

# 立法會

## *Legislative Council*

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### **Report of the Panel on Commerce and Industry for submission to the Legislative Council**

#### **Purpose**

This report gives an account of the work of the Panel on Commerce and Industry during the Legislative Council session 2000-2001. It will be tabled at the meeting of the Council on 4 July 2001 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

#### **The Panel**

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to trade and industry matters. With effect from 1 July 2000, the English title of the Trade and Industry Bureau was changed to Commerce and Industry Bureau to reflect the fact that the Bureau had also taken up the general policy for the development of commerce. To put the name and terms of reference of the Panel in line with that of the corresponding Bureau, the English and Chinese titles of the Panel were changed to Commerce and Industry Panel and 工商事務委員會 respectively. The terms of reference of the Panel were expanded to cover “commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion matters”. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 12 members, with Hon Kenneth TING Woo-shou and Hon HUI Cheung-ching elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is at **Appendix II**.

## **Major work**

### Protection of intellectual property

4. The Panel had examined in detail the impact on the community of the implementation of the Intellectual Property (Miscellaneous Amendments) Ordinance 2000 (the amending Ordinance) when it came into effect on 1 April 2001. The amending Ordinance, which was passed by the Council in June 2000, amended the Copyright Ordinance, inter alia, to strengthen the criminal provisions against copyright piracy in business. The implementation of the amending Ordinance had however given rise to much concern and discussions within the community, in particular with regard to the photocopying of newspaper and the use of such materials in business enterprises and schools. The Panel noted that the main concern of the business community was that the threat of criminal proceedings and the absence of a convenient mechanism to obtain the required authorization had hampered the dissemination of information in enterprises.

5. Following the Government's announcement of its intention to introduce legislative amendments, as an interim measure, to suspend the application of the amending Ordinance to the key criminal provisions in the Copyright Ordinance for certain copyright works, the Panel held a number of special meetings to examine the implications of the proposal. The Panel received a total of 21 submissions. Fifteen organizations representing the copyright industry, the business sector, the educational sector and other interest groups also appeared before the Panel to give their views on the proposed legislation. Upon the recommendation of the Panel, a subcommittee was formed under the House Committee to study the draft Copyright (Suspension of Amendments) Bill 2001 in detail.

6. In the course of its deliberation on the implementation of the amending Ordinance, the Panel noted that small and medium enterprises (SMEs) had experienced particular difficulties in complying with the law, as there was an inadequate supply of computer programs in the market and the prices of these programs had gone up considerably thereby increasing the operating costs of SMEs. The Panel invited the Administration to brief members on the Government's policy for promoting the use of information technology in the business community and on the measures taken by the Hong Kong Productivity Council to facilitate the use of software by SMEs. The Panel was also consulted on the proposal to liberalize the parallel importation of computer software which was aimed at increasing competition and availability of products in the market, thus relieving the financial burden of SMEs.

7. The Panel was also consulted on the Registration of Copyright Licensing Bodies Regulation which would provide a voluntary registration scheme for

copyright licensing bodies under the Copyright Ordinance. While rendering support to the registration system, some members of the Panel had reservations about the voluntary arrangement and urged the Administration to consider the possibility of introducing a compulsory registration scheme, so as to facilitate easy access by users of copyright works to the relevant licensing bodies. The Administration however maintained that as copyright was a private property right, copyright licensing bodies should be given the choice of whether or not to participate in the Government's registration scheme.

#### Infrastructural support for technology-related industries and business development

8. The Panel was consulted on the proposed merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Provisional Hong Kong Science Park Company Limited. Members were supportive of the proposal as it would place the three related services under a single management and would provide one-stop services to the industry. The Panel also rendered its support to the Government for expediting the construction of Phase 1c of the Science Park at Pak Shek Kok to meet the increasing demand from both local and overseas technology-based companies for office space in the Hong Kong Science Park. The Administration was urged to take appropriate mitigation measures to address the impact of the construction activities on the environment.

9. In reviewing the progress of the Innovation and Technology Fund (ITF), the Panel noted with concern that the quality of ITF applications had been declining. In order to focus limited resources on research areas which Hong Kong had a competitive edge, the Government had planned to introduce an arrangement for the solicitation of projects. The Panel discussed at length the criteria to be adopted for soliciting the appropriate projects, the commercialization of ITF projects, the development of evaluation criteria for ITF projects and the financial accountability and discipline of the institutions concerned. Members welcomed the undertaking given by the Administration that regular reports on the evaluation of the effectiveness of ITF projects would be submitted to the Panel.

10. On the development of the Applied Research Fund (ARF) which was set up to provide funding support to technology ventures and research and development activities, some members expressed concern that the limited resources might have been spread too thin across a wide range of investment projects, rendering the ARF ineffective in accomplishing its objective of promoting technology development. The Panel noted that fund managers were appointed to manage the ARF according to the operation of the market, and that the fund had been invested in technology projects covering information technology, electronics and communications, which Hong Kong was familiar with and had an advantage over

others. The effectiveness of the ARF could only be assessed after a comprehensive analysis of the overall investment portfolio had been conducted. At members' request, the Administration agreed to submit quarterly reports to facilitate members' understanding of the progress of the ARF.

11. The Panel was consulted on the Administration's legislative proposal to facilitate the use of Electronic Data Interchange (EDI) services for processing cargo manifests and dutiable commodities permit applications, and the future arrangement for the provision of Government EDI services after the expiry of Tradelink's exclusive franchise by the end of 2003. Members supported the Administration's plan to introduce competition in EDI services for the benefit of consumers.

#### Support for small and medium enterprises (SMEs)

12. The Panel welcomed the establishment of the Small and Medium Enterprises Committee (SMEC) which had become operational since 15 December 2000 to study the overall strategy for supporting SMEs in accordance with the recommendation of the Chief Executive in his Policy Address to create the most favourable business environment for SMEs. The SMEC had set up five working groups in the areas of financing, business environment, human resources, technology applications and market access. These working groups were tasked to identify the problems faced by SMEs in the respective areas with a view to putting forth solutions and feasible proposals to the Chief Executive by June 2001.

13. In view of the fact that there were over 300 000 SMEs in Hong Kong engaging in various trades and industries, members of the Panel urged the SMEC to conduct more extensive consultation with the relevant organizations and bodies, so that the unique problems faced by the SMEs in different trades and industries and the support they required could be fully considered. The Panel also urged the SMEC to submit its report to the Chief Executive as soon as possible, so that timely and effective measures for supporting SMEs could be implemented.

#### Support for the manufacturing industry

14. Having regard to the important role played by the manufacturing industry in Hong Kong's economy in past decades, the Panel urged the Administration to render more support to the industry to enhance its competitiveness in the market and to increase job opportunities for low-skilled workers in the industry. The Administration reiterated its commitment to assisting the industrial sector in various areas including promoting the business environment, development of infrastructure, technology upgrading, development of human resources and market expansion. Through various training courses offered by organizations such as the

Employees Retraining Board, Vocational Training Council and Apprenticeship Scheme, low-skilled workers had been given assistance to switch to other industries.

#### Assistance to Hong Kong businessmen in operating businesses in the Mainland

15. In view of the large number of Hong Kong businessmen operating in the Mainland, some members of the Panel expressed concern as to whether sufficient assistance had been rendered to these businessmen in developing their businesses and in overcoming the difficulties they encountered. The Administration assured the Panel that the Trade and Industry Department would continue to strengthen its contact with various industries and to disseminate trade and economic information to Hong Kong businessmen through different channels. However, the Government was not in a position to intervene in private business disputes. The Panel nevertheless urged the Administration to reflect to the relevant Mainland authorities the difficulties encountered by the Hong Kong businessmen in the Mainland and to explore ways in which proper assistance could be offered.

#### Promoting investments in Hong Kong

16. From the briefing by the Heads of the Overseas Hong Kong Economic and Trade Offices (ETO), the Panel noted that the ETOs were working hard to broaden their contact and liaison network, and to establish an international image of Hong Kong as an advanced trade and service center, in order to capitalize on the business opportunities and challenges arising from China's imminent accession to the World Trade Organization. The ETOs had also endeavoured to brief the business community in their respective jurisdictions on the robust rebound of Hong Kong's economy after the Asian financial turmoil.

17. The Panel also noted that the newly established Invest Hong Kong had implemented a number of projects, including hosting the Fortune Global Forum in May 2001, to enhance Hong Kong's image as a place for business and to attract overseas investment.

18. To enhance Hong Kong's position as a pre-eminent service centre in the region, the Panel was particularly concerned about the provision of additional convention and exhibition facilities in Hong Kong, as this would not only widen the choice for the business community but would also enhance competition and in turn help lower charges of similar facilities. According to the Administration, the Airport Authority was studying a proposal to develop an exhibition facility in the Airport North Commercial District. While there were differing views on where the additional facilities should be located, there was no disagreement that the provision of additional facilities would be conducive to the development of

tourism and commerce in Hong Kong. In this regard, the Administration had been urged to promote Hong Kong as a trade fair capital vigorously and to keep the Panel informed of developments.

19. During the session, the Panel had also exchanged views with the Administration on the progress of the liberalization of the Rice Control Scheme, the proposal to license stamper manufacturers and other legislative proposals contained in the Intellectual Property (Miscellaneous Amendments) (No.2) Bill 2000 and the Chemical Weapons Convention Bill.

20. From October 2000 to June 2001, the Panel held a total of 14 meetings.

Council Business Division 1  
Legislative Council Secretariat  
27 June 2001

**Legislative Council  
Panel on Commerce and Industry**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council  
Panel on Commerce and Industry**

**Membership list**

<b>Chairman</b>	Hon Kenneth TING Woo-shou, JP
<b>Deputy Chairman</b>	Hon HUI Cheung-ching
<b>Members</b>	Dr Hon LUI Ming-wah, JP 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  (Total : 12 Members)
<b>Clerk</b>	Mrs Florence LAM
<b>Date</b>	1 March 2001