI (Systems) overseeing the development and management of major computer systems in the Department, non-restrained textiles licensing, rice control system and reserved commodities licensing. With the Asia portfolio transferred to ADGTI (Asia), ADGTI (Asia and Americas) has been retitled as ADGTI (Americas) and given a more focused responsibility for commercial relations with the Americas. The officer also takes on the duty of control of trade in strategic commodities from ADGTI (Systems). ADGTI (Systems) now takes on the responsibilities on policy and enforcement matters related to all restrained textiles licensing from ADGTI (Americas) and ADGTI (Europe). This enables ADGTI (Europe) to concentrate on issues on commercial relations with Europe, Africa and the Middle East. The officer also oversees multilateral investment issues, bilateral investment relations as well as a range of multilateral trade subjects such as anti-dumping, competition policy, rules of origin, safeguards and subsidies. The job description of ADGTI (Asia) and the revised job descriptions of the three permanent ADGTI posts are set out at Enclosures 1 and 2(a) to 2(c) respectively.

Encls.1&
2(a)-2(c)

Established need for an additional permanent AOSGC post in TID

6. We have recently reviewed the above temporary arrangement and concluded that the arrangement should be made permanent. On the Mainland front, with the increasingly close economic ties between Hong Kong and the Mainland, coupled with the eventual accession of China to the WTO and the development of her Western Region, the demand for TID to strengthen its services will continue to grow. The Department needs to step up liaison with Mainland authorities on commerce and trade, and to reflect the views of the local business community. It also needs to collect and disseminate information on the latest developments in the Mainland, identify commercial relations issues for follow-up, and coordinate such follow-up actions effectively and efficiently with the appropriate authorities. In addition, there will be more frequent exchanges on trade issues of common interest among the Department, Mainland officials and local business community through the Trade Working Group of the Joint Commission.

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7. The workload on commercial relations work and bilateral trade negotiation with the USA has also increased substantially in the last two years especially in the areas of combating illegal textiles transshipment and control of trade in strategic commodities. Textiles export control has become a major concern in the Hong Kong-US commercial relations which requires on-going attention. Strategic trade control also demands constant attention on the US front. Given the lead that the US is taking in non-proliferation regimes and the large share of import of strategic commodities from the US, the Department needs to maintain close partnership and cooperation with the US in ensuring Hong Kong's continued access to the high-tech products and in sustaining Hong Kong's economic development. With the new political landscape evolving after the US Presidential and Congressional elections, the Department needs to develop a new liaison network with the new Republican Government and to build up rapport on these two and the rest of a wide range of trade issues.

8. In view of the growing volume and complexity of work on both the Mainland and US fronts, we consider it impracticable to keep the work on these two most important trading partners under a single desk. The addition of a permanent AOSGC post to the Department is therefore essential. The creation of this permanent post will also facilitate the re-distribution of work of the other three ADGTIs as mentioned in paragraph 5 above. The organisation chart of TID after the creation of the proposed permanent AOSGC post and re-distribution of duties is at Enclosure 3.

Encl. 3

Other Alternatives Considered

9. The existing permanent ADGTIs are working under extreme pressure to cope with their current workload and new challenges. None of them has any capacity to absorb the additional work in question.

Deletion of one permanent AOSGC post and re-distribution of duties and responsibilities of some of the directorate staff in CIB

10. As explained in paragraph 3 above, in response to the TID's urgent need for strengthening the support at ADGTI level, CIB has deployed one AOSGC post, PAS(4), to TID commencing 1 July 2000, for one year. This is made possible essentially by temporarily re-distributing the job responsibilities of PAS(2) and PAS(3) to absorb the original duties of PAS(4), which include bilateral commercial relations with Europe and other economies, support for industrial sector and small and medium enterprises as well as major policy matters related to ETOs overseas.

Encls.4(a) The revised job descriptions for the posts of PAS(2) and PAS(3) are at Enclosures
to 4(b) 4(a) to 4(b).

11. We have reviewed this arrangement in CIB in the light of actual experience since July 2000. We conclude that the re-distribution of responsibilities has substantially increased the workload of the two PASs concerned but with enhanced support at Assistant Secretary level, we should be able to cope with the workload. Accordingly, we now propose to delete one AOSGC post (PAS(4)) and make the re-distribution of responsibilities mentioned in paragraph 10 above permanent. The proposed organisation chart of CIB after deletion of the PAS(4) post and re-distribution of duties is at Enclosure 5.

Encl. 5

FINANCIAL IMPLICATIONS

12. The additional staff cost required for the creation of the proposed AOSGC post in TID will be completely offset by the cost saved due to the deletion of a post at an equivalent rank in the CIB. The financial implications are set out as follows -

		NAMS \$	Full Annual Average Staff Cost \$	No. of Post
	AOSGC	1,443,000	2,415,240	1
Less	AOSGC	1,443,000	2,415,240	1
		----- 0	----- 0	---- 0
		=====	=====	====

13. Subject to Members' approval for the creation of the proposed permanent AOSGC post in TID, we will create a Personal Secretary I post to provide secretarial support, at a notional annual mid-point salary cost of \$291,840 and a full annual average staff cost of \$461,280. We have included sufficient provision in the 2001-02 Estimates to meet this cost.

BACKGROUND INFORMATION

14. The Financial Secretary announced in his 2000-01 Budget Speech that the Government would reorganise its institutional framework for promoting innovation and technology, attracting external direct investment and supporting industry and commerce. The Finance Committee approved at its meeting held on 9 June 2000 the reorganisation of the former Trade and Industry Bureau and its supporting departments with effect from 1 July 2000.

/CONSULTATION

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

15. We consulted the Legislative Council Panel on Commerce and Industry on 9 April 2001. Members supported the proposal.

CIVIL SERVICE BUREAU COMMENTS

16. CIB has considered carefully the required directorate support in CIB and TID. CSB agrees that a new ADGTI is required in TID to share the increasing workload arising from the trade and industry issues in the US and the Asia region. Having regard to the reasons set out in this paper, CSB considers that the proposed creation of the AOSGC post as ADGTI(Asia) to be offset by an AOSGC post in CIB is a justified, reasonable and cost-effective way to meet the changing service needs. The grading and ranking proposals are supported.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

17. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the post was to be created.

Commerce and Industry Bureau
April 2001

Job Description

Post Title : Assistant Director-General of Trade and Industry (Asia)
Rank : Administrative Officer Staff Grade C (D2)
Responsible to : Deputy Director-General of Trade and Industry
(Commercial Relations, Controls and Support)

Main Duties and Responsibilities -

1. To be responsible for the planning, co-ordination and conduct of bilateral commercial relations between the Hong Kong Special Administrative Region and countries in Asia. This involves contacts with the local Consulate Generals; receiving delegations from relevant trading partners; liaison with the relevant Economic and Trade Offices overseas; monitoring the developments of trade policies in these countries; assessments of the implications of these policies on Hong Kong and formulation of strategies and development of Hong Kong position in response to the changes;
2. to develop and implement activities of the Mainland Desk; to develop communication channels with counterparts in the Mainland; and to lead, co-ordinate or participate in delegations for visits and/or briefings for Mainland officials on specific issues;
3. to support Director-General of Trade and Industry and Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support) on the work of the Mainland-HKSAR Joint Commission on Commerce and Trade, particularly that of the Trade Working Group under it; and lead ad hoc research activities into specific subjects of interest or concern to HK's trade sector, e.g. the liberalisation of the Mainland market;
4. to oversee the development and implementation of Electronic Data Interchange on essential trade documents including the restrained textiles licences, the certificate of origin and manifests and to oversee the development of computer system backing up the enhanced textiles export control system; and
5. to develop and operate the control system for reserved commodities including the Rice Control Scheme; oversee the operation of the Textiles Trader Registration Scheme and the licensing system for textiles products to non-restrained markets.

Job Description

- Post Title** : Assistant Director-General of Trade and Industry (Americas)
- Rank** : Administrative Officer Staff Grade C (D2)
- Responsible to** : Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support)

Main Duties and Responsibilities -

1. To plan, coordinate and conduct bilateral commercial relations between the Hong Kong Special Administrative Region and countries in the Americas. This involves monitoring the developments and changes of trade policies in these countries; assessments of the implications of these policies on Hong Kong; and formulation of strategies and development of Hong Kong position in response to the changes;
2. to assist in devising strategies to take part in negotiating and dealing with the USA in bilateral textiles consultations regarding origin compliance and matters relating to the implementation of the WTO Agreement on Textiles and Clothing;
3. to maintain close liaison with Economic and Trade Offices overseas, to represent Hong Kong and take part in delegations in trade negotiations with these countries;
4. to maintain and enhance trading partners' confidence in Hong Kong's strategic trade control system and to maximise Hong Kong's access to higher technology. This involves monitoring developments and, where necessary, devising strategies to lobby against overseas legislative attempts to downgrade Hong Kong's export control status; planning and coordinating bilateral trade discussions with trading partners; representing the interest of the Hong Kong Special Administrative Region in international forum in major strategic trade control regimes and developing information database and intelligence for enforcement of strategic trade control; and
5. to oversee the operation of the licensing system for strategic commodities including chemical weapons, to review its effectiveness from trade control and trade facilitation angle, and to ensure compliance with international control standards. To keep in view developments of international standards and timely update Hong Kong's legal system of controls to reflect these changes. To plan and coordinate out-reach programme to keep traders and carriers abreast of developments in order to facilitate compliance.

Job Description

- Post Title** : Assistant Director-General of Trade and Industry (Systems)
- Rank** : Administrative Officer Staff Grade C (D2)
- Responsible to** : Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support)

Main Duties and Responsibilities -

1. To oversee the implementation of the textiles export control system in respect of restrained markets, including review on its effectiveness in combating illegal transshipment, and develop an enhanced control system with more integrated, targeted and factory based enforcement control with a view to strengthening export control and facilitating legitimate textiles trade;
2. to oversee and advise on issues relating to textiles export control in respect of the European Union, USA and Canada including the operation of the Textiles Controls Branches, data discrepancy issues etc.;
3. to conduct bilateral commercial relations between Hong Kong and countries/customs unions in Europe on textiles;
4. to oversee the operation of the Certification Branch and conduct review on the Production Notification Scheme in conjunction with the overall review on the textiles export control system;
5. to review the restrained textiles licensing system in the light of the integration and liberalisation of quota under the WTO Agreement on Textiles and Clothing;
6. to oversee, develop and steer programmes and activities promoting a stronger customer oriented service and helping business culture; and
7. to provide secretariat and support services to the Textiles Advisory Board, and to serve as a Member of the Trade Development Council's Garment Advisory Committee.

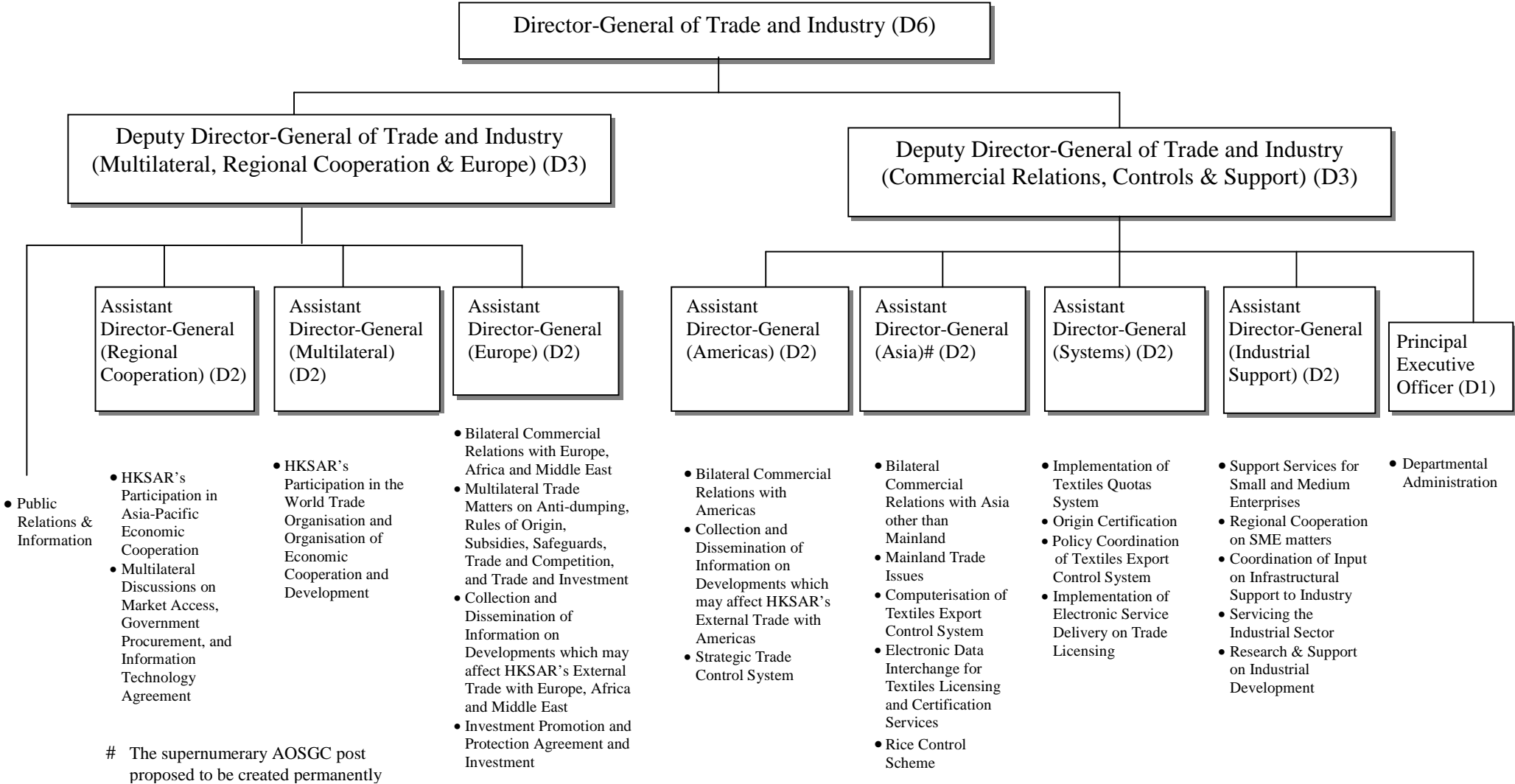
Job Description

- Post Title** : Assistant Director-General of Trade and Industry (Europe)
- Rank** : Administrative Officer Staff Grade C (D2)
- Responsible to** : Deputy Director-General of Trade and Industry (Multilateral, Regional Cooperation and Europe)

Main Duties and Responsibilities -

1. To conduct bilateral commercial relations between Hong Kong and countries/customs unions in Europe, Africa and the Middle East with particular attention to anti-dumping and technical regulations. This involves monitoring the developments of trade policies in these countries and changes, assessments of the implications of these policies on Hong Kong, formulation of strategies and development of Hong Kong position in response to the changes;
2. to maintain close liaison with the Economic and Trade Offices overseas, and take part in delegations in trade negotiations with these countries, and represent Hong Kong at these meetings;
3. to be responsible for matters relating to the implementation of the WTO Anti-Dumping (AD) Agreement including Hong Kong's participation in the WTO AD Committees and conduct of informal negotiations on Anti-circumvention. Also responsible for analytical and policy work relating to AD in regional and multilateral fora;
4. to be responsible for matters relating to the implementation of the WTO Agreement on Rules of Origin including Hong Kong's participation in the WTO Committee on Rules of Origin, the Technical Committee on Rules of Origin and the Harmonized Work Programme on Non-preferential Rules. Also responsible for analytical and policy work relating to rules of origin matters in other regional and multilateral fora;
5. to be responsible for matters relating to discussion on trade and competition and trade and investment in regional and multilateral fora, notably Hong Kong, China's participation in the WTO Working Group on the Interaction between Trade and Competition Policy, and the Working Group on the Relationship between Trade and Investment; and
6. to be responsible for analytical work relating to Investment Promotion and Protection Agreements, as well as matters relating to implementation of the WTO Agreements on Trade-related Investment Measures, Safeguards, and Subsidies and Countervailing Measures.

**Proposed Organisation Chart of Trade and Industry Department
after the creation of one permanent AOSGC post**



• Public Relations & Information

- HKSAR's Participation in Asia-Pacific Economic Cooperation
- Multilateral Discussions on Market Access, Government Procurement, and Information Technology Agreement

The supernumerary AOSGC post proposed to be created permanently

- HKSAR's Participation in the World Trade Organisation and Organisation of Economic Cooperation and Development

- Bilateral Commercial Relations with Europe, Africa and Middle East
- Multilateral Trade Matters on Anti-dumping, Rules of Origin, Subsidies, Safeguards, Trade and Competition, and Trade and Investment
- Collection and Dissemination of Information on Developments which may affect HKSAR's External Trade with Europe, Africa and Middle East
- Investment Promotion and Protection Agreement and Investment

- Bilateral Commercial Relations with Americas
- Collection and Dissemination of Information on Developments which may affect HKSAR's External Trade with Americas
- Strategic Trade Control System

- Bilateral Commercial Relations with Asia other than Mainland
- Mainland Trade Issues
- Computerisation of Textiles Export Control System
- Electronic Data Interchange for Textiles Licensing and Certification Services
- Rice Control Scheme

- Implementation of Textiles Quotas System
- Origin Certification
- Policy Coordination of Textiles Export Control System
- Implementation of Electronic Service Delivery on Trade Licensing

- Support Services for Small and Medium Enterprises
- Regional Cooperation on SME matters
- Coordination of Input on Infrastructural Support to Industry
- Servicing the Industrial Sector
- Research & Support on Industrial Development

- Departmental Administration

Job Description

Post Title : Principal Assistant Secretary (2)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Secretary (1)

Main Duties and Responsibilities -

1. To oversee and monitor Hong Kong's bilateral commercial relations with economies in North, Central and South Americas, as well as Europe;
2. to monitor trade relations between USA and the Mainland that may have an impact on Hong Kong;
3. to deal with policy matters related to control of trade in strategic commodities and trade in textiles;
4. to deal with general trade-related policy matters;
5. to deal with major policy matters related to economic and trade offices overseas;
6. to deal with policy matters related to bilateral investment promotion and protection agreements as well as multilateral investment rules;
7. to deal with policy and housekeeping matters related to Hong Kong Trade Development Council; and
8. to deal with policy and housekeeping matters related to Export Credit Insurance Corporation.

Job Description

Post Title : Principal Assistant Secretary (3)

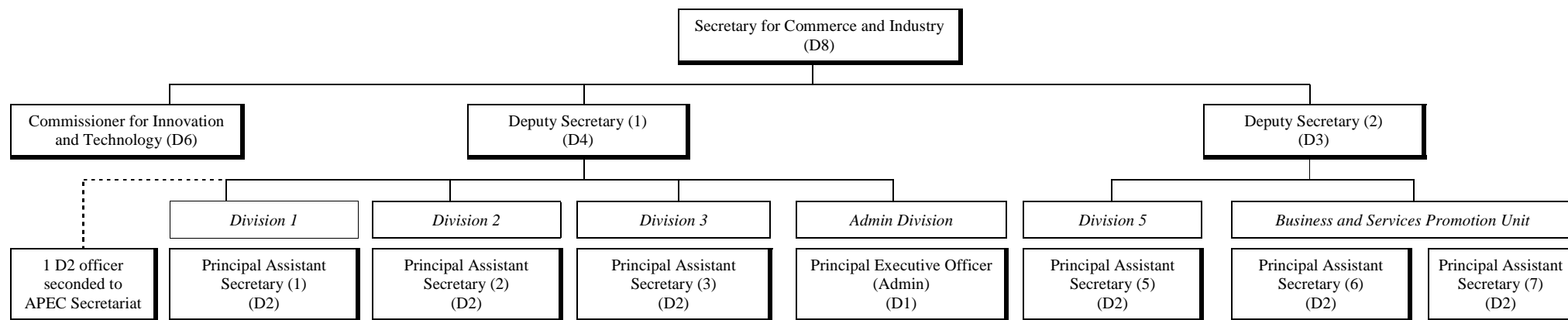
Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Secretary (1)

Main Duties and Responsibilities -

1. To oversee and monitor Hong Kong's bilateral commercial relations with Asia and the rest of the world excluding the Americas and Europe;
2. to deal with policy matters to do with Mainland-Hong Kong trade and commercial relation;
3. to coordinate Hong Kong's participation in the Mainland-HKSAR Joint Commission on Commerce and Trade;
4. to deal with policy matters related to small and medium enterprises;
5. to deal with policy matters related to general support for the industrial sector;
6. to deal with policy and legislative matters to do with United Nations trade sanctions; and
7. to deal with housekeeping matters for the Trade and Industry Department.

Proposed Organisation Chart of Commerce and Industry Bureau



- Policy matters concerning multilateral and regional economic and trade fora, including World Trade Organisation (WTO), Asia-Pacific Economic Cooperation, and Organisation for Economic Cooperation and Development
- Matters related to Hong Kong's chairmanship of Pacific Economic Cooperation Council
- Policy on regional trade agreements
- Policy matters relating to China's and Chinese Taipei's Accession to the WTO
- Bid Challenge System established under the WTO Agreement on Government Procurement

- Bilateral commercial relations with the Americas and Europe
- Matters related to trade in strategic commodities
- Matters related to trade in textiles
- General trade-related policy matters
- Major policy matters related to overseas economic & trade offices
- Policies related to bilateral investment promotion and protection agreements as well as multilateral investment rules
- Policy & housekeeping for Hong Kong Trade Development Council
- Policy and housekeeping for Hong Kong Export Credit Insurance Corporation

- Bilateral commercial relations with Asia, including Mainland and the rest of the world excluding the Americas and Europe
- Coordination of HK's participation in Mainland-HKSAR Joint Commission on Commerce & Trade
- Matters related to manufacturing industries and small and medium enterprises
- United Nations trade sanctions
- Housekeeping for Trade and Industry Department

- General bureau administration
- Housekeeping for overseas economic & trade offices
- Overall resource management for supporting departments (under Resource Management Unit reporting direct to DS(1))
- Trade Officer Grade Management (unit reporting direct to DS(1))

- Intellectual property protection policy
- Multilateral and regional cooperation on intellectual property protection
- Inward investment promotion policy
- Secretariat for FS's Investment Promotion Steering Committee
- Electronic data interchange
- Housekeeping for Intellectual Property Department, Customs & Excise Department and Invest Hong Kong

- Development & implementation of Helping Business Programme
- Secretariat for FS's Business Advisory Group
- Overseeing and coordinating the conduct of business studies
- Development & implementation of programme to cultivate helping business culture in the civil service

- Coordination of Services Promotion Programme
- Secretariat for Financial Secretary's Services Promotion Strategy Group
- General service-industry related matters
- Secretariat for Chief Executive's Council of International Advisers

Note

One supernumerary post of AOSGC held against PAS(4) was created from 1.7.2000 for one year. The arrangement is now made permanent through the deletion of the AOSGC post in CIB.