

**Presentation by Secretary for Commerce and Industry
at the Special Meeting of the Finance Committee
on Monday, 25 March 2002**

Mr Chairman,

The following are the key areas of work of the Commerce and Industry Bureau for the new financial year.

Promoting Free Trade

On the external trade policy front, we will continue to promote a free, open and non-discriminatory multilateral trading system through participation in the work of the World Trade Organisation (WTO). In the WTO Fourth Ministerial Conference held in November last year, trade ministers agreed to launch a new round of multilateral trade negotiations. We will play an active and constructive role in the negotiations.

Strengthening Mainland-Hong Kong Economic and Trade Links

2. We will be devoting greater efforts to the strengthening of our economic and trading links with the Mainland in the wake of her accession to the WTO. One of our top priorities this year would be co-ordinating our consultation with the Mainland on the Closer Economic Partnership Arrangement. We will work actively together to take forward the proposal with a view to achieving continuous progress.

3. In addition, we shall continue to make full use of the existing communication mechanism of the Mainland/Hong Kong Joint Commission on Commerce and Trade. We will continue to exchange views and information on economic and trade issues of mutual interest, disseminate to the business sectors information on the policies and regulations to do with commerce and trade. We will organise more seminars to enhance our business sectors' knowledge of the Mainland's policies and laws.

4. We are actively preparing for the establishment of the Economic and Trade Office (ETO) of the HKSARG in Guangdong, which is located in Guangzhou, with a view to having it come into operation later in the year. The functions of the ETO include economic and trade liaison, enhancing understanding between the HKSAR and the Guangdong Governments, providing better support for Hong Kong enterprises, investment promotion and promoting Hong Kong.

Support for Our Businesses

5. We have launched the four funding schemes for small and medium enterprises (SMEs) since late 2001. With an expected maximum expenditure of \$1.9 billion, the four funding schemes aim to help SMEs secure loans for purchasing business installations and equipment, expanding markets, providing training for employers and employees, and upgrading their overall competitiveness. Since their launches, the funding schemes have been generally welcome by the business sectors. As of 22 March this year, we have approved 2 308 applications under the schemes, which involve a total amount of \$205 million. We will be submitting a progress report on the four funding schemes to the Panel on Commerce and Industry at its meeting on 13 May 2002.

Innovation and Technology

6. As for innovation and technology, the Innovation and Technology Commission will continue to promote innovation and technology development to enhance the productivity and competitiveness of our industries. The research and development (R&D) projects supported by the Innovation and Technology Fund will focus further on how to introduce innovative ideas, more sophisticated and efficient techniques so as to promote technology upgrading of local industries and develop high value-added businesses. The Applied Science and Technology Research Institute will help stimulate the growth of technology-based industry through performing R&D projects for transfer to industry.

7. As for technological infrastructure, construction of the initial group of buildings of the Science Park Phase One is almost complete and the first batch of tenants is expected to move in within the next few months to commence their R&D projects.

Protection of Intellectual Property Rights

8. In the coming year, the Government will keep up its efforts on legislative, publicity, educational and enforcement fronts to enhance the protection of intellectual property rights.

9. On legislative front, the Government has recently completed a review on certain provisions of the Copyright Ordinance and formulated a series of proposals. These include making permanent the arrangement of the Copyright (Suspension of Amendments) Ordinance 2001 and further improving other provisions. We will prepare legislative amendments in batches. We expect the first batch could be introduced into the Legislative Council before July.

10. On law enforcement, Customs and Excise Department will spare no effort in continuing its rigorous actions against copyright piracy and trade mark counterfeiting.

Attracting External Direct Investment

11. As regards attracting external direct investment, Invest Hong Kong will continue to focus its work on nine target sectors where Hong Kong has comparative advantages.

Support for and Promoting the Services Sectors

12. Promoting the development of professional services is one of our major tasks in the coming year. The Professional Services Development Assistance Scheme, which was first announced by the Chief Executive last October, has opened for applications. We expect to approve grant for applications received in the first tranche by July of this year.

13. Thank you.