

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 1890/00-01  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Monday, 14 May 2001, at 4:30 pm**  
**in the Chamber of the Legislative Council Building**

- Members present** : Hon Kenneth TING Woo-shou, JP (Chairman)  
Hon HUI Cheung-ching (Deputy Chairman)  
Hon NG Leung-sing  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam  
Hon SIN Chung-kai  
Hon CHOY So-yuk  
Hon Henry WU King-cheong, BBS
- Members absent** : Dr Hon LUI Ming-wah, JP  
Prof Hon NG Ching-fai  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
- Public officers attending** : Mr Joshua LAW  
Director-General of Trade and Industry
- Ms Carol YUEN  
Assistant Director-General of Trade and Industry  
(Asia)
- Ms Ellen CHOY  
Principal Assistant Secretary for Commerce and  
Industry

**Clerk in attendance** : Mrs Florence LAM  
Chief Assistant Secretary (1)4

**Staff in attendance** : Mr TSANG Siu-cheung  
Senior Assistant Secretary (1)7

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**I Confirmation of minutes of previous meeting**

(LC Paper No. CB(1)1164/00-01)

The minutes of the meeting held on 12 March 2001 were confirmed.

**II Information paper issued since the last meeting**

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

3. Members also noted that the letter from the International Federation of the Phonographic Industry (Hong Kong Group) Limited to the Panel concerning the Copyright (Suspension of Amendments) Bill 2001 was tabled at the meeting.

**III Date of the next meeting and items for discussion**

(LC Paper No. CB(1)1165/00-01(01) - List of follow-up actions)

4. Members noted that the next meeting would be held on 11 June 2001 at 4:30 pm in the Chamber of the Legislative Council Building. The Administration had indicated that it did not have any proposed items at this stage. As members had not made any suggestions at the meeting, the Chairman invited them to inform the Clerk of any proposed items after the meeting.

**IV Progress report on the liberalization of the Rice Control Scheme**

(LC Paper No. CB(1)1165/00-01(02))

5. The Director-General of Trade and Industry (DGTI) took members through the progress report on the liberalization of the Rice Control Scheme. Details were set out in the information paper provided by the Administration (LC Paper No. CB(1)1165/00-01(02)). DGTI briefly pointed out that since the Panel meeting held on 6 March 2000, the Administration had adopted several measures for the liberalization of the rice trade. These measures included relaxing the registration criteria of rice stockholders to reduce their costs and reducing the fixed import quota from 60% of the overall import quota in the second half of 2000 to 50% in 2001. Progressive flexibility in the operation of the Optional

Quota System was introduced. The Administration had also reduced the reserve stock level from the original 45 days' consumption in the second half of 2000 to the level of 21 days' consumption in January 2001 in order to reduce costs further. Furthermore, it had lifted the restriction whereby importers could only sell rice by wholesale to registered wholesalers as from 1 January 2001. In other words, rice importers would have discretion to sell rice to any buyers.

6. DGTI advised that since the Administration had adopted the measures for the liberalization of the rice trade, the number of registered stockholders had increased. He said that the Trade and Industry Department would ensure full liberalization of the rice trade in 2003. It would also continue to receive views from various parties. The Department would review and study the possibility of further reducing the reserve stock level.

7. Mr CHAN Kam-lam said that according to paragraphs 8 and 9 of the paper, it appeared that the Administration had adopted a prudent approach towards full liberalization of the rice trade. DGTI explained that the Administration had no established stance on whether a reserve stock of rice should be retained. As no consensus on the issue had been reached by the trade, and as certain sectors of the community could not overcome the psychological reliance on rice as a staple diet, the Administration would wish to receive more views in order to find out a proper solution.

8. To remove the community's worry about an insufficient rice reserve, Mr CHAN Kam-lam enquired whether the Administration would consider reaching an agreement with the rice exporting countries in our neighbourhood such as Thailand, Vietnam, China, Australia and the United States, on supplying Hong Kong with rice when necessary. DGTI welcomed Mr CHAN's suggestion and advised that during an earlier visit to Thailand, he had contacted the local rice suppliers with a view to securing a stable rice supply for Hong Kong. He emphasized that the Administration would continue to liaise with other countries so as to ensure the stability of rice supply through various channels.

9. Mr CHEUNG Man-kwong enquired whether the arrangement of removing the rice control in 2003 could be introduced earlier to reduce the storage cost for the local rice suppliers. In response, DGTI said that the arrangement of not removing the rice control until 2003 was made in response to the request of the local rice suppliers to relax the quota in a progressive and orderly manner. He pointed out that the Administration would further examine the feasibility of reducing the reserve stock level at the Rice Advisory Committee (RAC) meeting to be held this year. It would also deal with the operation of the quota system more flexibly so that the market could make appropriate adjustment.

10. Mr CHEUNG Man-kwong further enquired whether the Administration had discussed with the relevant parties in China about the provision of rice as back-up for Hong Kong when necessary. DGTI said that no discussion in this respect had been held. He explained that the Administration had previously

focused on dealing with the liberalization arrangements such as the registration of importers, the quota system and the reserve level. However, he undertook to initiate discussions with the neighbouring regions as soon as possible on the provision of rice as mentioned by Mr CHEUNG.

11. Mr NG Leung-sing enquired about the basis for the adoption of a reserve level of 21 days' consumption starting from January 2001 as mentioned in paragraph 5 (iv) of the paper. In addition, he would like to know whether the Administration had compiled any statistics on staple foods other than rice and carried out any analysis and comparison according to these statistics so as to gain a more thorough understanding of the demand and supply of staple foods in the market. In response, DGTI said that the Administration had not imposed any controls on staple foods other than rice. Therefore, such statistics were not available. However, according to his understanding, the demand for rice in the community had declined because the variety of food available in the market had increased and more choices were available. As to the reserve level of 21 days' consumption as mentioned by Mr NG, DGTI explained that this figure had taken into account the time required for implementing contingency measures in case of a shortage of rice. It included the estimated time required for different processes, such as the transportation, clearance, storage and sale of rice. DGTI advised that the Administration would consider Mr NG's proposal of compiling statistics on staple foods other than rice.

12. Mr SIN Chung-kai supported the liberalization of rice control by the Administration. To effectively understand the demand and supply of rice in the market, Mr SIN considered that the Administration should start to compile statistics on the amount of rice imported to enhance the transparency of the market. DGTI said that the Administration had been keeping a record of the rice import quota of the stockholders under the Reserved Commodities Ordinance (Cap 296). It also assessed the quota every six months on the basis of the rice consumption of the previous six months. The relevant information was given to the stockholders for reference.

13. Mr SIN Chung-kai suggested that after the liberalization of rice control, the Administration should continue to compile statistics on the amount of rice imported so that importers would be notified immediately to increase supply if there were any shortage. DGTI said that Mr SIN's proposal would be considered.

14. Mr Henry WU supported the liberalization of rice control by the Government through a gradual and orderly approach. However, he hoped that the Administration could carefully discuss the liberalization arrangements with the trade so that better coordination could be achieved. DGTI said that the Administration had all along been carrying out discussions with the trade and RAC since the liberalization scheme was implemented.

15. Mr HUI Cheung-ching was worried that as the stockholders were used to the quota system, some of them would be squeezed out of the market upon full

liberalization. DGTI said that any change in the market would impact upon the enterprises in the trade. That was why the Government would not fully liberalize the rice control until 2003. The intention was to allow the affected stockholders to progressively adapt to the liberalization and to make proper adjustment through a gradual and orderly approach.

16. Mr HUI Cheung-ching further enquired whether the liberalization of rice control would lead to a monopoly of rice supply by supermarkets. DGTI said that rice was only one kind of food stuff sold in supermarkets. Therefore, a monopoly was not to materialize. He stressed that all along the Administration had only imposed control on the import of rice and not at the retail level.

17. Miss CHOY So-yuk considered that rice was a major diet on which the Chinese people relied. It might cause worries to the public if there was not an appropriate level of reserve. She suggested that the Administration should discuss with the neighbouring provincial governments in the Mainland to seek their support in supplying rice for Hong Kong. DGTI advised that Ms CHOY's suggestion would be actively considered.

18. The Chairman enquired whether the reduction in the reserve level from 45 days' consumption to 21 days would bring down the price of rice. DGTI said that the price of rice should be determined by the market. According to paragraph 7 of the paper, taking Thai Fragrant rice as an example, the average monthly retail price from January to March 2001 was 14%, 6% and 2% lower than that of 1998, 1999 and 2000 respectively.

## **V Any other business**

19. There being no other business, the meeting ended at 5:15 pm.