

立法會
Legislative Council

LC Paper No. CB(1)596/01-02
(These minutes have been
seen by the Administration)

Ref: CB1/PL/ES/1

Legislative Council
Panel on Economic Services

Minutes of meeting held on
Monday, 26 November 2001, at 10:00 am
in the Chamber of the Legislative Council Building

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Dr Hon LUI Ming-wah, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon HUI Cheung-ching, JP
Hon CHAN Kam-lam
Hon SIN Chung-kai
Dr Hon Philip WONG Yu-hong
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, JP
Hon CHOY So-yuk
Hon Henry WU King-cheong, BBS
- Non-Panel member attending** : Hon LEUNG Fu-wah, MH, JP
- Members absent** : Hon Fred LI Wah-ming, JP
Hon CHEUNG Man-kwong

**Public officers
attending**

: Agenda Item IV

Economic Services Bureau

Ms Sandra LEE
Secretary for Economic Services

Mr Alex FONG
Deputy Secretary for Economic Services (3)

Marine Department

Mr Roger TUPPER
Assistant Director/Planning and Services

Planning Department

Mr Alfred LAU
Chief Town Planner/Strategic Planning

Agenda Item V

Economic Services Bureau

Ms Sandra LEE
Secretary for Economic Services

Mr Alex FONG
Deputy Secretary for Economic Services (3)

Planning Department

Mr Alfred LAU
Chief Town Planner/Strategic Planning

Agenda Item VI

Economic Services Bureau

Ms Sandra LEE
Secretary for Economic Services

Ms Miranda CHIU
Deputy Secretary for Economic Services (1)

Ms Irene YOUNG
Principal Assistant Secretary for Economic Services

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

Staff in attendance : Ms Cindy CHENG
Senior Assistant Secretary (1)1

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I Confirmation of minutes and matters arising
(LC Paper No. CB(1)362/01-02 - Minutes of meeting held on 29 October 2001)

The minutes of the meeting held on 29 October 2001 were confirmed.

II Information papers issued since last meeting
(LC Paper No. CB(1)191/01-02(01) - Tables and graphs showing the import and retail prices of major oil products from October 1999 to September 2001 furnished by the Census and Statistics Department;
LC Paper No. CB(1)213/01-02(01) - Competition-related case against CLP Power; and
LC Paper No. CB(1)364/01-02(01)- Safety oversight audit by the International Civil Aviation Organization)

2. Members noted the above information papers issued since last meeting.

III Items for discussion at the next meeting scheduled for 18 December 2001
(LC Paper No. CB(1)363/01-02(01) - List of outstanding items for discussion; and
LC Paper No. CB(1)363/01-02(02) - List of follow-up actions)

3. Members agreed to discuss the following items at the forthcoming meeting to be held on 18 December 2001 at 8:30 am:

- (a) Hong Kong Disneyland;
- (b) Reorganization of Port and Maritime Board Division in Economic Services Bureau; and
- (c) Mid-stream fees.

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IV Port Development Strategy Review

(LC Paper No. CB(1)109/01-02(05) - Information paper provided by the Administration)

4. At the invitation of the Chairman, Deputy Secretary for Economic Services (3) (DS/ES(3)) briefed members on the latest findings of the Port Development Strategy Review (PDSR) as set out in LC Paper No. CB(1) 109/01-02(05).

Hong Kong Port Cargo Forecasts

5. Noting that as compared with the previous Port Cargo Forecasts (PCF) 1997/98, PCF 2000/2001 predicted a slightly higher magnitude of total container traffic (revised from 18.3 million TEUs to 19.6 million TEUs in 2001), the Chairman enquired whether the revised forecasts were on the high side, given the increasing competition from Yantian or Shekou and the downturn in the economy. He wondered if the throughputs of other neighbouring ports had been taken into account in coming up with the present forecasts. Sharing his views, Mr Kenneth TING also asked whether the forecast of 19.6 million TEUs in 2001 could be achieved.

6. DS/ES(3) explained that PCF was done by an independent consultancy, having regard to all relevant data from the Government and the corresponding sectors in both Hong Kong and South China. Development of other neighbouring ports had also been taken into account. Whilst different sectors might have different perception over the forecasts, the Administration was of the view that in the long run, there would be a steady growth in the cargo demand for the Hong Kong port. As there were inherent uncertainties of the future development like cargo share between Hong Kong and Mainland ports, different port throughput scenarios (i.e. Base, High and Low cases) had been derived for sensitivity testing purposes. Since market conditions were changing fast, timely knowledge of market condition was critical to successful port planing. In order to keep closer track of changes in the market, future PCF and PDSR would be updated every two years instead of three. At the request of the Panel, the Administration undertook to provide a report on the interim findings of PCF and PDSR for members' reference.

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7. The Deputy Chairman and Mr LEUNG FU-wah opined that in order to facilitate members' consideration of the PCF and the requirements for various cargo handling facilities, it would be helpful if detailed information on the cargo pie for the Pearl River Delta, the PCF for the next 15 to 20 years, and the development and competition from the Mainland ports could be provided. DS/ES(3) replied that some basic information in this regard were set out in the Executive Summary of the PDSR 2001. The Administration could provide further information to members if there were any specific requirement and request.

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8. The Chairman and Mr Howard YOUNG asked about the cargo share between Hong Kong and Shenzhen ports, having regard to the increasing competition from the latter.

9. DS/ES(3) said that the cargo pie for the Pearl River Delta was expected to continue to grow at a high rate fuelled by an expected general increase in world trade through China's accession to the World Trade Organization (WTO), leading to increased imports to and exports from China. Hong Kong was expected to benefit from the continuing growth in Southern China as the main source of cargo for Hong Kong came from the Pearl River Delta. Whilst the development and expansion of the Mainland ports and increasing competition from the Shenzhen ports would divert some of the cargoes that might otherwise flow through the port of Hong Kong, it was believed that cargo from Southern China would grow sufficiently fast to support the planned expansion of ports in the region, including Hong Kong and Shenzhen.

10. Mr Howard YOUNG and Mr Kenneth TING cast doubt on the need for additional requirements for various cargo handling facilities as shown in Table 3 of the Executive Summary, given the competition from the Mainland ports. Mr Kenneth TING also supplemented that the quota for textiles and clothing products garment export would be removed in 2005 and it might have a bearing on the PCF. Mr LEUNG Fu-wah also opined that the shipping charge in Hong Kong port was much higher than that in Yantian port and he understood that many shippers including high-value goods manufacturers had already chosen to use the latter port due to cost consideration.

11. DS/ES(3) advised that the cargo demand for the Hong Kong container port was expected to grow at an annual rate of 5% in the next 15 years. Container Terminal 9, with additional handling capacity of 2.6 million TEUs a year, would come into operation in 2002 and be fully operational in 2004. Regarding the cost comparison between the Yantian port and Hong Kong port, DS/ES(3) advised that the door-to-door cost difference of shipping a 40' container on FOB (Free-on-board) terms from Yantian versus from Hong Kong had been set out in the Hong Kong PCF. The cost of shipping included truck barge cost to container terminal, declaration fee, documentation fee, ocean freight rate, destination delivery charge, fuel adjustment factor, original receiving charge and terminal handling charge etc. From the analysis, it was noted that the degree of fluctuation varied from year to year. In the year 1997, the door-to-door cost difference for exporting a 40' container from Dongguan to USA via Hong Kong versus via Shenzhen was US\$250 whereas in 1999 and 2001 were only US\$40 and US\$139 respectively. The fluctuation was mainly due to market change.

12. DS/ES(3) further said that there were a number of reasons which would affect shippers' choice of port facilities. These included the types and value of goods, the service level required, and the geographical locations of shippers' factories. Compared with other ports in the Mainland, the Hong Kong port had the advantages of more frequent shipping schedules and wider network to cover different parts of the

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world. Moreover, the efficiency in cargo handling was another advantage of Hong Kong over its Mainland counterparts.

New container terminal

13. Members noted that apart from Container Terminal 9, new container terminal berths would not be required until the end of this decade. Despite this, the Administration needed to continue the planning process to identify suitable sites for future use. In this regard, four sites were shortlisted for more detailed assessment. They were West Tuen Mun, North-west Lantau, East Lantau and South-west Tsing Yi.

14. In response to Ms Miriam LAU and Mr Howard YOUNG's questions about the implementation programme for new cargo handling facilities, DS/ES(3) replied that these four shortlisted sites were selected based on a set of criteria. To ensure that the sustainable development and economic implications of container terminal development were fully examined, a follow-up study was required to examine in detail and recommend the best strategic option for developing and locating Hong Kong's new container terminal facilities.

15. Ms Miriam LAU enquired about the supporting transport infrastructure for new container terminal facilities as it took a long time to complete the related planning and construction works. Chief Town Planner/Strategic Planning of Planning Department replied that the Hong Kong 2030 : Planning Vision and Strategy Study (Hong Kong 2030 Study) provided a long term land use-transport-environment planning framework for Hong Kong in the next 30 years. The PDSR would form an input to scenario testing in the Hong Kong 2030 Study. The proposed transport network for new terminal facilities would be examined in the context of the Study.

16. Mr CHAN Kam-lam opined that transport infrastructural development was essential for cargo flow and port development. With a good transport system, the overall transportation costs could be reduced. As such, the Administration should formulate a strategy to ensure timely provision of transport infrastructure to support port development. There should also be close co-ordination among different bureaux/departments. Secretary for Economic Services (SES) shared the member's view and advised that detailed transport studies and associated planning would be carried out in collaboration with the relevant bureaux.

Public Cargo Working Areas

17. Members noted that due to the competing waterfront uses and the need to provide land for major infrastructure, open space and tourism related developments, the Administration had notified the operators of Wan Chai, Western District, Kwun Tong and Cha Kwo Ling Public Cargo Working Areas (PCWA) that these PCWAs would be affected by development plans/projects in the respective area.

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18. Noting that no additional PCWA would be introduced, Ms Miriam LAU enquired about the overall development plans for the re-provisioning of PCWA. She also reminded the Administration to take into account the potential impacts caused to existing operators and strike a balance among the competing waterfront uses for tourism and PCWA. DS/ES(3) advised that no new PCWA had been planned at this stage. SES added that she would try to strike a balance among all competing waterfront uses. In this respect, inter-bureau discussions were underway.

Co-ordination and Collaboration with the Mainland

19. Mr Jasper TSANG Yok-sing enquired whether the development plans in the Mainland would have a bearing on the need for additional cargo handling facilities in Hong Kong. He also enquired whether the authorities in the two sides were aware of the development plans of each other, bearing in mind they were competing with each other for port development. SES said that whilst both the Mainland port and Hong Kong port were making an effort to enhance their facilities, market forces from both sides also contribute towards an equilibrium to prevent excessive planning for the provision of cargo handling facilities. The Administration and the trades would regularly review the PCF with a view to providing timely infrastructure to cater for the demand. DS/ES(3) also informed members that when the consultancy firm made the forecast, visits had been paid to the Mainland authorities for exchange of views. Besides, other channels were also available for interchange of ideas between authorities in Hong Kong and the Mainland. SES supplemented that maintaining constant dialogue and communication with Mainland planning, port, transport and customs authorities was essential. It helped both sides to understand more about each other's future planning needs.

20. In conclusion, the Chairman stressed the need for the government to take note of the development and relative competitiveness of the neighbouring ports. Suitable strategies should be formulated to maintain the competitiveness of Hong Kong port.

V Logistics Hong Kong

(LC Paper No. CB(1)23/01-02(01) - Information paper provided by the Administration)

21. DS/ES(3) briefed members on the Administration's plan to provide a conducive environment and the necessary infrastructure to facilitate the development and promotion of Hong Kong as the preferred international and regional transportation and logistics hub as well as a base for coordinating and integrating service providers for the global and regional demand and supply chain. Details of which were set out in LC Paper No. CB(1) 23/01-02(01).

22. SES added that in accelerating the development of the logistics sector in Hong Kong, Government would promote the development of an inter-modal system and

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considered other supporting facilities to speed up the flow of goods and information. The provision of integrated services would also strengthen Hong Kong's competitive advantage as a supply-chain base. Apart from the Steering Committee on Logistics Development (LOGSCOM) chaired by the Financial Secretary, a new organization, namely, the Hong Kong Logistics Development Council (LOGSCOUNCIL) would be set up to support the work of "Logistics Hong Kong". It would provide a forum for the public and private sectors to consider the priority areas to take forward the logistics initiatives, to draw up programmes, and to work together on strategies and implementation of the plans.

23. Members noted that the Administration would work to enhance connectivity between the various sectors in the supply chain, such as those between different modes of transport and those between Hong Kong and its cargo sources. The Administration would facilitate collaboration amongst the players in the supply chain to strengthen the four pillars of "Logistics Hong Kong", that was the "physical, electronic (cyber and digital), human resources and marketing logistics". The 2 "C"s (connectivity and collaboration) and 4 "L"s were the cornerstones of the "Logistics Hong Kong" initiatives.

24. Ms Miriam LAU pointed out that infrastructural development was essential to the success of logistics services. She however queried the implementation programme and tolling strategy of Route 10, a strategic highway between North West New Territories and North Lantau, and would be connected to Shenzhen Western Corridor (SWC) via Deep Bay Link (DBL). She remarked that a tolled highway would not be conducive to the development of logistics services, not to mention the time gap between the completion of SWC/DBL and Route 10 causing congestion on Tuen Mun Road. She enquired whether LOGSCOM would review the implementation of Route 10 before the funding proposal was submitted to the Legislative Council.

25. SES replied that Route 10 would help enhance the status of Hong Kong as a logistics hub in the Pearl River Delta. Whilst the issue was not discussed separately at a meeting of the LOGSCOM, different bureaux maintained close liaison with each others in taking forward the project. Where necessary, LOGSCOM could review the project. She undertook to discuss further with the Secretary for Transport on the matter.

26. Mr CHAN Kam-lam however remarked that early implementation of Route 10 was essential for the development of logistics services. He also pointed out that given Government's initiative to implement the overall programme as contained in the Study to Strengthen Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub, he enquired how Government could ensure the timely completion of infrastructural projects within five years so as to strengthen the connectivity and collaboration among players in the industry. The Chairman also opined that land transport was an important element to promote logistics services.

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Different bureaux should co-ordinate with each other with a view to improving the transport network to facilitate cargo flows.

27. SES replied that Government was committed to providing a conducive environment and the necessary infrastructure to facilitate the development of the logistics business. It had examined how cargo sources could be reinforced through better feeder connections via our transport network. Further, it would explore the possibility of widening the use of information technology to support the development of logistics. Sufficient land would also be provided to enable the efficient processing of goods.

28. In reply to Mr Kenneth TING's question on the possibility of setting up joint customs clearance checkpoints to shorten the customs clearance time for cross-boundary vehicles. SES advised that at present, it was unlikely to introduce joint customs clearance checkpoints as Hong Kong and the Mainland were two different customs territories. To streamline the custom procedures, the Customs and Excise Department was actively examining the application of information technology and equipment to further enhance clearance efficiency at boundary control points. To facilitate cross-border cargo flow, an express delivery service was introduced at the airport whereby cargo would now be directly delivered through Hong Kong to airports in Guangdong in sealed trucks. As for sea cargo, the feasibility was being explored though it was uncertain whether any investor would be interested in providing such service.

29. The Chairman also expressed concern that the time required for processing documents of various government authorities would jeopardize Hong Kong's edge as an efficient logistics hub. SES said that as an initiative to simplify the documentation process, the Commerce and Industry Bureau was working on the implementation of electronic data interchange for Government-related trade documents.

30. Referring to the recent efforts to reduce the areas of off-port problematic sites to improve the environment, Mr CHAN Kam-lam expressed concern about the provision of port back-up (PBU) land in the New Territories. SES assured members that different bureaux and departments maintained close liaison with each other. There were also clear guidelines to follow in clearing and supplying off-port PBU land.

Organization support

31. Mr LEUNG Fu-wah enquired about the organizational support in connection with the policy initiatives of "Logistics Hong Kong". SES advised that LOGSCOM was one of the two new institutional structures created to support Hong Kong's logistics development as announced in this year's Policy Address. The other new structure was the LOGSCOUNCIL, which would be created to support the work of LOGSCOM. LOGSCOM would provide the policy steer for and to accelerate

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measures to take forward "Logistics Hong Kong". LOGSCOUNCIL to be chaired by SES, would provide a forum for the public and private sector stakeholders to discuss and co-ordinate matters and to carry out joint projects on logistics. Regarding the Port, Maritime and Logistics Development Unit under the Economic Services Bureau (ESB), it would be tasked to support the development of policy initiatives and to coordinate and integrate actions and programmes emanating from LOGSCOM and LOGSCOUNCIL. A related staffing proposal would be submitted to the Panel for consideration at its next meeting.

Admin 32. In reply to Mr LEUNG Fu-wah's question about the manpower requirement for the logistic industry and whether new job opportunities would be created. SES said that the trade, transportation and logistics industry represented some 20% of the Gross Domestic Products in Hong Kong, and a variety and large number of job were involved in the logistic industry. She advised that the Administration would collaborate with stakeholders for a more integrated short term and long term manpower development programme to support "Logistics Hong Kong". DS/ES(3) added that a manpower review was being coordinated by the Education and Manpower Bureau and the findings would be submitted to members for reference in due course.

VI Competition Policy Advisory Group Report 2000-2001

(LC Paper No. CB(1)1848/00-01(01) - Competition Policy Advisory Group Report 2000-2001)

33. Noting that during the period from April 2000 to March 2001, only eight competition-related complaints were received by the Competition Policy Advisory Group (COMPAG), Mr LAU Chin-shek queried if this was due to the lack of power for enforcement or any inadequacy in the publicity for the work of COMPAG. In reply, SES remarked that COMPAG had adequate power to perform its work. COMPAG was set up under the chairmanship of the Financial Secretary with members from various bureaux and departments including a number of policy secretaries. Regular meetings were conducted to review initiatives from bureaux and departments on how to promote competition in Hong Kong and other competition-related matters which had a bearing on government policy. As for publicity, a web site would be developed to publicize the work of COMPAG.

34. Mr Kenneth TING and the Chairman asked if the new initiatives to promote competition would have a bearing on the business environment. Mrs Selina CHOW shared their views. She opined that in order to maintain a level playing field, the Government should ensure that the implementation of competition policy would not result in higher costs and more complex procedures for the business community. In response, SES assured members that the objective of the Government's competition policy was to enhance economic efficiency and free flow of trade, thereby also benefiting consumer welfare. The Government considered competition was best

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nurtured and sustained by allowing the free play of market forces and keeping intervention to the minimum.

35. Regarding the role of the ESB in the COMPAG, SES advised that ESB was the policy bureau responsible for competition policy. It provided secretariat support to the COMPAG and assisted COMPAG in reviewing policies and practices to ascertain the extent to which competition could be enhanced in different sectors. At the same time, all bureaux and departments including ESB were responsible for overseeing competition issues within their portfolio. Each year, the Secretariat of COMPAG would invite bureaux and departments including ESB to submit returns on areas in their portfolio that might not be fully compatible with the competition policy and identify new initiatives to promote competition. COMPAG would then review scope for refinement and follow up on these competition-related matters.

36. Referring to the increase in transaction fees for the Easy Pay System, Mrs Selina CHOW and Mr LAU Chin-shek queried the effectiveness of COMPAG to handle competition-related complaints. They remarked that despite that the case was substantiated, no significant improvement had been made so far. Deputy Secretary for Economic Services (1) replied that the Hong Kong Monetary Authority (HKMA) had completed a comprehensive review of retail payment services in Hong Kong, and would consult relevant interested parties with regard to its findings and recommendations. She would request HKMA to provide further information in this regard. SES added that COMPAG was monitoring the progress of the case in collaboration with HKMA.

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37. Mr LAU Chin-shek pointed out that in order to enhance competition in the energy market, central liquefied petroleum gas (LPG) should be provided as an alternative to Town Gas, bearing in mind the price adjustment mechanism for the latter was not subject to control. SES replied that the Housing Department and Housing Authority in conjunction with other bureaux and departments, had looked into the feasibility of providing central LPG in public housing estates. It was noted that doing so might entail potential loss of a certain amount of land for flat production, impact on land requirement and planning flexibility, complicate design and lead to a longer development lead time because of the need to accommodate LPG storage compounds. It would also be difficult to identify suitable sites for common LPG storage facilities in some districts given the environmental and safety concerns. Notwithstanding the above, where practical and appropriate, efforts would be made to introduce more competition in gas supply to housing estate development.

38. Mr Howard YOUNG said that in connection with the Government's policy to promote the use of LPG vehicles, he enquired about the initiative to encourage competition in the auto LPG market by facilitating entry of potential new-comers. SES replied that the related work was under the purview of the Environment and Food Bureau. She understood that pro-competition measures were being taken to facilitate market entry.

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39. Mr Henry WU King-cheong enquired if COMPAG had reviewed the competition-related matters arising from the Securities and Futures Bill and whether any measures had been taken to address possible anti-competitive practices as contained in the Bill. SES replied that as far as she knew, Secretary for Financial Services had reviewed the competition-related issues arising from the Bill before introduction of the Bill. He had also proposed appropriate amendments to the Bill. As for whether the Consumer Council had listened to the views raised by the related sectors during the consultation before putting forward its views to the Financial Services Bureau, SES undertook to refer the matter to the Council.

Supplementary information

40. Referring to the minimum brokerage commission of 0.25% for all securities transactions, Mr Henry WU King-cheong remarked that some companies did not follow the brokerage commission rule and charged a lower rate to limit market accessibility. SES undertook to refer the matter to Secretary for Financial Services for follow-up.

41. With the accession of China in the WTO, Mr HUI Cheung-ching asked about the bilateral agreement between Hong Kong and other cities in the Mainland to facilitate local investors to seize the opportunities to enter the China market at an early stage. The Deputy Chairman also pointed out that a free-trade zone between Hong Kong and the Mainland was needed after China's accession to the WTO to maintain the territory's preferential trade terms. SES undertook to convey members' questions to the Secretary for Commerce and Industry for follow-up.

VII Any other business

42. As the next regular meeting scheduled for 24 December, 2001 fell on the Christmas Eve, members agreed to re-schedule the meeting to Tuesday, 18 December 2001 at 8:30 am

43. There being on other business, the meeting ended at 12:30 pm.

Legislative Council Secretariat
17 December 2001