

立法會
Legislative Council

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by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Monday, 8 January 2001, at 4:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Kenneth TING Woo-shou, JP (Chairman)
Hon HUI Cheung-ching (Deputy Chairman)
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon CHOY So-yuk
Hon Henry WU King-cheong, BBS

Member absent : Dr Hon LUI Ming-wah, JP

Public officers attending : **For Item IV**

Mr CHAU Tak-hay
Secretary for Commerce and Industry

Mr Joshua LAW
Director-General for Trade and Industry

Ms Carol YUEN
Assistant Director-General of Trade and Industry

For Item V

Mr Mike ROWSE
Director-General of Investment Promotion

Mr John WAN
Associate Director-General of Investment Promotion

Mr Philip CHAN
Principal Assistant Secretary for Commerce and Industry

For Item VI

Mr Philip CHAN
Principal Assistant Secretary for Commerce and Industry

Mr CHENG Shing
Assistant Staff Officer
Customs and Excise Department

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Ms Queenie YU
Senior Assistant Secretary (1)6

I Confirmation of minutes of previous meeting
(LC Paper No. CB(1)353/00-01)

The minutes of the Panel meeting held on 13 November 2000 were confirmed.

II Information paper issued since last meeting

2. Members noted that no information paper had been issued since last meeting.

III Date of the next meeting and items for discussion

(LC Paper No. CB(1)396/00-01(01) - List of outstanding items for discussion

LC Paper No. CB(1)396/00-01(02) - List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Monday, 12 February 2001 at 4:30 pm and agreed to discuss the following items -

- (a) Future arrangement for provision of Government Electronic Data Interchange services; and
- (b) Provision of additional convention and exhibition facilities in Hong Kong, including the proposal of developing convention and exhibition facilities on the airport island.

4. Mr SIN Chung-kai requested the Administration to provide details of the planned use of the remaining funding in the sum of about \$2.5 billion under the Special Finance Scheme (SFS) for Small and Medium Enterprises (SME) at the next meeting. The Secretary for Commerce and Industry (SCI) informed members that the Chief Executive (CE) had stated in his Policy Address in October 2000 that the Administration would work closely with the Small and Medium Enterprises Committee (SMEC) in exploring ways to facilitate the proper use of the remaining funding under SFS. As the new SMEC was only appointed in December last year and its recommendations would be forwarded to CE within six months, no concrete proposals could be reported to members at this stage.

(Post meeting note: At the request of the Administration and with the concurrence of the Chairman, an additional item on the proposed creation of a Senior Principal Executive Officer post in the Innovation and Technology Commission had been included in the agenda for the meeting to be held on 12 February 2001.)

IV Measures to assist Hong Kong businessmen in operating businesses in the Mainland

(LC Paper No. CB(1)276/00-01(04))

5. The Director-General of Trade and Industry (DG(TI)) briefed members on the Government's measures to support Hong Kong businessmen with business operations in the Mainland. The details were set out in the information paper provided by the Administration (LC Paper No. CB(1)276/00-01(04)).

6. Ms CHOY So-yuk pointed out that at present, small industries without trade associations, especially small enterprises, could not receive effectively the trade and economic information provided and disseminated by the Administration or the Hong Kong Trade Development Council (HKTDC). DG(TI) responded that the Trade and Industry Department (TID) would keep on strengthening its contact with various industries and disseminating trade and economic information to Hong Kong businessmen through different channels. At present, related circulars were uploaded to TID's web-pages for the information of all industries, including small industries. He pointed out that most Hong Kong businessmen with business operations in the Mainland already knew that they could take the initiative to contact TID for assistance. He welcomed members to provide further information on any particular industries for TID to follow-up. Ms CHOY nevertheless suggested that the

Administration should assist small industries in forming trade associations to enhance liaison and communication.

7. Regarding the dissemination of trade and economic information of the Mainland by the Administration as mentioned in paragraph 4 of the paper, Mr NG Leung-sing found the existing investment information on central policy quite adequate. He enquired whether Hong Kong businessmen were provided with information such as the characteristics and changes of the local investment environment in popular investment locations like Beijing, Shanghai and Guangdong, as these types of information were particularly important to SMEs. DG(TI) pointed out that relevant information, such as the catalogue of projects for foreign investors in the Central and Western Regions and the list of high-tech products in Mainland China, had already been included in the Commercial Information Circulars issued by TID in 2000. Moreover, HKTDC also provided Hong Kong businessmen with information on the laws enacted by the Central Government and local policies pertaining to trade and economy through such channels as “Business Alert” and electronic mail. Examples of the information provided in December were the development of information industries in Guangdong Province, the new incentives for operators in Guangdong Export Processing Zone and the tightening of the control of land use in Hi-Tech Park by the Shenzhen Municipal Government. Mr NG hoped that more information of practical nature, such as that on the taxation, labour and land supply of popular investment locations, could be furnished.

8. Mr CHAN Kam-lam agreed that local information could facilitate Hong Kong businessmen’s understanding of the characteristics as well as the economic and trade policies of different investment locations. He also suggested that information on the projects for which investment was solicited by Mainland businessmen in Hong Kong and other related information could also be provided. DG(TI) replied that as most of these activities were jointly organized by HKTDC, Hong Kong businessmen could obtain relevant information through HKTDC. On the possible overlapping of information provided by TID and HKTDC, and the provision of one-stop services, DG(TI) pointed out that although HKTDC focused on the dissemination of market information whereas the Administration concentrated on the information relating to laws and policies, the information provided by the two agencies might repeat to a certain extent. As regards the provision of one-stop services, he pointed out that Hong Kong businessmen could gain access to HKTDC’s web site through that of TID to search for relevant information. Mr CHAN cautioned that the information on the two web sites should be consistent to avoid causing confusion to the industries and disseminating inaccurate information.

9. Ms CHOY So-yuk advised that the Administration should provide more effective assistance to Hong Kong residents being detained in the Mainland while conducting business. DG(TI) pointed out that the Government of the Hong Kong Special Administrative Region (HKSAR) was not in a position to intervene in private business disputes but it was exploring ways to provide proper assistance. He pointed out that during CE’s recent visit to Dongguan for

exchanging views with Hong Kong businessmen on the operating of businesses, some businessmen suggested that the Mainland's Customs General Administration could follow the existing practice of the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China (PRC) by attaching its representatives to the Liaison Office of the Central People's Government in the HKSAR (Liaison Office) to assist Hong Kong businessmen in reflecting matters relating to the enforcement of law by the Mainland's customs authorities. As far as he knew, the proposal was under the active consideration of the Mainland Government. Ms CHOY reiterated that the Administration should provide more effective assistance to Hong Kong businessmen or employees being kept in custody or detained in the Mainland. SCI recalled that Members had raised similar questions on many occasions during the last term of the Legislative Council (LegCo) and advised that he was not in a position to give any replies on behalf of the Security Bureau (SB), which was responsible for matters fell under these policy areas.

10. Mr CHEUNG Man-kwong also expressed concerns about the litigation, financial disputes and even personal safety issues arising from the investment made by Hong Kong businessmen in the Mainland. Referring to the US\$166.8 billion investment made by Hong Kong businessmen in the Mainland, which accounted for 50% of the total value of inward direct investment in the Mainland as mentioned in the paper, he considered that Hong Kong businessmen were not adequately protected by law. This might pose a serious disincentive to investment by Hong Kong businessmen. He pointed out that LegCo had received numerous complaints lately about a wide range of issues involving public security, prosecution, law and private organizations. He enquired whether the Administration would consider setting up offices in the most popular investment locations to assist Hong Kong businessmen with cases of non-compliance of laws and abuse of legal punishment by Mainland authorities/citizens. He considered that while encouraging Hong Kong businessmen to set up business operations in the Mainland, the Commerce and Industry Bureau (CIB) should also be obliged to assist SB in addressing the difficulties encountered by these businessmen. SCI pointed out that although many Hong Kong people had encountered difficulties in operating businesses in the Mainland, the situation was not so common as to discourage Hong Kong businessmen from operating businesses there. He opined that if Hong Kong businessmen were subjected to unlawful treatment in the Mainland while conducting their businesses, they should lodge a complaint with the public security office or the relevant official agencies in the Mainland. To deal with these matters in the Mainland was beyond the HKSAR Government's jurisdiction. It was estimated that there were presently more than 70 000 enterprises operating businesses in the Pearl River Delta Region. Owing to resource constraint, the Government was unable to set up adequate offices to handle all the issues relating to law enforcement and business environment in the Mainland for individual enterprises. However, as regards general matters which might have a bearing on the operations of Hong Kong businessmen, such as the deposit requirement applicable to outward processing in the Mainland in 1999, the Administration had raised the issue with the Mainland authorities in an attempt to find a solution through discussion.

11. In response, the Chairman and Mr CHEUNG Man-kwong said that if Hong Kong businessmen received effective assistance in handling business disputes involving law issues in the Mainland, it might be conducive to the promotion of inward investment. This would stimulate the economic development in the Mainland and Hong Kong as well. Mr CHEUNG also pointed out that some Hong Kong businessmen invested in the Mainland simply for economic reasons, which did not mean that they were not worried about the business environment in the Mainland. Referring to the complaints received by LegCo, he said that some complainants accused the public security officers of defying the law and rendering them helpless. He held the view that although not all Hong Kong businessmen with business operations in the Mainland were subjected to unlawful treatment, the Administration should not turn a blind eye to such a large number of complaints. In his opinion, the continued investment by Hong Kong businessmen in the Mainland did not necessarily reflect that the Mainland had a sound system of the rule of law with a safe business environment being provided to Hong Kong businessmen. He reiterated that active assistance should be offered to the aggrieved businessmen. SCI held the view that in addressing the problems encountered by Hong Kong businessmen in the Mainland, the HKSAR Government and the Mainland authorities should not point their fingers at each other in public. He remarked that the Administration had never assisted any individual Hong Kong businessmen in solving the business problems they encountered overseas, including places outside China. He explained that under the principle of one country, two systems, the HKSAR Government did not have the authority to conduct any investigation in the Mainland. Mr NG Leung-sing commented that given the wide range of business disputes, he was in support of addressing the unlawful treatment suffered by Hong Kong businessmen through corresponding agencies, such as SB, under the principle of one country, two systems. The Chairman nevertheless hoped that CIB could reflect to SB the difficulties encountered by the majority of Hong Kong businessmen in operating businesses in the Mainland so that further assistance could be offered.

12. Mr HUI Cheung-ching asked which Mainland/Hong Kong authorities Hong Kong businessmen could turn to if they encountered problems relating to policy issues when operating businesses in the Mainland. DG(TI) replied that they could seek assistance from TID as it had set up a branch to handle matters concerning the business development in the Mainland and Asia. In general, they would reflect the problems to the Mainland authorities and liaise with the relevant authorities through different channels, including Mainland/HKSAR Joint Commission on Commerce and Trade, the Beijing Office of the HKSAR Government and the Liaison Office. He pointed out that individual Hong Kong businessmen had also sought assistance through other channels such as their respective trade associations, deputies to the National People's Congress of PRC and members of the National Committee of the Chinese People's Political Consultative Conference. Mrs Selina CHOW shared the view that it would be difficult for the Administration to provide assistance to individual businessmen to settle their business disputes. She however pointed out that Mainland policies were subjected to frequent changes and the businessmen, especially SMEs

operating on a small scale, often got confused. She enquired whether the Government would consider taking the initiative to reflect the operational difficulties encountered by Hong Kong businessmen to the Mainland authorities.

13. DG(TI) replied that SMEs could reflect the difficulties they encountered in the Mainland to the relevant Mainland authorities through the SME Information Centre (SMEIC) of TID with a view to finding a solution. He however stressed that no assistance could be offered for business disputes involving private companies. Mrs Selina CHOW clarified that the difficulties SMEs encountered included the inconsistencies in policy implementation by public organizations. She questioned whether the Administration had taken the initiative to inform SMEs that assistance could be sought from SMEIC. She was also concerned about the number of cases handled by SMEIC in which assistance was provided to SMEs and the nature of these cases. DG(TI) reiterated that the Administration had taken the initiative to reflect to the relevant Mainland authorities the problems encountered by Hong Kong businessmen regarding the new trade measures on outward processing and the labelling measures on the import/export of food products. He pointed out that TID and the newly-reorganized SMEC would keep reviewing means to provide appropriate and feasible assistance to Hong Kong businessmen more effectively. Mrs Selina CHOW requested the Administration to submit a paper elaborating on the difficulties encountered by SMEs in operating businesses in the Mainland for members' information and further comment.

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14. Mr SIN Chung-kai suggested that the Administration might consider issuing short-term visas to Mainland businessmen or employees for attending meetings held in Hong Kong so that Hong Kong businessmen could spend less time on travelling to the Mainland to handle the problems in person. In response, SCI advised that the Administration was considering reflecting this suggestion to the Mainland authorities through appropriate channels.

V Retention of a supernumerary AOSGC post in Invest Hong Kong for 2 years
(LC Paper No. CB(1)396/00-01(03))

15. The Director-General of Invest Promotion (DGIP) briefed members on the progress made since Invest Hong Kong (InvestHK) was established on 1 July 2000 and highlighted its current and future work priorities. The details were set out in the information paper provided by the Administration (LC Paper CB(1) 396/00-01(03)).

16. Referring to the sponsorship of a yacht, Spirit of Hong Kong, in a round-the-world race as mentioned in paragraph 9 of the paper, Mr HUI Cheung-ching enquired about the relationship between the race and investment promotion. DGIP explained that the British Telecom Global Challenge was one of the world's toughest yacht races. In fact, two participating yachts were manufactured by a Hong Kong company in the Mainland. This affirmed Hong

Kong's status as the home of quality products and hence helped improve the less favourable image of local products in terms of quality. At the same time, InvestHK also hoped to take this opportunity to establish linkage with other corporate sponsors and senior business executives, so as to disseminate information on foreign investment in the manufacturing industries of Hong Kong and the Mainland. Mr HUI worried that the result would be counter-productive if Spirit of Hong Kong lost the race. DGIP explained that the objective of the race was to finish the voyage rather than competing for places.

17. Mr Henry WU questioned whether it was necessary to retain the supernumerary post of Associate Director-General (Special Duties) (ADG(SD)) for two years. He pointed out that while the post was responsible for public relations (PR) and marketing, two of the four PR jobs described in paragraphs 9 and 10 would soon be completed. He enquired whether the residual duties could be absorbed by the Associate Director-General (3) (ADG(3)), especially when the areas covered by ADG(3)'s duties in promoting investment in all other sectors were not detailed in Enclosure 1.

18. DGIP advised that the supernumerary post of ADG(SD) was due to expire on 1 March 2001. He explained that the Fortune Global Forum would be held in Hong Kong in May 2001 and there would be a lot of follow-up for ADG(SD) to handle in the next two years. This included actively promoting investment in Hong Kong among the guests who had attended the forum and following up with the related publicity programme. Moreover, InvestHK had also secured the use of two other yachts, one each on the US East and West Coasts, for corporate hospitality events in 2001 and 2002. He further pointed out that InvestHK would also sponsor Spirit of Hong Kong in the New World Challenge yacht race in 2002-3 which would focus on the Asia-Pacific Region. The route of the race would run from San Francisco and include stopovers in Japan, Hong Kong and Singapore before returning to the West Coast. The race would help the business sector establish amiable relationships with foreign investors, as well as providing an opportunity for promoting technology and investment. In addition, InvestHK had started redesigning its web site and promotional products, with a view to putting across new messages more effectively and making the information more attractive. DGIP further pointed out that while Associate Director-Generals (1) & (2) were responsible for investment promotion in four to five priority sectors respectively, investment promotion for all other sectors were under the purview of ADG(3). He stressed that the department had to be quick and effective in dealing with potential investors and responding to their enquiries about investment. At the expiry of the two-year period, ADG(SD)'s duties could be taken over by ADG(3).

19. Mr WU considered that the time ADG(3) required to perform the duty of investment promotion in non-priority sectors should be less as compared to that of the other two Associate Director-Generals (ADG) who were responsible for priority sectors. He held the view that once the English version of the web site and promotional materials had been revised, the time to be spent on preparing versions in other languages would be shortened correspondingly. As such, it

would be more appropriate to retain the supernumerary ADG(SD) post for one year. DGIP opined that over the next two years, there would be fierce competition in the international arena for foreign investment. Pointing out that the establishment dedicated to investment promotion under the Singapore Trade Development Board was ten times larger than that of InvestHK, he stressed that InvestHK must be provided with adequate staffing support in order to deal with the heavy workload and challenges.

20. Considering that InvestHK should focus its work on PR and marketing, Mr NG Leung-sing queried the plan of InvestHK to transfer these important tasks to ADG(3)'s work portfolio two years later. DGIP pointed out that after the reunification, Hong Kong had to build up a positive image overseas, particularly in North America and Europe, to attract foreign investment so that it would not go directly into the Mainland without going through Hong Kong. Nevertheless, he held the view that the retention of the supernumerary ADG(SD) post for two years could provide the department with additional staffing support to plan and co-ordinate the major PR programmes and groundwork for the newly-established department in the next few years. He believed that by the end of the two-year period, the three ADGs could absorb gradually the PR and marketing work which would then be well established.

21. While sharing Mr NG's view, Mrs Selina CHOW pointed out that the PR work pertaining to foreign investment promotion required the expertise of a professional. She enquired whether the Administration had searched for the most suitable candidate in the market. DGIP responded that two of the three incumbent ADGs had been recruited in a worldwide open recruitment exercise. He explained that as ADG(3) was responsible for, among other things, investment promotion in all non-priority sectors and departmental administration, and was required to establish a close working relationship with various government departments, it was more appropriate to fill the post with an experienced civil servant who was familiar with the institutional organization and operation of the Government. DGIP said that InvestHK had also engaged PR consultants in the private sector to assist ADG(3) in handling the PR work concerned.

22. Indicating that he did not oppose to the retention of the supernumerary AOSGC post in InvestHK for two years, Mr SIN Chung-kai hoped that InvestHK would make effective achievements in future in respect of its work. DGIP acknowledged the importance of performing the department's functions effectively. He pointed out that the department would also formulate performance indicators and was prepared to report regularly to the Panel on its work progress. Mrs CHOW would like to know more about the quantifiable objectives of InvestHK. In reply, DGIP advised that the relevant information would be included in the controller officer's report.

23. In response to the enquiry of the Principal Assistant Secretary for Commerce and Industry, the Chairman asked members whether they were in support of the staffing proposal. Except for Mr Henry WU, who expressed

reservation about the retention of the supernumerary ADG(SD) post for two years, all other members supported the proposal. DGIP pointed out that in the paper to be submitted to the Establishment Subcommittee, InvestHK would provide more detailed information to facilitate members' understanding of ADG(SD)'s duties.

VI Electronic Data Interchange Facilitation (Cargo Manifests and Dutiable Commodities) Bill (LC Paper No. CB(1)396/00-01(04))

24. The Principal Assistant Secretary for Commerce and Industry (PAS(CI)) briefed members on the Administration's plan to amend relevant legislation to facilitate the use of Electronic Data Interchange (EDI) services for processing cargo manifests and dutiable commodities permit (DCP) applications. The details were set out in the information paper provided by the Administration (LC Paper No. CB(1)396/00-01(04)).

25. Regarding the agreement between the Government and Tradelink Electronic Commerce Ltd. (Tradelink) as mentioned in paragraph 3 of the paper, Mr NG Leung-sing enquired whether the Government had checked if the name "Tradelink" had been registered so as to prevent other organizations from using the same name and avoid disputes in the future. PAS(CI) responded that the Government had signed the agreement with Tradelink as early as December 1992. At that time, the name was less popular and Tradelink was a company established through proper registration.

26. Mr NG pointed out that the agreement between the Government and Tradelink stipulated that Tradelink should develop the computer gateway and provide front-end processing services to facilitate the use of EDI services for processing six official trade-related documents. He asked whether these arrangements would lead to monopoly, thereby enabling Tradelink to impose unreasonable service charges. PAS(CI) replied that the use of EDI services was aimed at improving efficiency. In entering into an agreement with Tradelink, the Government hoped that such a move could promote the use of EDI by the industry. He pointed out that the agreement between the Government and Tradelink would expire in 2003. The proposed charges for processing DCP applications were still under negotiation between Tradelink and the industry. He found it understandable for Tradelink, being a commercial entity, to seek reasonable returns for its investment.

27. In response to Mr Henry WU's enquiry on the number of the Electronic Trading Access Service (ETAS) centres as mentioned in paragraph 17 of the paper and the nature of the services concerned, PAS(CI) explained that in order to facilitate the traders who did not intend to make electronic submission on cargo manifests and DCPs due to various reasons, Tradelink would set up 20-30 service centres to convert paper documents submitted by the operators into electronic form.

28. Mr CHAN Kam-lam enquired whether the Administration would consider assigning Tradelink to process more Government documents in addition to the six official trade-related documents, so as to promote the wider use of EDI services by the business community and the Government. PAS(CI) clarified that the franchise agreement between the Government and Tradelink was mainly for the six most important trade-related documents. He pointed out that at present, Tradelink also provided other non-franchised services such as verifying the digital signatures. These services could increase the company's source of revenue and provide an incentive for developing other EDI services. Mr CHAN suggested that in order to avoid confusion on the part of the industry, the non-franchised services provided to the industry by Tradelink could also be changed to franchise services. PAS(CI) pointed out that at present, Tradelink had about 50 000 clients and was running smoothly. It was hoped that competition in the provision of EDI services could be introduced in the future. Hence, the Administration had no plans to increase the types of documents to be processed by Tradelink on a franchise basis.

29. Mr SIN Chung-kai was in support of amending relevant legislation to promote EDI services. As regards the specific contents of the bill, they could be scrutinized in detail upon the bill's introduction to LegCo. The Chairman hoped that EDI services could enhance efficiency and the proposed services would not lead to increase in the charges payable by the industry.

VII Any other business

30. There being no other business, the meeting ended at 6:30 pm.

Legislative Council Secretariat

8 March 2001