

**Replies to supplementary questions raised by Finance Committee Members in
examining the Draft Estimates of Expenditure 2001-02**

**[Bureau Secretary/Controlling Officer : Secretary for Commerce and Industry]
[Session No. : 14]**

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(Translation)

Bureau Serial No.

S-CIB001

Question Serial No.

S077

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 Government Secretariat : Commerce and Industry Bureau

Subhead(No. & title) :

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Referring to the reply of CIB08-0787, what are the scope of the consultancy studies under Heads 152, 31, 79 and 181 in 2000-01 and 2001-02?

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) The scope of the consultancy studies under Heads 152, 31, 79 and 181 in 2000-01 are as follows :

Head 152 - Government Secretariat : Commerce and Industry Bureau

Names of consultants (if available)	Scope of consultancy studies
1. Arthur D. Little Asia Pacific, Inc.	Consultancy Study to Assess Hong Kong's Position As a Distribution Centre for Wine

Names of consultants (if available)	Scope of consultancy studies
2. Booz. Allen & Hamilton (HK) Ltd.	Regulatory Impact Assessment: Introduction of Permit Fee and Financial Disincentive Scheme for Road Opening Works
3. Crow Maunsell Management Consultants Ltd, in association with GML Consulting Ltd.	Consultancy Service on the Review of Customs Cargo Clearance Requirements and Services
4. ERM-Hong Kong, Ltd.	Regulatory Impact Assessment: Licensing Control of Karaoke Establishments
5. ERM-Hong Kong, Ltd.	Regulatory Impact Assessment: Bilingual Safety Labelling of Household Chemicals
6. ERM-Hong Kong, Ltd.	Consultancy on the Best Overseas Manpower Forecasting Practice
7. Pricewaterhouse Coopers Consultants Hong Kong Limited	Regulatory Impact Assessment: Proposed Regulatory Regime for Inbound Travel Agents
8. ERM-Hong Kong, Ltd.	Regulatory Impact Assessment: Proposed Legislation on Family Entertainment Centres
9. KPMG Consulting Ltd.	Consultancy Study on Review of Licensing of Food Premises other than Restaurants
10. McClier Ltd.	Consultancy Service on Strengthening Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub

Names of consultants (if available)	Scope of consultancy studies
11. Vision In Business Consulting Ltd.	Consultancy Study on Review of the Trade Officer Grade

Head 31 - Customs and Excise Department

Names of consultants (if available)	Scope of consultancy studies
1. Crow Maunsell Management Consultants Ltd. in association with GML Consulting Ltd.	Consultancy Service on the Review of Customs Cargo Clearance Requirements and Services ¹

Head 79 - Invest Hong Kong

Names of consultants (if available)	Scope of consultancy studies
1. PricewaterhouseCoopers Consultants HK Ltd	Consultancy on implementation and work plan for Invest Hong Kong
2. PricewaterhouseCoopers Consultants HK Ltd	Consultancy study on strategies for the website of Invest Hong Kong

Head 181 - Trade and Industry Department

Names of consultants (if available)	Scope of consultancy studies
1. Geze Feketekuty	Trade in services

¹ The study is funded under Head 152 - Government Secretariat : Commerce and Industry Bureau

Names of consultants (if available)	Scope of consultancy studies
2. Van Bael and Bellis	Trade issues with Europe
3. Akin, Gump, Strauss, Hauer & Feld LLP	Trade in services
4. Edward Graham	Trade and investment
5. Ernst-Ulrich Petersmann	Trade and competition
6. Grey, Clark, Shih & Associates Ltd.	Bilateral relations with Canada
7. International Development Systems Inc.	Textiles and apparel trade between Hong Kong and USA
8. Petros Mavroidis	World Trade Organisation (WTO) dispute settlement
9. Powell, Goldstein, Frazer & Murphy	US customs related matters that may affect Hong Kong's trade interests
10. Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods

(2) The scope of the consultancy studies under Heads 152, 31, 79 and 181 in 2001-02 are as follows :

Head 152 - Government Secretariat : Commerce and Industry Bureau

Names of consultants (if available)	Scope of consultancy studies
1. McClier Ltd.	Consultancy Service on Strengthening Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub
2. Vision In Business Consulting Ltd.	Consultancy Study on Review of the Trade Officer Grade
3. Under planning	Business Process Re-engineering Study for the Development of an Integrated Government e-Trade

Head 31 - Customs and Excise Department

Names of consultants (if available)	Scope of consultancy studies
1. Under planning	Feasibility study for the Electronic Data Interchange System for road manifests

Head 181 - Trade and Industry Department

Names of consultants (if available)	Scope of consultancy studies
1. Akin, Gump, Strauss, Hauer & Feld LLP	Trade in services
2. Edward Graham	Trade and investment
3. Ernst-Ulrich Petersmann	Trade and competition

Names of consultants (if available)	Scope of consultancy studies
4. Grey, Clark, Shih & Associates Ltd.	Bilateral relations with Canada
5. International Development Systems Inc.	Textiles and apparel trade between Hong Kong and USA
6. Petros Mavoidis	World Trade Organisation (WTO) dispute settlement
7. Powell, Goldstein, Frazer & Murphy	US customs related matters that may affect Hong Kong's trade interests
8. Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods
9. Geze Feketekuty	Trade in services
10. Under planning	Trade and environment

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 26 March 2001

(Translation)

Bureau Serial No.

S-CIB002

Question Serial No.

-

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 Government Secretariat:

Subhead (No. & title) :

Commerce and Industry Bureau

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

The report "*The Two Cities - Shanghai • Hong Kong*" recently published by the Trade Development Council points out that Shanghai will outperform Hong Kong in GDP terms after 15 years. In this regard, what is the Government Economist's assessment?

Asked by : Hon Emily LAU Wai-hing

Reply :

The HKSAR Government has not made any long-term forecast on the comparative GDP of Shanghai and Hong Kong. Indeed, given the many variables involved, assessment of differential growth paths between the two cities in the long run may not be practicable. What the Government Economist has studied are the comparative advantages of Shanghai and Hong Kong.

Hong Kong's success and competitive edge lies chiefly with its institutions: a sound legal framework, a well-established regulatory system in keeping with international standards, good corporate governance, free flow of capital and information, full convertibility of the Hong Kong dollar, etc. Also key to Hong Kong's edge is its service capability and long experience in operating a free market system. These attributes, together with the presence of a critical mass of professionals and the well-established capital market and settlement systems, will continue to give Hong Kong an edge, especially in banking, finance and business services, over the neighbouring cities in the region.

Shanghai is nevertheless rapidly advancing on many fronts, notably in infrastructure, urban development, commerce and finance. A degree of competition between Hong Kong and Shanghai is thus likely to emerge in the years ahead. Having said that, China is a huge economy that is capable of accommodating more than one major services centre at any one time. It is well conceivable that Hong Kong will focus more on South China, and Shanghai more on Central and North China.

Furthermore, given the different economic structure of the two cities, there should be substantial complementarity between Hong Kong and Shanghai. Indeed, Hong Kong and Shanghai already has very close economic ties at present. Hong Kong is now the largest external investor in Shanghai and also the fourth largest trading partner of Shanghai. We believe that Hong Kong, with its strong service and professional capability as well as global business network, should be able to contribute to Shanghai's overall economic development. Equally, the substantial business opportunities in Shanghai should help sustain Hong Kong's economic growth.

Name in block letters	CHAU Tak Hay
Post Title	Secretary for Commerce and Industry
Date	26 March 2001

(Translation)

Bureau Serial No.

S-CIB003

Question Serial No.

S103

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 Government Secretariat: Subhead
Commerce and Industry Bureau (No. & title) :

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Will the Government give details of the indicators to be adopted by the Census and Statistics Department when conducting survey in 2001-02? (Question No. CIB03/0168)

Asked by : Hon SIN Chung-kai

Reply :

The Census and Statistics Department (C&SD) will start developing a series of statistical indicators on science and technology based on the guidelines of Organization for Economic Co-operation and Development (OECD) in 2001-02. The C&SD will develop the following six categories of science and technology indicators : research and development inputs; science and technology human resources; patents; external technology flows; science and technology publications; and technology innovation.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 26 March 2001

(Translation)

Bureau Serial No.

S-CIB004

Question Serial No.

S079

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Head 96 - Government Secretariat : Overseas Offices

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

What is the scope of the studies conducted in 2000-01 and to be conducted in 2001-02 as set out in your reply under serial number CIB11-0791?

Asked by : Hon Cyd HO Sau-lan

Reply :

The scope of the consultancy studies are set out below –

(1) 2000-01

Name of Consultants	Scope of Consultancy Studies
1. ECA China Ltd.	Consultancy study on review of rent allowance for Hong Kong-based officers posted outside Hong Kong
2. White and Case LLP	Consultancy services on commercial relations and non-trade issues in Europe

(Translation)

Bureau Serial No.

S-CIB005

Question Serial No.

S078

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead
Technology Commission (No. & title) :

Programme :

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : With reference to your reply to the question under Question No. CIB 30/0789, what are the scope of the consultancy studies commissioned in 2000-01 & 2001-02?

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) The scope of the consultancy studies commissioned by the Innovation and Technology Commission in 2000-01 are as follows:

	Name of Consultants	Scope of Consultancy Studies
1.	Segal Quince Wicksteed (Asia) Ltd	Techno-economic and market research study on plastics industry
2.	A team comprising three overseas experts namely, Sir Colin Dollery, Dr Kenneth Fong and Professor Savio Woo	Snapshot study on biotechnology capabilities of Hong Kong

	Name of Consultants	Scope of Consultancy Studies
3.	Arthur Anderson & Co	Techno-economic and market research study on textiles and clothing industry

- (2) The scope of the consultancy studies to be commissioned with financial provision allocated by the Innovation and Technology Commission in 2001-02 are as follows:

	Name of Consultants	Scope of Consultancy Studies
1.	Arthur Anderson & Co	Techno-economic and market research study on textiles and clothing industry
2.	Not available	Consultancy study on environmental technology industry in Hong Kong
3.	Not available	Consultancy study on Hong Kong-Mainland technology collaboration
4.	Not available	Consultancy study on biotechnology industry in Hong Kong

Name in block letters Francis HO
Post Title Commissioner for Innovation and Technology
Date 26 March 2001

(Translation)

Bureau Serial No.

S-CIB006

Question Serial No.

S095

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Technology Commission Subhead
(No. & title) :

Programme : 15502 Fostering University-Industry Collaboration
 15504 Planning for Innovation and Technology Development

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : (a) Please explain the relationship of the projects under Ref. UIM/028/033/039 to innovation and technology. How could these projects help to achieve the Administration's aim of developing Hong Kong to be a knowledge-based economy? (Question No. CIB20/1191).
 (b) Has the Financial Secretary's Inter-bureau Committee on Innovation and Technology discussed the Admission of Mainland Professionals Scheme planned by the Government? What is the result of the discussion? (Question No. CIB21/0231)

Asked by : Hon SIN Chung-kai

Reply :

(a) The University-Industry Collaboration Programme (UICP) aims to stimulate private sector interest in commercial research and development through leveraging the knowledge and resources of local universities. The emphasis of the programme is to foster collaboration between universities and private companies in Hong Kong.

In vetting applications, the Innovation and Technology Commission (ITC) will consider the potential of an application to contribute to innovation and technology upgrading of the economy as well as its potential to broaden the scientific and technical knowledge base of the economy. Similar to other projects approved under the UICP, the projects with references of UIM/028, UIM/033 and UIM/039 etc. are all funded after the ITC have carefully considered their innovation and technology level as well as their research and development (R&D) content. However, as these projects touch on commercially sensitive information about the companies concerned, we cannot provide here any details on the innovation and technology level or the R&D content of these projects.

These projects can contribute to innovation and technology upgrading of the local industries and help to broaden the scientific and technical knowledge base of the economy. In addition, they can foster collaboration between local universities and private companies in R&D as well as enhance the R&D culture and R&D activities of our private companies. All these projects can therefore help to achieve our aim of developing Hong Kong into a knowledge-based economy.

- (b) The Financial Secretary's Inter-bureau Committee on Innovation and Technology has discussed and expressed its support for the Admission of Mainland Professionals Scheme.

Name in block letters	Francis HO
Post Title	Commissioner for Innovation and Technology
Date	26 March 2001

(Translation)

Bureau Serial No.

S-CIB007

Question Serial No.

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Technology Commission Subhead
(No. & title) :

Programme : 15502 Fostering University-Industry Collaboration

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : Referring to the ten approved projects under the Teaching Company Scheme in 2000-01 as listed in the reply in Question No. CIB 20/1191, would the Government indicate which universities were involved and explain why the approved amount for 6 projects was the same (\$189,000)?

Asked by : Hon Henry WU King-cheong

Reply :

Three local universities are involved in the ten approved projects, namely, the City University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong Polytechnic University. The relevant university for each project is shown at Annex.

Under the Teaching Company Scheme, graduate students pursuing for a higher degree in a local university will be placed in a company to carry out research and development work. The Innovation and Technology Fund will support half of the salaries of the graduate students concerned. The six projects (Ref. UIT/008, UIT/009, UIT/010, UIT/012, UIT/014 and UIT/017) all involve the employment of only one graduate student for a two-year period. As a common salary is applied for all graduate students, the funding granted for each of these projects is the same (\$189,000).

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

26 March 2001

**Participating Universities For Projects Approved
under the Teaching Company Scheme in 2000-2001
as mentioned in Reply to CIB 20**

No.	Ref.	Title	Partner University
1.	UIT/005	Study on the Adhesive Flip Chip Bonding on Flexible Substrates	City University of Hong Kong
2.	UIT/006	Development of Analysis Techniques for Deposits and Baths for the Electroplating Industry	The Chinese University of Hong Kong
3.	UIT/008	Design of the Next Generation Smart Card Wallet System	The Hong Kong Polytechnic University
4.	UIT/009	Data Mining in Temporal-Spatial Databases	The Hong Kong Polytechnic University
5.	UIT/010	Hard Chrome Plating for Piston	The Hong Kong Polytechnic University
6.	UIT/012	Control and Optimisation of Wastewater Treatment Process in a Paper Manufacturing Plant	The Hong Kong Polytechnic University
7.	UIT/014	Improved Positioning of Land Vehicle in ITS Using Digital Map and Other Accessory Information	The Hong Kong Polytechnic University
8.	UIT/015	Study on Anisotropic Conductive Films Bonding for Fine Pitch Flip Chip Interconnection	City University of Hong Kong
9.	UIT/017	Enhancement of Plating Quality of Printed Circuit Board by Optimizing the Design of Industrial Plating Tanks	The Hong Kong Polytechnic University
10.	UIT/018	A Detailed Study on the Solder Mask Materials for High Density Flexible Printed Circuit Board	City University of Hong Kong

Bureau Serial No.

S-CIB008

Question Serial No.

S096

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department Subhead (No. & title) :
Programme : 18103 Support for Small and Medium Enterprises and Industries
Controlling Officer : Director-General of Trade and Industry
Bureau Secretary : Secretary for Commerce and Industry
Question : Can the authority publish the result of the investigation? (CIB66, 1204)
Asked by : Hon SIN Chung-kai

Reply :

The findings and recommendations of Techno-Economic and Market Research Studies (TES) are made available to the public through the publication of TES Reports. TES Reports are distributed to all major trade and industry associations, industry support bodies and higher education institutions. They can also be purchased at the Government Publications Centre.

The TES Report on the electronics industry was published in December 1999 and that on the plastics industry was published last week. As regards the TES Study on the Textiles, Clothing and Footwear Industries, a report will be published after the Study is completed, which is expected to be around end of May.

Name in block letters _____ Edward T W YAU

Post Title _____ Director-General of Trade and Industry (Atg)

Date _____ 26 March 2001

(Translation)

Bureau Serial No.

S-CIB009

Question Serial No.

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non- Subhead 441 & 905 Hong Kong
 Departmental Public Bodies (No. & title) : Productivity Council

Programme : Subvention : Hong Kong Productivity Council

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : Would the Government categorise the reduction in training courses of less technological content for operators/craftsmen? Would the operators/craftsmen be deprived of suitable training opportunities as a result of the reduction in training courses?

Asked by : Hon Henry WU King-cheong

Reply :

The training services of Hong Kong Productivity Council (HKPC) are essentially market-driven. To address the continuous needs of Hong Kong to move towards a knowledge-based and technology-intensive economy, HKPC's training courses are focused on those of a more advanced development and technological nature. The training courses of less technological content that are being reduced include those on machine operation and maintenance, telephone manner and import/export documentation.

The operators/craftsmen will not be deprived of suitable training opportunities as the training courses of less technological content, although being reduced, are still being provided by HKPC. Moreover, the Vocational Training Council is the leading provider of the training courses for operators/craftsmen.

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

26 March 2001