

立法會
Legislative Council

LC Paper No. CB(1) 1823/02-03
(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 April 2003, at 4:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Kenneth TING Woo-shou, JP (Chairman)
Hon HUI Cheung-ching, JP (Deputy Chairman)
Hon NG Leung-sing, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHEUNG Man-kwong
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS, JP
Hon MA Fung-kwok, JP

Non-Panel Member attending : Hon Eric LI Ka-cheung, JP

Members absent : Dr Hon LUI Ming-wah, JP
Hon CHAN Kam-lam, JP

Public officers attending : **Item IV**

Mr Henry TANG
Secretary for Commerce, Industry and Technology

Mr M J T ROWSE
Director-General of Investment Promotion

Mr Raymond YOUNG
Deputy Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Ms Ophelia TSANG
Associate Director-General of Investment Promotion

Item V

Mr Gordon LEUNG
Principal Assistant Secretary (Commerce and Industry)

Mr Francis HO
Assistant Secretary (Commerce and Industry)

Item VI

Ms Denise YUE
Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Mr Gordon LEUNG
Principal Assistant Secretary (Commerce and Industry)

Mrs Margaret CHAN
Chief Executive Officer, Commerce, Industry and Technology Bureau

Clerk in attendance : Ms Connie SZETO
Chief Assistant Secretary (1)4

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

Ms Christina SHIU
Legislative Assistant

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I Confirmation of minutes
(LC Paper No. CB(1) 1413/02-03)

The minutes of meeting held on 10 February 2003 were confirmed.

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II Information papers issued since last meeting

(LC Papers No. CB(1) 1345 & 1415/02-03)

- (LC Paper No. CB(1) 1345/02-03 -- Information paper on Progress of the Hong Kong/United States Co-operation on Container Security Initiative; and
- LC Paper No. CB(1) 1415/02-03 -- Information paper on financial position of the Applied Research Fund for the period of 1 December 2002 to 28 February 2003)

2. Members noted that the above two information papers had been issued for members' general information since the last meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1) 1410/02-03(01) & (02))

3. Members agreed to hold the next regular meeting on Monday, 12 May 2003 at 4:30 pm to discuss the following items:

- (a) Draft Copyright (Prescription of Copyright Registers) Regulation; and
- (b) Development of integrated-circuits design.

(Post-meeting note: At the Administration's request, a new item on "Enhancement of the Government back-end computer system for processing cargo manifests" was added to the agenda of the meeting. The item had been discussed at the Panel meeting held on 10 March 2003.)

4. With the end of war in the Middle East, Mrs Sophie LEUNG suggested that the Administration should re-consider implementation of the Container Security Initiative (CSI) pilot scheme in Hong Kong. The Secretary for Commerce, Industry and Technology (SCIT) said that the threat of terrorist attack still existed despite the end of war in Iraq. As over 10% of Hong Kong's sea containers were headed for US ports, implementation of CSI would be vital to ensure container security. He assured members that the Administration would closely monitor the pilot scheme and conduct review whenever necessary.

5. Members also noted that a special meeting would be held on Tuesday, 15 April 2003, at 10:45 am to discuss issues relating to participation of Hong Kong traders in the World Jewellery and Watch Fair 2003 in Zurich / Basel.

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IV Briefing on measures to enhance investment promotion
(LC Paper No. CB(1) 1410/02-03(03))

6. The Director-General of Investment Promotion (DGIP) briefed members on the work progress of the Invest Hong Kong (InvestHK) since its establishment on 1 July 2000 and the proposal of seeking an additional allocation of \$200 million to boost investment promotion work in the coming five years.

Impact of the atypical pneumonia outbreak on foreign investments

7. Mr CHEUNG Man-kwong opined that it was necessary to relaunch Hong Kong after the containment of atypical pneumonia in Hong Kong. He enquired whether the Administration would assess the impact of the disease on foreign investments in Hong Kong and devise strategies for relaunching Hong Kong.

8. In response, SCIT said that as the priority task was to control the spread of the disease, it would be inappropriate to make an assessment on impact on foreign investments at the present stage. He stressed that that Administration had adopted a transparency policy in disclosing information to international community regarding Hong Kong's situation and efforts in combating the disease. Timely dissemination of update information, for instance, statistics on confirmed/suspected cases of infection, would enhance investors' understanding on the situation in Hong Kong and reassure them that Hong Kong was doing its utmost to deal with the problem. On measures to relaunch Hong Kong, SCIT assured members that the Administration would work out the details and make the necessary preparation so that programmes could be launched expeditiously once the time was ripe.

9. DGIP added that the outbreak of atypical pneumonia did affect the attractiveness of Hong Kong. However, the degree of its impact would depend on how long the situation would last and when the World Health Organization (WHO) travel advisory warning would be lifted. Given that the existing WHO travel advisory warning merely suggested visitors to postpone non-essential visits to Hong Kong, DGIP anticipated that many overseas companies would still prepare to visit Hong Kong for doing business. He added that while the InvestHK would continue to provide support to overseas companies set up in Hong Kong, it would also actively develop programmes to relaunch Hong Kong with a view to restoring the confidence of international community in Hong Kong. It was believed that with its strengths, such as the robust legal system, simple taxation regime, and well-established infrastructure, Hong Kong remained one of the best places for doing business in the world. Referring to the good participation of foreign companies in a number of promotional activities held in various places recently, DGIP pointed out that overseas companies still recognized Hong Kong's advantages and potentials for business.

10. Mr CHEUNG Man-kwong expressed concern that as the WHO had been associating Hong Kong's situation with that of Guangdong Province, it would

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inevitably create a negative image on Hong Kong and deter foreign investors. He urged the Administration to follow up with the WHO for separate treatment of the situations in both places. The SCIT took note of Mr CHEUNG's views and agreed to reflect them to the WHO.

Proposals to boost investment promotion

11. Mr Henry WU expressed support for the Investment Promotion Ambassadors scheme in building up a network for attracting foreign investments to Hong Kong. However, he had reservation over the proposal of allocating an additional \$200 million for boosting investment promotion work. He further enquired about the details on the results of the projects completed by the InvestHK over the past years (i.e. paragraph 6 of the paper) and requested for more information as regards how the \$200 million would be used (i.e. paragraph 12 of the paper). In this connection, Mr. WU also suggested that the InvestHK should consider sending questionnaire to foreign companies concerned for collecting the data. Companies should be asked to provide information on the range of investment made in addition to the amount of investment. For better utilization of resources, he further suggested the InvestHK to concentrate resources on new markets with greater potentials for attracting investment to Hong Kong.

12. On the results of the projects completed by the InvestHK, DGIP said that comprehensive information might not be available as some companies were not willing to disclose information which they considered commercially sensitive. Nonetheless, he undertook to provide more information on the results as far as possible. As regards the utilization of the \$200 million, DGIP anticipated that the InvestHK would be able to attract about an additional 100 overseas companies to invest in Hong Kong in each of the next five years. Assuming an average investment amount of \$10 million from each company, a total of \$1 billion investment could be generated per annum. The estimated results were promising as compared with the annual estimated expenditure of the InvestHK in the next five years, i.e. \$30 million for 2003-04 and \$42.5 million for the four years from 2004-05 onwards.

13. Mr NG Leung-sing raised concern on the increasing workload of the three Assistant Director-Generals (ADGs) in the InvestHK referred to in paragraph 13 of the paper and enquired about the propriety of engaging consultant companies to assist in overseas investment promotion work.

14. In response, DGIP advised that the ADGs (1) and (2) were responsible for promoting foreign investments in the nine identified priority sectors, while ADG(3) was responsible for handling promotion cases fell outside these sectors and developing and implementing promotion strategies in the Mainland. As the three ADGs were already fully loaded in their respective areas of work, the employment of consultant companies would be a feasible option to acquire the essential specialist skills for marketing Hong Kong and attracting foreign investments. The InvestHK planned to engage a specialist marketing and

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research consultant for support in developing and implementing strategies for promoting Hong Kong. Moreover, it would appoint local consultant companies in nine additional overseas locations including Europe.

15. As regards the mechanism for monitoring the performance of the local consultant companies, DGIP said that the InvestHK would develop result-oriented indicators and agreed with the companies on work targets, for example the number of projects to be completed over a time period. The contracts with these companies could be terminated or not renewed if the targets were not met.

Merging of overseas office of the InvestHK and Hong Kong Economic and Trade Offices (ETOs)

16. In view of the functional similarities of the overseas offices of the InvestHK and Hong Kong Economic and Trade Offices (ETOs), Mr SIN Chung-kai asked whether the Administration would consider merging the offices to enhance efficiency and save cost. SCIT advised that overseas offices of the InvestHK and ETOs served different functions. While ETOs promoted trade relationship at a government-to-government level, overseas offices of the InvestHK worked on a company basis to attract foreign investments into Hong Kong. Due to the different targets and nature of the work, SCIT considered it inappropriate to merge the offices. DGIP added that overseas offices of the InvestHK and ETOs had been working closely. Both offices agreed on their business plans and co-ordinate their efforts to avoid duplication in activities. Except in Singapore where the InvestHK had not set up office, all other overseas offices were located within ETOs' premises.

Other concerns

17. Responding to Mrs Sophie LEUNG's view that the Administration should put more resources in enhancing the business environment of Hong Kong rather than boosting investment promotion work, SCIT remarked that both areas of work were important and complementing each other. By maintaining a friendly business environment and taking a proactive approach in marketing Hong Kong could help facilitate business operation and would be beneficial to Hong Kong economic development.

18. On Mrs Sophie LEUNG's concern about the growth in staff number of the InvestHK, DGIP said that at present the agency employed both civil servants and contract staff. He assured members that the agency would closely monitor the staffing position in the light of operational needs and make adjustment on the establishment whenever necessary.

19. The Chairman concluded that the Panel supported the InvestHK's proposal of seeking an additional allocation of \$200 million to boost its investment promotion work in general. Mr Henry WU re-iterated his reservation and requested the Administration to provide the information on his enquiries

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regarding paragraphs 6 and 12 of the paper before seeking funding approval from the Finance Committee.

(Post-meeting note: The Administration's response on projects completed by the Invest HK over the past years (i.e. paragraph 6 of the paper) was circulated for members' reference vide LC Paper No. CB(1)1626/02-03 on 7 May 2003. As regards information on how the additional allocation of \$200 million would be used to boost investment promotion (i.e. paragraph 12 of the paper), the Administration would address members' concern in its submission to the Finance Committee in May 2003.)

V Briefing on Transshipment Cargo (Facilitation) Bill
(LC Paper No. CB(1) 1410/02-03(04))

20. The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PASCIT(CI)) briefed members on the review of the licensing requirements for transshipment cargoes and the proposals to remove or simplify these requirements. The details were set out in the information paper provided by the Administration.

21. Mr CHEUNG Man-kwong did not support relaxing the licensing requirements for transshipment of strategic commodities, firearms and ammunition. He was concerned that the removal of such requirements would give rise to more terrorist activities, thus posing a threat to public safety in Hong Kong and its neighbouring regions. This would tarnish Hong Kong's international reputation. While the relaxation of licensing requirements for transshipment cargoes could facilitate the import, export and transshipment of cargoes, he stressed that the proposals concerned must take into account security reasons and the prevailing international situation. He urged the Administration to consider carefully the adverse impact of removing the licensing requirements for transshipment of the above two categories of articles.

22. PASCIT(CI) clarified that in drafting the omnibus bill to implement the relaxation measures set out in paragraph 5 of the paper, the Administration would not extend the scope of relaxation to cover strategic commodities, firearms and ammunition. He pointed out that for the relaxation of land transshipment of firearms and ammunition, the Administration had no intention to relax the arrangements concerned at this stage, taking into account that relevant licence application had not been received so far and of the possible threat to security and public safety posed by land transshipment. For strategic commodities, the Administration would closely monitor the international situation and consider a system of general licences providing approval to traders in respect of specified shipment of less sensitive strategic commodities and removing the licensing requirements for transshipment of such articles. However, measures would be taken to safeguard against the proliferation of weapons of mass destruction. Mr SIN Chung-kai suggested that the

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Administration should consult other governments, in particular the governments of European countries and the United States, on the proposed relaxation measures through the Hong Kong Economic and Trade Offices. PASCIT(CI) noted Mr SIN's suggestion and undertook to follow up.

23. Responding to Mr HUI Cheung-ching's enquiry about the relaxation of the licensing requirements for transshipment of pesticides, PASCIT(CI) advised that as the Health, Welfare and Food Bureau was studying whether the coverage of the new Rotterdam Convention should be extended to Hong Kong, specific measures and their implementation time-table had yet to be worked out.

VI Briefing on tender exercise for the provision of front-end Government Electronic Trading Services (GETS)

(LC Paper No. CB(1) 1410/02-03(05) and (06))

24. The Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) PSCIT(CI) advised that the GETS tender exercise, its outcome and related issues were detailed in the information paper provided by the Administration. The Chairman said that the Federation of Hong Kong Industries was once a shareholder of GACOLink (which had now been renamed as Global e-Trading Services Ltd (Ge-TS)).

25. Referring to the submission from a member of the public (LC Paper No. CB(1) 1410/02-03(06)), Mr CHEUNG Man-kwong was concerned whether appropriate measures were in place to introduce competition to GETS to safeguard against market monopoly.

26. PSCIT(CI) clarified that in order to ensure the quality of the new service provider and safeguard against market monopoly, the Administration had stipulated clearly in the tender document that the service provider should not hold 15% or more of the shares of another service provider. Moreover, the user fees to be charged during the contract period should not be higher than those set out in the contract. She added that although only one service provider was appointed through the tender exercise, if necessary, the Administration would consider launching a new round of tendering to appoint a suitable service provider. As the franchise of Tradelink Electronic Commerce Ltd (Tradelink) would expire in end 2003, the Administration had been negotiating with Tradelink on the mode and terms of its services to be provided thereafter. She stressed that Ge-TS, the new service provider with which the Administration had signed a contract, would not be granted an exclusive franchise similar to the one granted to Tradelink in the past.

27. In order to facilitate an open tendering exercise and avoid the inconvenience caused by re-tendering, Mr SIN Chung-kai suggested that the Administration should consider laying down the minimum basic requirements for the provision of GETS for eligible service providers to participate in the open

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tendering exercise. PSCIT(CI) expressed reservation about Mr SIN's suggestion. She explained that once an open tendering exercise was launched, the Administration might ultimately have to appoint several eligible service providers for the provision of the services concerned. The current GETS were front-end services which required the complement of the back-end services provided by the Customs and Excise Department, Census and Statistics Department and the Trade and Industry Department. If there were any changes in policies and legislation in future, the Administration had to discuss with individual service providers for appropriate adjustments and corresponding measures. This would cause inconvenience to system operation to a certain extent. Nevertheless, she advised that the Administration would study Mr SIN's suggestion in the context of the review on the operation and performance of the existing service providers in 2004.

28. Given that Ge-TS had already signed a contract with the Administration for the provision of front-end GETS alongside Tradelink, unless the two service providers committed anti-competition acts, the Administration would not conduct another round of tender exercise in 2003. She added that in 2004, the Administration would examine the implications of the removal of textiles quota restrictions under the World Trade Organization Agreement on Textiles and Clothing from 2005 onwards. It would then review the necessity of retaining the three types of existing electronic trading services related to textiles and clothing. Moreover, the Administration would also closely monitor the operation of Tradelink and Ge-TS to ensure fair competition.

VII Any other business

29. There being no other business, the meeting ended at 6:10 pm.