

立法會
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Panel on Trade and Industry

**Minutes of special meeting
held on Monday, 27 November 2000, at 2:30 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)
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon CHAN Kam-lam
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS

Members Absent : Prof Hon NG Ching-fai
Hon CHEUNG Man-kwong
Hon CHOY So-yuk

Public officers Attending : Mr CHAU Tak-hay
Secretary for Commerce and Industry

Miss Yvonne CHOI
Deputy Secretary for Commerce and Industry (1)

Mr Stuart HARBINSON
Permanent Representative of the Hong Kong Special
Administrative Region of China to the World Trade
Organization

Miss Jacqueline WILLIS
Commissioner for Economic and Trade Affairs, USA

Mr Christopher JACKSON
Director-General, Hong Kong Economic and Trade Affairs,
Washington

Mr Andrew LEUNG
Director-General, London

Miss CHEUNG Man-yee
Principal Hong Kong Economic and Trade Representative,
Tokyo

Miss Mary CHOW
Ag Special Representative for Hong Kong Economic and
Trade Affairs to the European Communities, Brussels

Mrs Jenny WALLIS
Director, Hong Kong Economic and Trade Affairs, Sydney

Miss Annie TANG
Director, Hong Kong Economic and Trade Affairs, San
Francisco

Mrs Rosanna URE
Director, Hong Kong Economic and Trade Affairs, Toronto

Mr Clement CHEUNG
Director, Hong Kong Economic and Trade Affairs,
Singapore

Mr Raymond FAN
Director, Hong Kong Economic and Trade Affairs, New
York

Clerk in Attendance : Ms LEUNG Siu-kum
Chief Assistant Secretary (1)4

Staff in Attendance : Ms Rosalind MA
Senior Assistant Secretary (1)6

I Briefing by Heads of the Overseas Hong Kong Economic and Trade Offices
(LC Paper No. CB(1)203/00-01(01))

The Chairman referred members to the written reports of the Hong Kong Economic and Trade Offices (ETOs) overseas as set out in the information paper provided by the Administration and invited questions from members.

Views of US politicians on Hong Kong

2. Mr CHAN Kam-lam pointed out that as mentioned in the Brief Report by the Commissioner for Economic and Trade Affairs, USA (C,USA), the outcome of the Presidential and Congressional elections showed an extremely fine political balance between the Democratic Party and the Republican Party. It was expected that deal-making in this closely fought atmosphere could threaten Hong Kong's interests. He expressed concern about the situation and asked C,USA to provide further explanation and assessment in this regard.

3. C,USA responded that the US policy on Hong Kong was bipartisan therefore irrespective of which candidate won the US Presidential election, the US Government's support for Hong Kong would not be affected. US policy on Hong Kong was reflected in the 1992 US-Hong Kong Policy Act which was passed by Congress supporting Hong Kong's high degree of autonomy. However, given the substantial changes in the line-up within the Administration and the fine balance of power between the two Parties in Congress, it would be essential for Hong Kong to build up good working relations and mutual trust with the new Administration and with the Congress. Furthermore, we would need to be vigilant and monitor closely proposals submitted by Members of Congress arising from political deals between the two Parties which might be detrimental to Hong Kong's interests.

4. Mrs Sophie LEUNG pointed out that some US Congressmen still had reservations on supporting the economic development of China. She enquired whether the representatives of the ETOs in the USA had contacted any Congressmen who had such attitudes and how these misunderstandings could be addressed.

5. C,USA agreed that there were Members of Congress and some sectors of the media which were very suspicious of China and distrusted her intentions. These people often referred to China as being "Red" or "communist". ETO staff were mindful that under "one country, two systems", they represented Hong Kong and had to take care in dealing with China issues which might occur. In answering questions about China, ETO staff must not do anything which might undermine their own credibility and the high degree of autonomy which Hong Kong enjoyed. C,USA therefore tended to draw upon her own personal experiences in discussions on China's economic developments and progress. The Director-General, Hong Kong Economic and Trade Affairs, Washington (DGW) also responded that fortunately, there were just a handful of extreme right-wingers in the Congress and the actual situation of China were understood by quite a number of Congressmen.

6. Mrs Sophie LEUNG enquired whether ETOs, while adhering to the principle of "one country, two systems", could effectively change the views of the extreme right-wing Congressmen. In response, the Secretary for Commerce and Industry (SCI) advised that instead of representing China, ETOs were only the overseas representatives of Hong Kong and hence they were not in a position

to explain to the Congressmen the affairs of China on behalf of the Chinese Government. He pointed out that in introducing Hong Kong, the representatives of ETOs would emphasize the success of "one country, two systems", rather than focusing on explaining China's policies. This would avoid losing the support of certain groups of people which might in turn undermine the ETOs' effectiveness in introducing and promoting Hong Kong.

Impact of China's imminent accession to the World Trade Organization on Hong Kong

7. Expressing concern about the broadening of Washington ETO's focus of work with the prospect of China's accession to the World Trade Organization (WTO) as mentioned in DGW's report, Mr NG Leung-sing would like to know more about the scope of the Office's work. Moreover, he was concerned about the views of the New York business community on the recovery of Hong Kong's economy after the Asian financial turmoil. At the same time, he enquired about the views of Japan's business sector on Hong Kong's economy, especially whether it was confident in providing credit facilities to Hong Kong.

8. DGW explained that in the past, the Washington ETO made efforts to understand the situation and carry out lobbying work every year in respect of the debates on the renewal of Permanent Normal Trade Relations for China. Following China's accession to WTO, the Office had shifted its focus of concern to the areas which might affect Hong Kong's interests, such as human rights and the protection of intellectual property rights. In addition, it also followed closely the process of China's accession to WTO to see whether the increase in trade might lead to more trade conflicts between China and the USA, thus resulting in the latter's implementation of revengeful measures which would affect Hong Kong's interests. The focus of the Office's work in the following months would include the establishment of good relations with the Congressmen of both the Republican Party and the Democratic Party, and the extension of liaison network so as to lay the groundwork for keeping abreast of the developments of the topics discussed in the Congress as well as paving the way for lobbying work.

9. The Director, Hong Kong Economic and Trade Affairs, New York responded that besides New York, the business community on the east coast in general also held positive views on China's imminent accession to WTO. As a result, they paid more attention to the business opportunities in Asia, China as well as Hong Kong. During his visit to the USA in June this year, the Financial Secretary also addressed to the local business sector on the achievements made by Hong Kong in the first three years after the reunification and the strength of the territory's economic recovery.

10. The Principal Hong Kong Economic and Trade Representative, Tokyo advised that the Tokyo ETO endeavoured to introduce to various sectors in Japan, through different channels, Hong Kong's developments in various respects and the robust rebound of Hong Kong's economy after the Asian financial turmoil.

The business and political sectors in Japan had a clear understanding of progress of the economic recovery in Hong Kong. The local business community was paying close attention to matters relating to China's imminent accession to WTO, especially the competition between Hong Kong and Shanghai in future. The Tokyo ETO would continue to brief the business community in Japan on Hong Kong's predominance in this respect. As to how confident Japan's business sector was in providing credit facilities to Hong Kong, the Tokyo ETO did not have such information. However, as the banking industry in Japan had been keeping close contacts with the Hong Kong Monetary Authority and the Financial Services Bureau, the latter two agencies, which were responsible for financial and monetary affairs, would have more relevant information.

11. Mr NG Leung-sing suggested that in order to have a more comprehensive and accurate assessment on the impact of China's accession to WTO, ETOs should consolidate and analyze the relevant information collected in the Mainland through the Office of the Government of the Hong Kong Special Administrative Region in Beijing. SCI responded that ETOs also maintained contacts with their respective local Chinese Consulates so as to better understand the progress of China's accession to WTO. As to the exchange of information, there were no arrangements for Hong Kong and Mainland authorities to exchange information under the principle of "one country, two systems".

Promotion of cultural and arts activities by ETOs

12. Mr Henry WU enquired whether the London ETO, when sponsoring a performance by the Hong Kong City Contemporary Dance Company (the Dance Company) in London in February this year, had considered arranging a European tour for the Dance Company so that resources could be used more effectively.

13. In response, the Director General, London (DGL) said that maximizing the effectiveness of limited resources had always been the policy of the London ETO. However, the actual arrangements would also depend on the performing group's schedule and itinerary. He advised that the London ETO worked closely with the Brussels ETO to carefully assess the actual effectiveness of its sponsorship and make appropriate arrangements for the sponsored groups to perform in Europe.

14. On behalf of Mrs Selina CHOW, Mrs Sophie LEUNG enquired about the ways to seek ETOs' assistance should non-government organizations plan to carry out exchange and promotion work in relation to culture and arts. SCI advised that the organizations concerned could contact various ETOs through the Leisure and Cultural Services Department. Except the Geneva ETO, all ETOs would assist Hong Kong organizations in organizing overseas cultural and arts activities. However, due to manpower and resource constraints, ETOs might not be able to provide assistance for all the activities.

The work of ETOs

15. In response to Dr LUI Ming-wah's enquiry on how to assess the effectiveness of ETOs, SCI advised that as external liaison work constituted a major part of their duties, it was difficult to quantify their work. However, assessment could still be made on the basis of the information on the contacts between the Administration and the financial officials of different places, the efficiency of ETOs in arranging contacts between Hong Kong and local government departments, and the local activities attended by ETOs. The performance of each staff member of ETOs would be assessed by his/her immediate supervisor every year in the form of a performance appraisal report. As the information in these reports was regarded as personal data, he was not in a position to disclose it to the Legislative Council. He agreed with Dr LUI that the performance appraisal reports might be dominated by the subjective opinions of the appraising officers. However, due to the method of the appraisal system, a certain degree of subjectivity was unavoidable. The appraising officers would as far as possible make an objective assessment on the appraisees' performance to ensure fair reporting.

16. Mr HUI Cheung-ching pointed out that at present, both the Hong Kong Tourist Association (HKTA) and the Hong Kong Trade Development Council (TDC) had set up their own overseas offices. He suggested that the Administration should consider merging these offices with ETOs so as to optimize resources. Agreeing to his suggestion, Mr Henry WU pointed out that under the proposed merging arrangement, the resources thus saved could be used to set up additional ETOs. As a result, the geographical area under each ETO's terms of reference would be reduced, thereby minimizing the need for ETO officials to travel to different cities on business trips.

17. SCI responded that in view of the differences in the scopes of work, objectives and roles among ETOs, HKTA and TDC, operational experience gained over the past years revealed that it was more appropriate to have three separate agencies to handle external economic and trade policies, as well as the promotion of tourism and trade. As such, if these three types of overseas offices, each serving its distinctive functions, were to be merged merely for the sake of saving resources, the professional and unique characteristics they now possessed would be lost. As a result, the effectiveness of their work would be undermined. He pointed out that the Administration had considered arranging for the ETO, HKTA and TDC offices in the same city to be housed within one single building to facilitate their cooperation. However, the feasibility of such an arrangement would be subject to the locational requirements of these offices. As to the need for the staff of overseas offices to travel to different cities on business, he advised that due to resource constraints, ETOs could only be set up in several major cities and business trips to different cities were inevitable.

18. Mrs Sophie LEUNG pointed out that in view of the globalization of the world economy, Hong Kong should play a more active role in establishing its own place in the world market. However, the exportation of certain Hong Kong

products were still subject to protectionist measures such as the quota system and other trade restrictions imposed by foreign countries like the USA. She enquired whether ETOs could liaise with local consumer or retailer associations, galvanizing their support to reflect the merits of Hong Kong products to their governments with a view to minimizing the restrictions overseas countries imposed on exports from Hong Kong.

19. C,USA pointed out that ETOs in the USA had been making efforts to broaden their liaison network to extend their contact to a wider range of organizations to which the economic and trade policies of Hong Kong would be introduced. DGW supplemented that ETOs were working hard to broaden their contact and liaison network, as well as to establish an international image of Hong Kong as an advanced trade and service centre, in order to capitalize on the business opportunities and challenges arising from China's imminent accession to WTO. As regards the ways to reduce import restrictions for Hong Kong products, such as the quota system applied to textile products, ETOs would continue with their efforts to facilitate liaison and communication between Hong Kong and the local manufacturing industries in the USA. In reply to the Chairman's enquiry on whether ETOs could cooperate with TDC in this regard, DGW advised that there had already been such arrangements in the past.

Other concerns

20. Responding to Mr SIN Chung-kai's suggestion that ETOs' reports should focus on the way forward instead of looking back on the work which had been done, SCI advised that this could be included in future reports. He pointed out that as there were many ETOs, concise reports could facilitate members' reference.

21. Mr SIN Chung-kai expressed concern about the promotion of Hong Kong's vision of becoming the innovation and technology hub of Asia, which was an important focus of the San Francisco ETO as mentioned in its report. He sought an elaboration from the Director, Hong Kong Economic and Trade Affairs, San Francisco (D(SF)) on the work in this area. He also enquired about the assistance the San Francisco ETO would offer to Hong Kong companies which were interested in developing a Silicon Harbour in Hong Kong and wished to rally the support of the Silicon Valley in San Francisco in terms of science and technology.

22. In response, D(SF) advised that the Director-General of Investment Promotion, since taking up the post, had visited the west coast of the USA on two occasions to meet with local science and technology companies, and introduce to them the benefits of investing in Hong Kong. The San Francisco ETO had arranged visits to Hong Kong for local companies which were interested in investing in Hong Kong. Apart from organizing seminars to promote academic, scientific and technological exchanges, the persons-in-charge of these companies could also explore the development opportunities in Hong Kong. She advised that should Hong Kong companies require any scientific and technological

support in the USA, they could the contact local companies through the San Francisco ETO and assistance would be provided as far as possible.

23. Mr Henry WU enquired about the measures taken by ETOs to promote the gold industry. SCI advised that the promotion of the gold industry had mainly been undertaken by the industry itself in the past. He welcomed members to provide information on the gold industry to the Administration so that appropriate means to promote the industry could be worked out. DGL informed members that he had attended a seminar on the gold industry earlier with a view to knowing more about the development of the industry.

II Any other business

24. There being no other business, the meeting ended at 3:50 pm.

Legislative Council Secretariat
28 March 2001