

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1688/03-04  
(These minutes have been seen by  
the Administration )

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting  
held on Monday, 8 March 2004, 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)  
Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, JP  
Hon SIN Chung-kai
- Members absent** : Dr Hon LUI Ming-wah, JP  
Hon NG Leung-sing, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon Henry WU King-cheong, BBS, JP  
Hon MA Fung-kwok, JP
- Public officers attending** : **Item IV**  
  
Ms Ophelia TSANG  
Acting Director-General of Investment Promotion  
  
Mr Raymond YOUNG, JP  
Deputy Secretary for Commerce, Industry and  
Technology (Commerce and Industry)  
  
Mr John RUTHERFORD  
Associate Director-General of Investment Promotion
- Clerk in attendance** : Miss Polly YEUNG  
Chief Council Secretary (1)3

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

Ms Sharon CHAN  
Legislative Assistant (1)6

---

Action

**I Confirmation of minutes**

(LC Paper No. CB(1)1155/03-04 -- Minutes of meeting held on  
14 January 2004)

The minutes of the meeting held on 14 January 2004 were confirmed.

**II Date and items for discussion for next meeting**

(LC Paper No. CB(1)1191/03-04(01) -- List of outstanding items for  
discussion

LC Paper No. CB(1)1191/03-04(02) -- List of follow-up actions)

2. Members agreed that the next regular meeting would be held on Tuesday, 13 April 2004 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Reorganization involving Commerce, Industry and Technology Bureau and Financial Services and the Treasury Bureau;
- (b) Financial implications for hosting the Sixth World Trade Organization Ministerial Conference; and
- (c) Strategic framework for Innovation and Technology Development.

3. Members also agreed to hold a special meeting on Friday, 23 April 2004 at 10:45 am to discuss on the following items:

- (a) Transition before implementation of electronic submission of cargo manifest; and
- (b) Policy and role of the Trade Development Council (TDC) in organizing trade fairs.

4. As regards the discussion item in paragraph 3(b) above, members were aware that Mr Michael SZE, Executive Director of TDC would retire from his current post in May 2004. They therefore considered it appropriate to discuss the item in April 2004. Members also agreed that all the organizations which had submitted written views to the Panel in December 2003 would be invited to provide further views and, if they so wished, to attend the special meeting of the

Panel on 23 April 2004. They agreed that a general notice inviting submissions from interested parties would also be posted on the Council's website on the Internet.

### **III Papers issued since last meeting**

(LC Paper No. CB(1)955/03-04 -- Documents relating to "Update on review of remuneration of senior executives of statutory and other bodies")

5. Members noted that the above paper had been issued for members' information since the last meeting.

### **IV Briefing on the work of Invest Hong Kong**

(LC Paper No. CB(1)1191/03-04(03) -- Information paper provided by the Administration)

6. The Acting Director-General of Investment Promotion (Acting DGIP) informed the meeting that Mr Mike ROWSE, the Director-General of Investment Promotion (DGIP), was unable to attend the meeting since he was currently undertaking investment promotion activities in Canada and the United States. At the invitation of the Chairman, Acting DGIP briefed members on the work of Invest Hong Kong (InvestHK) as detailed in the information paper provided by the Administration.

#### Performance indicators

7. Responding to Mr SIN Chung-kai's enquiry about quantifying the results of the work of InvestHK, Acting DGIP advised that the number of investment projects completed, the number of jobs created in Hong Kong and the investment amount involved since 2000 were tabulated in paragraph 28 of the Administration's paper for members' easy reference. Nevertheless, she pointed out that the relevant statistics on the number of jobs created and the investment amount were based on the reports by the companies assisted by InvestHK. It should be noted that not all companies were willing to disclose the data to InvestHK. Moreover, Acting DGIP envisaged that the actual number of foreign and Mainland companies established in Hong Kong should be higher because some foreign investors had set up their businesses in Hong Kong without the assistance of InvestHK. Acting DGIP further advised that the statistics in paragraph 28 of the Administration's paper only reflected the initial investment made by foreign investors. It was expected that the level of investment would increase as individual foreign investors expanded their business activities in Hong Kong.

8. Noting that InvestHK had organized joint investment promotion activities, such as seminars in overseas countries including Korea and Japan, with major cities in the Pearl River Delta (PRD) region, the Chairman sought information on the effectiveness or otherwise of these activities in attracting foreign investment to Hong Kong. In reply, Acting DGIP advised that it normally took some 18 to 24 months before an investment project could be finalized and launched in Hong Kong. As such, although InvestHK had conducted a number of joint investment promotion activities with PRD cities since 2002, it was not practicable at the present stage to provide the information requested by the Chairman in a precise and complete manner. Nevertheless, at the request of the Chairman, Acting DGIP would provide the Panel with information on the investment projects agreed or under discussion with foreign investors arising from the joint investment promotion activities since 2002 for members' reference.

Admin

Promoting the business opportunities brought about by the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

9. Mr HUI Cheung-ching considered that the removal of quotas on textiles and clothing (T&C) products in 2005 by the World Trade Organization and the implementation of CEPA would bring about considerable business opportunities for investors. He elaborated that the removal of quotas would attract Mainland manufacturers to locate part of their production in Hong Kong to facilitate the access of their T&C products to the world market; while CEPA would attract to Hong Kong investment in high value-added activities to benefit from zero tariff on certain products exported to the Mainland.

10. In response, Acting DGIP confirmed that InvestHK had been actively engaged in promoting CEPA to foreign investors, as well as those from the Mainland. Recently, InvestHK organized two seminars on CEPA in Japan and Korea in October 2003, which had been participated by representatives from over 600 Japanese and Korean enterprises. Besides, InvestHK had presented CEPA to those enterprises participating in the Asia-Pacific Economic Cooperation Forum held in October 2003. Acting DGIP assured members that InvestHK would continue to highlight CEPA as an important feature in its investment promotion activities and would strengthen publicity on CEPA so as to attract more foreign investors to invest in Hong Kong.

11. Referring to paragraph 28 of the Administration's paper, Mr HUI Cheung-ching queried why the amount of foreign investment in 2003 (\$2,493 million) was lower than that in 2001 (\$3,500 million). In reply, the Associate Director-General of Investment Promotion (ADGIP) clarified that the high figure recorded in 2001 was attributable to a single significant foreign investment in that particular year.

12. Mr HUI Cheung-ching enquired about the measures taken by the Administration to promote CEPA as a platform for accessing the Mainland

market. In response, Acting DGIP explained that during investment promotion activities such as seminars and receptions, InvestHK would highlight to overseas participants the liberalization in trade in goods, trade in services, and trade and investment facilitation between Hong Kong and the Mainland under CEPA, as well as the benefit of zero tariff on certain products exported to the Mainland. She added that InvestHK would follow up with individual participants after each investment promotion activity.

Working relationship between InvestHK and the Hong Kong Economic and Trade Offices (ETOs)

13. While affirming the work of InvestHK in attracting foreign investment to Hong Kong, Mr CHAN Kam-lam considered that the work of InvestHK had overlapped to a great extent with that of the ETOs. He was concerned that certain tasks accomplished by the ETOs might be attributed to the work of InvestHK. Mr CHAN saw the need to delineate the respective role and functions of InvestHK and ETOs.

14. In response, the Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry) (DSCIT) explained that InvestHK and ETOs worked closely in promoting Hong Kong to overseas investors. ETOs were tasked to promote Hong Kong's investment environment to overseas investors and handle bilateral trade relations. InvestHK, on the other hand, would focus on liaising with and persuading identified foreign investors to make investment in Hong Kong. DSCIT pointed out that while overseas staff of InvestHK currently reported directly to the respective Heads of the ETOs, they also received instructions and assignments from the Head Office of InvestHK in Hong Kong. DSCIT assured members that the existing collaboration between InvestHK and ETOs in promoting Hong Kong and attracting foreign investment had been working well and the Administration would keep in view the working relationship between the two to ensure its effectiveness. ADGIP supplemented that the Investment Promotion Unit of InvestHK was an integral part of most ETOs and provided the necessary support for investment promotion activities.

15. Mr CHAN Kam-lam reiterated his concern about the possible overlap of responsibilities between InvestHK and ETOs and suggested that consideration might be given to authorizing InvestHK to oversee and coordinate all activities related to investment promotion, and where appropriate, to retitling InvestHK to better reflect its enlarged role and functions.

16. On the collaboration between InvestHK and ETOs, Acting DGIP explained that in the process of investment promotion, InvestHK would rely on ETOs to identify potential foreign investors for promotion work. It would then approach these investors and render necessary advice and assistance, such as arranging meetings with local business partners, recruitment of staff, setting up offices in Hong Kong, etc. As such, the Administration considered that the work of InvestHK and ETOs was complementary to each other in promoting foreign investment in Hong Kong.

Profile of companies established in Hong Kong

17. Mrs Selina CHOW commented that many foreign companies set up in Hong Kong through the assistance of InvestHK were relatively small in size and did not appear to have any intention or plan for business expansion. According to Enclosure 7 of the Administration's paper, Mrs CHOW observed that of the foreign companies established in Hong Kong, the majority brought about not more than 10 new jobs. Recalling that the Finance Committee (FC) had approved a commitment of \$200 million for InvestHK to boost its investment promotion work over the next five years, Mrs Selina CHOW queried the cost-effectiveness of the approved provision if only small-sized businesses could be attracted to Hong Kong. She also remarked that such investment promotion effort might contribute very little to the economy of Hong Kong and to improving the employment situation.

18. While agreeing that most of the foreign companies newly established in Hong Kong were relatively small in size, ADGIP nevertheless stressed that the size of a company might not be indicative of its importance to the local economy. For example, a company might start by setting up a sourcing office in Hong Kong and embark on further expansion. InvestHK's strategy was to assist potential foreign investors to finalize and start business in Hong Kong as early as possible, even though the initial operation was of a relatively small scale. Acting DGIP added that companies usually started in a small scale when they made an investment in a new location. Large foreign companies might not require the assistance of InvestHK since they were usually well-resourced to establish their operation in Hong Kong.

19. Mrs Selina CHOW noticed that some foreign companies assisted by InvestHK to set up offices in Hong Kong were unwilling to reveal information on their staffing position. Given that such information could serve as useful reference and was generally not commercially sensitive, Mrs CHOW urged InvestHK to try its best to obtain the information from the companies concerned. In reply, ADGIP said that these companies had no obligation to release the information to InvestHK. Nevertheless, InvestHK would endeavour to persuade the companies concerned to reveal the requested information.

Admin

20. For the purpose of providing members with an overview on the staffing position of foreign companies established in Hong Kong, Mrs Selina CHOW suggested that the Administration should consider expanding the scope of the analysis in Enclosure 7 of the Administration's paper so that a more detailed breakdown could be provided on companies with more than 100 jobs created. Acting DGIP noted Mrs CHOW's suggestion for consideration. In addressing Mrs CHOW's concern on whether the Administration had taken measures to keep track of the expansion or otherwise of foreign companies established in Hong Kong, Acting DGIP advised that the Administration would consider the feasibility of developing an appropriate mechanism for this purpose and revert to the Panel in due course. She supplemented that InvestHK had sought the

Admin

Admin

assistance of the Census and Statistics Department to conduct a survey in June each year on the regional headquarters/offices set up by foreign companies in Hong Kong. The objective of this survey was to collect feedbacks on how these companies perceived Hong Kong's business environment and whether Hong Kong was a suitable base for expanding business.

Financial resources for investment promotion

21. Apart from the aforesaid \$200 million-commitment approved by FC, Mrs Selina CHOW enquired whether InvestHK had been allocated a portion of the approved commitment of \$1 billion for the campaign to relaunch Hong Kong's economy after the outbreak of the Severe Acute Respiratory Syndrome (SARS). In this regard, the Chairman said that according to the relevant funding submission (FCR(2003-04)15), out of the \$1 billion commitment for relaunching Hong Kong's economy, \$90 million had been earmarked for initiatives to boost business, trade and investment. At the Chairman's request, Acting DGIP undertook to provide further details on the amount allocated from the \$1 billion-commitment for the purpose of investment promotion by InvestHK.

Admin

**V Any other business**

22. There being no other business, the meeting ended at 5:40 pm.