

**LegCo Panel on Commerce and Industry**

**Policy Agenda of  
Commerce and Industry Branch and  
Innovation and Technology Commission,  
Commerce Industry and Technology Bureau**

**Introduction**

The 2004 Policy Agenda just issued lists the Government's new and on-going initiatives over the next three and a half years. This note elaborates, where applicable, on the initiatives concerning the Commerce and Industry Branch and the Innovation and Technology Commission of the Commerce, Industry and Technology Bureau (CITB) in the 2004 Policy Agenda. It also gives an account of the latest position regarding initiatives contained in the 2003 Policy Agenda.

**Part I: Commerce and Industry Branch**

*Vibrant Economy*

**New Initiative**

***Initiative: Work with the World Trade Organization to ensure the successful hosting of the Sixth Session of the Ministerial Conference in Hong Kong around 2005.***

2. Our offer to host the Sixth Session of the Ministerial Conference in Hong Kong has been accepted by members of the World Trade Organisation (WTO) in October 2003. The exact timing of the Conference has yet to be decided by the WTO membership and it will depend on, among other factors, the progress of the multilateral trade negotiations now underway. As the date of the Conference has not been finalized yet, we intend to brief the Panel on a more detailed budget relating to Hong Kong hosting the Conference at a later stage, prior to submitting the relevant proposals to the Establishment Subcommittee and Finance Committee for consideration. Meanwhile, we have already been working closely with other WTO Members as well as the Secretariat on logistics and other preparatory matters.

## **Ongoing Initiatives**

***Initiative: Continuing to work closely with the Mainland authorities at both the central, provincial and municipal levels to ensure the smooth and effective implementation of CEPA; promoting greater understanding of the opportunities under CEPA and making use of the standing consultation mechanism of CEPA to discuss with the Mainland authorities to seek further trade liberalization and additional market access opportunities for Hong Kong goods and services in the next phase of CEPA discussion.***

3. Key liberalisation measures of CEPA (Closer Economic Partnership Arrangement) took effect on 1 January 2004. Since the signing of the Arrangement and its Annexes in June and September 2003 respectively, we have been working closely with the Mainland authorities to ensure the smooth and effective implementation of CEPA. In this connection, FS met Vice Minister of Commerce An Min in December 2003 and Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) met with the relevant authorities in Guangdong in November 2003 on CEPA implementation matters.

4. Applications for CEPA Hong Kong service supplier certificates and CEPA certificates of origin have been accepted since December 2003. Information from the Mainland authorities on CEPA implementation has also been disseminated to the public and the business sectors through web links and other appropriate means.

5. CEPA adopts a building block approach. It provides a mechanism for further liberalisation measures to be included as and when they are agreed by both parties. We will continue to engage the Mainland authorities in discussion of further liberalisation and greater market access for Hong Kong service suppliers into the Mainland market. In formulating the strategy for the subsequent phases of CEPA, we will continue to take into account the views of the business sectors and pursue their requests for further liberalisation on goods and services trade with the Mainland.

6. On professional services, the Mainland has agreed to our proposal of convening a high level meeting by the end of February 2004. The meeting, with the attendance of representatives from major professional bodies, will discuss problems encountered by professionals in launching or expanding their businesses in the Mainland, such as recognition of professional qualifications and entry thresholds.

7. We will brief the Panel on further progress of implementation of CEPA when the Arrangement has been implemented for some time.

***Initiative: Together with the Pearl River Delta municipalities, attracting more overseas enterprises to invest in Hong Kong.***

8. After some 20 years, Hong Kong and the Pearl River Delta (PRD) together have become a highly developed and closely knit economic zone, providing favourable conditions for joint efforts to attract inward investment. By strategic planning and pooling together the strengths and resources of Hong Kong and the PRD, we will enhance our competitive edge in attracting inward investment.

9. Invest Hong Kong (InvestHK) has been conducting joint promotion with the PRD cities since September 2002. In 2003, InvestHK has conducted four joint promotional events with Shenzhen, Guangzhou and Dongguan, in San Francisco, Frankfurt, Silicon Valley and Chicago. InvestHK has also organized two joint promotional events with Guangdong Province and the PRD cities in Seoul and Tokyo in October 2003.

10. InvestHK will continue to highlight the combined strengths of Hong Kong and the PRD as a core message in our promotional activities, particularly promoting Hong Kong as an investment and services platform, backed by the PRD as a resourceful and a growing market.

11. According to the results of the 2003 Annual Survey of Regional Offices Representing Overseas Companies in Hong Kong, over 80% of the overseas companies who have their regional headquarters and offices set up in Hong Kong do so in order to manage their operations in the Mainland China. As at June 2003, there were 966 regional headquarters and 2,241 regional offices of overseas companies in Hong Kong.

***Initiative: Developing a new exhibition centre at Chek Lap Kok jointly with the Airport Authority and a private sector consortium.***

12. To reinforce Hong Kong's position as an international business centre and trade fair capital, we will enhance our convention and exhibition facilities by providing a first class new exhibition facility at Chek Lap Kok.

13. In August 2003, we signed a joint venture agreement with the Airport Authority and a private consortium to construct an International Exhibition

Centre (IEC) at Chek Lap Kok. The Government and the Airport Authority respectively hold 76.5% and 10% of shares in the joint venture company, while the private consortium holds 13.5%. The Government undertakes to fund 85% of the construction cost up to \$2 billion and the private consortium is responsible to fund the remaining 15%. Phase 1 development comprising 66,000 square metres of net usable area will be completed for full operation by the first quarter of 2006.

***Initiative: Encouraging departments to cut red tape, remove outdated or unnecessary regulations, and improve services to the business community. We will enhance our discussion with relevant stakeholders in the community through the setting up of a high level task force.***

14. Since the Helping Business Programme was launched in 1996, we have so far completed over 100 projects and implemented over 370 initiatives. Another 150 initiatives identified under these projects are actively under implementation. We have streamlined various business-related licensing processes, eliminated outdated or unnecessary regulations, and introduced improved services to the business sector. Most recently we have introduced the Open Bond System to facilitate traders of dutiable commodities; streamlined the process for registration and import/export licensing of pharmaceutical products; promoted the wider use of electronic documents in import/export trade; implemented measures to relax the import and export licensing requirements for transshipment cargoes in respect of nine categories of articles; and encouraged the provision of licensing services by electronic means in the Environmental Protection Department. In 2003, we have also conducted departmental business studies for the Transport Department and Fire Services Department, and completed a review on the licensing and other regulatory requirements concerning the construction industry.

15. As announced in the Policy Address 2004, the Government is going to set up the Economic and Employment Council. This new entity will subsume the functions of various existing advisory groups concerned with economic development and employment in Hong Kong, as well as the high level task force to cut red tape and facilitate business announced earlier. We will continue to take forward the Helping Business Programme under the steer of the new Council, with a view to maintaining Hong Kong as the best place in the world to do business.

***Initiative: Pursuing the enactment of the Copyright (Amendment) Bill 2003 to provide a long term solution for the suspension arrangements, and preparing legislative amendments to extend the exemptions or relax certain provisions in***

***the Copyright Ordinance.***

16. We introduced the Copyright (Amendment) Bill 2003 (the Bill) to the Legislative Council on 12 February 2003. The main objective of the Bill is to make it a long term arrangement whereby criminal liability for the use of pirated copies of copyright works in business is confined to computer programs, movies, television dramas and musical recordings. The Bill also seeks to tighten up the sanction against illicit copying by copyshops. The Bill is being examined by the Bills Committee. We will continue to help the Bills Committee in the scrutiny of the Bill.

17. Meanwhile, we are preparing legislative proposals to broaden certain permitted acts in the Copyright Ordinance. This includes, for example, introducing a statutory exemption for the making of specialized formats of printed works by non-profit-making bodies exclusively for visually impaired persons.

***Initiative: Pursuing initiatives of the Steering Committee on the Development of Fashion Industry with a view to enhancing Hong Kong's status as a fashion hub of the Asia-Pacific region.***

18. The Steering Committee on the Development of Fashion Industry, established in December 2002, has come up with a series of initiatives to enhance the development of Hong Kong into a fashion hub of the Asia-Pacific region. The Steering Committee has also served as an effective platform for industry representatives, the academia, and the quasi-government agencies concerned to establish rapport to facilitate further cooperation. In the coming year, we will work together with the parties concerned to implement the Committee's initiatives with a view to –

- (i) enhancing manpower training through the promotion of better synergy between various sectors of the trade, as well as the supporting agencies and the academia in organising manpower training activities;
- (ii) promoting industry capabilities through the provision of resources and information platform support for the industry; and
- (iii) strengthening the marketing and branding of Hong Kong fashion.

***Initiative: Pursuing a series of measures to facilitate the movement of people and goods across the boundary including the establishment of a new boundary control point on the Hong Kong-Shenzhen Western Corridor and installation of automated passenger, vehicle and cargo clearance systems.***

19. To improve the efficiency and accuracy of submitting cargo manifests,

we have already launched Government Electronic Trading Services for ocean, river, rail and air cargo manifests. We are now consulting the road mode cargo trade to solicit their views on a system for electronic submission of road cargo manifests, with a view to developing such a system.

***Initiative: Continuing to provide assistance to small and medium enterprises (SMEs) through the four SME funding schemes.***

20. We are committed to supporting the 290,000 or so SMEs in Hong Kong, who form the backbone of our economy. We will provide them with the necessary support to raise their competitiveness. With a total commitment of \$7.5 billion, the four SME funding schemes help SMEs to obtain credit from financial institutions, improve human capital, enhance productivity, expand export markets and raise overall competitiveness. The schemes were twice revised last year to cover the working capital loan guarantee and to increase the maximum amount of grant and subsidy level. As a result, the maximum amount of loan guarantee and grants an SME may receive was substantially increased from \$1.025 million to \$4.11 million. As at December 2003, the Trade and Industry Department (TID) has approved over 50,000 applications under the funding schemes involving more than \$3.4 billion in government guarantee/grants. To meet the ever changing needs of the SMEs, we will continue to work with the Small and Medium Enterprises Committee to closely monitor the operation of the funding schemes.

## **Part II: Innovation and Technology Commission**

### ***Vibrant Economy***

#### **New Initiatives**

***Initiative: Set up a new co-operation framework with the Ministry of Science and Technology to facilitate applied R&D and innovation development.***

21. The cooperation framework would foster closer technology cooperation between the HKSAR and the Mainland, including exchange of R&D talents, collaboration in applied R&D, technology transfer and commercialization. The framework would enable cooperation efforts to leverage on the strengths of both places and enhance our competitiveness.

***Initiative: Work with the Guangdong Provincial Department of Science and Technology to further co-operation on innovation and technology under the***

*newly established “Expert Group on Cooperation in Innovation and Technology” under the “Hong Kong-Guangdong Joint Co-operation Conference”.*

22. The Hong Kong/Guangdong Expert Group on Cooperation in Innovation and Technology held its first meeting in November 2003. Both sides reached agreement on arrangements for enhancing technology cooperation. We will organize study missions involving representatives from trade and industry as well as universities and research institutions, to identify the technology needs of enterprises in the Pearl River Delta and match these with the applied R&D capability of universities and industry in Hong Kong. We will promote exchange and training of R&D personnel, and facilitate linkage and cooperation between the technology industry of both places.

### **Ongoing Initiatives**

***Initiative: Promoting Science Park and Cyberport more aggressively overseas through Invest Hong Kong, Economic and Trade Offices, Hong Kong Trade Development Council (TDC) and specially commissioned agents.***

23. We will continue to promote the Science Park aggressively overseas and in the Mainland in 2004. Apart from taking part in international trade fairs and joint promotion tours with Invest Hong Kong and TDC, promotion visits to target cities and companies in the USA, Korea, Japan, the Mainland and Taiwan will also be organized throughout 2004.

***Initiative: Furthering the development of the Hong Kong Jockey Club Institute of Chinese Medicine as a centre of excellence in pioneering science and evidence-based Chinese medicine.***

24. The Hong Kong Jockey Club Institute of Chinese Medicine will implement its strategic development plan by initiating platform area research in focused areas.

***Initiative: Promoting innovation and design in industry and strengthen the design industry in this process.***

25. We will continue to support the Steering Group on the Promotion of Innovation and Design, which advises the Government on ways to foster the use of innovation and design in industry and strengthen the design industry. New initiatives include recognizing and showcasing outstanding designs, organizing design workshops and producing a TV series on design.

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