

For information
13 April 2004

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE AND INDUSTRY**

**Hosting of the Sixth Ministerial Conference
of the World Trade Organisation**

Purpose

This paper informs Members that the Administration intends to seek the Finance Committee/Establishment Subcommittee's approval of the following financial and staffing requirement under Head 181 Trade and Industry Department (TID) for hosting the Sixth Ministerial Conference (MC6) of the World Trade Organisation (WTO) in 2005 –

- (a) creation of three supernumerary directorate posts in TID;
- (b) an increase in the ceiling of the total notional annual mid-point salary (NAMS) value of non-directorate posts by \$19,518,000 for 2004-05 to cater for the creation of 35 supernumerary posts in TID; and
- (c) creation of a non-recurrent commitment of \$225 million to meet the costs (other than salary provision for civil service staff) for hosting MC6.

Background and Justification

2. At its meeting on 7 July 2003, this Panel supported Hong Kong¹ making a formal offer to host MC6 and noted the likely benefits and financial implications of hosting the event. On 18 July 2003, the Finance Committee accepted in principle the financial implications estimated to be in the region

¹ Hong Kong is a founding member of the WTO. Its separate membership continues after reunification with Mainland China on 1 July 1997, under the name of “Hong Kong, China”.

of HK\$250 million to 300 million for hosting MC6. We then submitted our bid to the WTO, which accepted it in October 2003.

3. As the host, Secretary for Commerce, Industry and Technology (SCIT) will chair MC6 and Hong Kong will take charge of all the negotiations to take place during MC6. As adherence to a rules-based multilateral trading system by all economies and as further multilateral trade liberalization are in Hong Kong's own interests, we have been participating actively in the WTO and in its Ministerial Conferences. As the host of MC6, we will need to devote even more efforts to the negotiating process leading to MC6, including those aspects which are not of substantial commercial interests to Hong Kong, such as trade in agriculture. We will also need to ensure the organisational aspects of MC6 are well-planned and smoothly executed.

4. We have been making initial preparations for hosting MC6. Experts from the WTO Secretariat visited Hong Kong in November 2003 and February 2004. We discussed the organisational aspects of MC6 in some detail with them. We accompanied them on a site visit to the Hong Kong Convention and Exhibition Centre (HKCEC), following which they advised that it was suitable for holding MC6.

5. According to Article IV of the WTO Agreement, a ministerial conference shall be convened at least once every two years. Since the last ministerial conference (MC5) was held in Cancun, Mexico in 2003, MC6 should be held within 2005. So far, WTO has not decided on the timing for MC6. Members prefer to consider the question of timing when more progress has been made in the ongoing Doha Round negotiations.

6. Judging from the experience of previous hosts, we believe that at least 12 months' preparations are required for the smooth organisation of a full-scale MC. Our current assessment is that MC6 may be held in the third quarter of 2005 or thereabout, although this is subject to a variety of factors particularly the progress of the negotiations. Notwithstanding the lack of the exact dates for MC6, we consider that we should embark on detailed planning and preparations now. WTO has a very comprehensive and stringent set of facility requirements for its MCs. To ensure such requirements will be properly and reasonably met, we need to discuss further and liaise closely

with WTO members and with the WTO Secretariat, and to make the necessary preparations for them in good time.

Financial Implications

7. We informed this Panel last year of the possible scale as well as the logistics and staffing requirements of MC6. According to the latest estimates by the WTO Secretariat, around 185 delegations (148 members and 37 acceding economies), 76 international inter-governmental organisations (IGOs) with observer status, some 2,000 journalists and 3,000 representatives from non-governmental organisations (NGOs) will take part in the week-long Conference. Altogether, about 11,000 participants will be expected. The costs of hosting MC6 will include several main components, i.e. staffing and administration, venue hire and fitting-out, provision of IT and telecommunications facilities, security and reception arrangements, etc.

Staffing Requirement

8. As mentioned above, as the MC6 host, Hong Kong will take charge of all the negotiations to take place during the Conference and we will need to ensure the smooth running of its proceedings. Our work will fall into the following two main areas:

- (a) **logistics:** we will have to provide all the logistical arrangements for the Conference, including meeting venues, security and media arrangements, accreditation of attendees, office supplies and equipment, IT and telecommunications facilities, and appropriate protocol and transport facilities. We will have to ensure enough and suitable hotel accommodation will be available. We will also have to organize the opening and other ceremonies, social programmes for delegates' spouses, etc.; and
- (b) **substance:** we will have to play an even more active role in monitoring the evolving Doha Round negotiations on all fronts and endeavour to build consensus among WTO members, with a view to enhancing the chance of a successful MC6.

9. An event of this scale and importance requires massive and

detailed planning work. A Steering Committee, chaired by the Permanent Secretary for Commerce and Industry (PS(CI)) and comprising senior directorate representatives from bureaux and departments, will be set up to spearhead the planning and implementation of the event.

10. We consider that there is an immediate need to set up a WTO Sixth Ministerial Conference Coordination Office (the Coordination Office) to negotiate and liaise further with the WTO Secretariat, to plan and manage the logistics side of MC6, and to strengthen support to the Hong Kong Economic and Trade Office in Geneva (Geneva ETO) in undertaking the extensive liaison work with WTO members and other relevant bodies in the run-up to MC6. We further consider that the Coordination Office should comprise three directorate (one D4 and one D2 based in Hong Kong and one D2 based in Geneva) and 44 non-directorate posts, to perform the following major functions:

- (a) negotiate with the WTO Secretariat on a set of Terms of Reference for MC6 which will cover all the practical and logistical arrangements for the event;
- (b) liaise and coordinate with external parties (including the WTO Secretariat, WTO members/observers, IGOs and NGOs, etc.) and local government departments and public bodies (e.g. Immigration Department, the Police, Airport Authority, etc.) on various aspects relating to the holding of MC6; and
- (c) intensify Hong Kong's participation in the ongoing Doha Round negotiations, step up liaison with WTO members in the run-up to MC6 and endeavour to build consensus amongst WTO members in controversial trade issues.

Need to create a supernumerary AOSGB1 (D4) post

11. The Head of the Coordination Office will report to PS(CI) via the Director General of Trade and Industry (DGTI). He will develop and implement strategies and plans for the hosting of MC6. He will chair various task forces under the Steering Committee chaired by PS(CI) to co-ordinate the Government's efforts on different functional aspects of MC6. These task forces will be represented by the senior management of concerned

departments and entities. In addition, he will oversee the participation of NGOs in MC6. This is a particularly delicate and sensitive task, and if not properly handled, could result in bad publicity and seriously affect Hong Kong's international image. Together with the concerned enforcement entities, he will manage the more sensitive issues such as security and visa matters. During the holding of MC6, he will be the commander-in-chief on the ground. He will handle any incidents on the spot. He will also need to respond spontaneously to requests and complaints from delegations which may affect the smooth running of the Conference, as SCIT, PS(CI) and DGTI will be heavily involved in the negotiations.

12. The Head of the Coordination Office will be the main liaison point in the negotiations and discussions with the senior staff of the WTO Secretariat, members/observers and their local representatives (i.e. Heads of the Consular Corps), representatives of IGOs and NGOs in Hong Kong, as well as inter-departmental liaison and cooperation at very senior levels. Furthermore, in view of the importance of the event, the size and the profile of the attendance at MC6 and the extremely tight timeframe with which we are operating, the work of the Coordination Office will require the strong leadership, firm direction and close attention of a senior directorate officer on a day-to-day basis in the run-up to and during MC6. Given the complexity, scale and volume of work involved, it would not be possible for the additional workload arising from hosting the Conference to be absorbed by the existing senior directorate of TID.

13. Accordingly, we propose to create a dedicated supernumerary post at AOSGB1 level as the Head of the Coordination Office. We plan to create the post in the second half of 2004 for a maximum period of 15 months. The post will lapse upon the holding of MC6. The proposed job description for this post is at Annex A.

Need to create two supernumerary AOSGC (D2) posts

14. At present, the Multilateral Division of TID and the Geneva ETO are responsible for Hong Kong's participation in the WTO. To support the Head of the Coordination Office in ensuring the smooth organisation of MC6, we propose to create two supernumerary AOSGC posts, one in TID to oversee the logistical preparations for MC6 and one in the Geneva ETO for intensified coordination and liaison work with WTO members, the WTO

Secretariat and representatives of IGOs, NGOs and other relevant organisations based in Geneva. The justifications for these two additional supernumerary posts are set out in the following paragraphs.

(a) AOSGC for the Coordination Office in Hong Kong

15. The Multilateral Division of TID, headed by an AOSGC and supported by 19 non-directorate staff, is responsible for the policy on Hong Kong's participation in the WTO and the Organisation for Economic Cooperation and Development and for policy relating to regional trade agreements. As explained in paragraph 3 above, it will (together with the Geneva ETO) need to intensify its monitoring of the evolving Doha Round negotiations in the run-up to the Conference and give instructions to the Geneva ETO as and when required. This is to ensure SCIT will be fully briefed on the stance and nuance of different WTO members on issues to be discussed at MC6. This will be of critical importance to SCIT in discharging his responsibility as the Chair of MC6, and will impinge on the outcome of MC6. The Multilateral Division will need to re-arrange the priority of its various responsibilities to ensure this additional work is discharged effectively. It will not have any spare capacity to cope with the huge volume of workload arising from organising the Conference.

16. Accordingly, we propose to create a dedicated supernumerary post at AOSGC level to assist the Head of the Coordination Office to plan and oversee the preparatory work for MC6 and the running of the actual Conference when it takes place. Given the diverse nature of the work of the Coordination Office, he will play a key co-ordinating role. In particular, he will assist in overseeing the logistical arrangements for the Conference and formulating the deployment plans for staff and other resources. He will also be responsible for liaising with relevant bureaux/departments at the management and working levels and for co-ordinating the different strands of work relating to the organisational aspects of MC6 in Hong Kong. We propose that the supernumerary post be created in the second half of 2004 for a maximum period of 15 months. The post will lapse upon the holding of MC6. The proposed job description for the post is at Annex B.

(b) AOSGC for the Geneva ETO

17. The Geneva ETO participates in the regular activities of the WTO, as well as in the ongoing Doha Round negotiations. It is headed by a AOSGB1 (D4) officer, designated as Permanent Representative of the HKSAR of China to the WTO (PRG). PRG is currently supported by three deputy representatives at AOSGC (D2) level. The hosting of MC6 by Hong Kong will generate significant additional workload for the Geneva ETO.

18. To enable Hong Kong to build consensus among WTO members in controversial trade issues to facilitate a successful outcome at the MC, the Geneva ETO needs to step up its liaison with WTO members, particularly developing ones, on what they consider to be vitally important to their commercial interests and their stance and nuance on these issues. It also needs to follow more closely the progress of negotiations on certain subjects (e.g. agriculture and development-related issues), which are critical to the outcome of the Doha Round negotiations but are of limited commercial interests to Hong Kong and are receiving very limited and non-directorate level attention because of the competing demands of other negotiating subjects of direct interests to Hong Kong (e.g. tariffs for industrial goods and market liberalization in trade in services). Accordingly, we consider the Geneva ETO needs to be reinforced at the directorate level.

19. Furthermore, in the run-up to MC6, the Geneva ETO will need to stay in close touch with the WTO Secretariat, member delegations, IGOs, NGOs and the media based in Geneva on the work programmes and logistical arrangements relating to the MC. It will need to be reinforced with the capacity to handle a large number of enquiries from various stakeholders and to collaborate with the WTO Secretariat in organising regular briefings or ad hoc meetings for various delegations in Geneva.

20. For the reasons stated above, we propose to create a supernumerary AOSGC post to strengthen the support for the Geneva ETO in the run-up to MC6. The incumbent of this proposed post will serve as Hong Kong's main contact point in Geneva for the WTO Secretariat and members. He will be responsible to the Head of the Coordination Office but work closely to PRG to ensure that enquiries/requests from the WTO Secretariat, members and other organisations based in Geneva are attended to and dealt

with swiftly. He will also be responsible for the drafting of the Ministerial Declaration and other related documents for MC6. We propose that the supernumerary post be created in the second half of 2004 for a maximum period of 15 months. The post will lapse upon the holding of MC6. The proposed job description for this post is at Annex C.

Need for 44 non-directorate posts

21. We consider an establishment of 44 non-directorate posts of various ranks (4 PTOs, 8 TOs, 7 ATO Is, 2 CEOs, 3 SEOs, 3 EO Is and others)² for the Coordination Office appropriate, given that the Multilateral Division of TID has no spare capacity to take on the additional workload generated from MC6. The staff filling these posts will perform all the work relating to the logistical preparation of MC6, including:

- (a) assisting in the negotiation with the WTO Secretariat on the Terms of Reference for MC6;
- (b) assisting in the liaison and coordination with various parties including Geneva ETO, WTO Secretariat, WTO members/observers, IGOs, NGOs, government departments, service providers, media etc.; and
- (c) assisting in budget control and follow up on financial and accounting matters.

22. We intend to fill nine of these 44 non-directorate posts through internal redeployment. Accordingly, we need to seek additional NAMS \$19,518,000 for 2004-05 for the creation, under delegated authority, of 35 non-directorate posts on a supernumerary basis. We also need to seek additional salary provision, estimated at \$31 million, for the three proposed directorate and 35 non-directorate posts for a period of between 12 and 15 months. Notwithstanding the tight staffing situation service-wide, efforts

² PTO: Principal Trade Officer
TO: Trade Officer
ATO I: Assistant Trade Officer I
CEO: Chief Executive Officer
SEO: Senior Executive Officer
EO I: Executive Officer I

will be made to fill all the required directorate and non-directorate supernumerary posts by civil servants as far as possible.

Other Main Cost Components

23. The other more significant cost items for MC6 are set out below –

(a) *Venue and Facilities*

Due to the high level security required for an event of this nature, the entire HKCEC will have to be sealed off for at least 14 days (i.e. 6 days for MC6 plus 8 days for mobilization of facilities and follow up). We therefore have to rent the HKCEC for 14 days. Certain parts of the HKCEC may have to be occupied for a longer period according to the needs specified by the WTO Secretariat³.

Conversion and fitting-out works will be required in order to equip the HKCEC for the various functions of MC6, set up the accreditation centre outside the HKCEC, etc.

According to the specifications of the WTO Secretariat, we need to set up in the HKCEC 22 conference rooms for the various types of meetings, including one large hall housing 4,000 people for the opening and closing sessions of the MC, offices for the WTO senior management, work spaces for other WTO staff, suitable areas for document reproduction and storage, a press centre with 1,000 workstations, 100 agency booths, and 5 press briefing rooms, an NGO centre with 13 meeting rooms and 100 workstations, as well as sufficient facilities, such as workstations, cyber-café and rest areas for delegates. We also need to mount command centres and information desks for our

³ According to the WTO Secretariat, the Secretariat working spaces and facilities must be available two weeks in advance to allow control, validation and last minute installations; the area for the advance party must be available three weeks in advance. The Document Reproduction operations must commence on-site 2/3 weeks in advance. All the WTO Secretariat areas must remain available 2 days after the MC to allow for the dismantling of equipment as well as finalizing administrative matters.

own use as the host of MC. The HKCEC is large enough to accommodate the above-mentioned facilities.

In fitting out the above venues, we shall keep the conversion works and alterations to existing facilities to the minimum. We estimate the rental and fitting-out costs would be around \$37 million.

(b) *Information and Communication Technology*

We will be responsible for providing the IT network and communication infrastructure for the Conference. We plan to engage private companies with the relevant expertise and experience. We estimate the costs required would be around \$37 million.

(c) *Office Equipment, Furniture, Stationery etc.*

A large quantity of equipment, furniture, and stationery specified by the WTO Secretariat is not readily available in the HKCEC. Examples are personal computers, telephones, heavy-duty photocopiers, high-speed printers, office furniture, special equipment and stationery etc. We estimate the rental/purchase of these items would be around \$22 million.

(d) *Conference Services*

We will require conference services support in a number of areas, including provision of publicity services, host broadcasting, hotel arrangement for delegations, liaison with delegation coordinators, translation and simultaneous interpretation, and temporary staff recruitment and training. We estimate the cost would be around \$34 million.

(e) *Security Arrangements*

We will be responsible for all security arrangements including the accreditation of all participants of MC6. We will need to

provide the necessary protection (such as access control, VIP protection and escort, etc.) at the meeting venue, offices, designated hotels, and places for special events. We must also ensure that public order and safety will not be jeopardized during the event. In recent years, international meetings, such as those of the WTO, have attracted a lot of demonstrations supporting various political causes. We do not under-estimate the likelihood of MC6 drawing protestors from all over the world. The Police will play a key role in maintaining law and order throughout the Conference period. We estimate the total costs required would be about \$16 million.

(f) *Transportation*

We will need to provide ground transportation to facilitate participants' attendance at all functions associated with the Conference. This includes airport transfers; transport for the advance party of the WTO Secretariat who will arrive early for preparatory work; shuttle bus service for participants between the meeting venue, designated hotels and the venues for various social and official functions; as well as local delivery of shipments of the WTO Secretariat. In addition, in line with international practice, chauffeur-driven limousines will have to be made available to Heads of Delegations and the WTO Secretariat senior staff. We estimate that about 280 saloon cars would be required. We estimate the total costs would be in the region of \$26 million.

(g) *Expenses for WTO Secretariat Staff and Least Developed WTO Members*

We will need to meet in full the expenses of the WTO Secretariat staff attending MC6 in Hong Kong. As a usual practice, some 200 staff members of the Secretariat will be deployed in running an MC. In addition, we will pay the expenses relating to ground transportation, accommodation and subsistence allowances of the delegations and journalists from the least developed WTO members (about 50) coming to Hong

Kong to attend MC6. We estimate the total costs would be about \$23 million.

(h) *Hospitality and Preparatory visits*

It is customary for the MC host to organise certain social programmes for the participants, including opening and closing receptions, a dinner for Ministers, programmes for spouses, reception at the airport etc.

In the run-up to MC6, two formal "Information Meetings" have to be conducted by the Host Government, in conjunction with the WTO Secretariat, for all delegations in Geneva. These meetings provide a chance for delegations to seek comprehensive information about the logistical preparation for the Conference. In addition, various meetings on the preparation of MC6 will be conducted between the Host Government and the WTO Secretariat, both in Geneva and in Hong Kong. We estimate the total costs required would be around \$9 million.

A summary of the estimated costs is as follows –

	\$ million
(a) Venue and facilities	36.68
(b) Information and communication technology	37.05
(c) Office equipment, furniture, stationery etc.	21.97
(d) Conference services	33.52
(e) Security provision	16.39
(f) Transportation	26.44
(g) Expenses for WTO Secretariat staff and Least Developed WTO members	22.91
(h) Hospitality and preparatory visits	9.00
<i>Sub-total</i>	203.96
10% contingency	20.40
<i>Total</i>	224.36 (say \$225.00)

24. The total estimated expenditure (including salary cost of \$31 million and other non-recurrent commitment of \$225 million) for the hosting of MC6 is therefore around \$256 million. Cashflow will straddle 2004-05 and 2005-06. Every effort will be made to ensure the cost-effective use of public funds. When the dates of MC6 are confirmed, we will approach potential sponsors and endeavour to reduce the call on public funds.

Next Steps

25. We plan to consult the Establishment Subcommittee on the proposed creation of the supernumerary directorate posts and the increase in NAMS ceiling on 28 April 2004 and the Finance Committee on the foregoing as well as the creation of the non-recurrent commitment on 28 May 2004.

26. The public have been supportive of our bid to host MC6. We do not foresee the need for further public consultation at this stage. We will continue to keep major trade and industrial organisations as well as the local Consular Corps informed of our preparatory work.

Commerce, Industry and Technology Bureau
April 2004

**Proposed Job Description for
Head, MC6 Coordination Office for
Hong Kong's Hosting of WTO Sixth Ministerial Conference**

Proposed Rank : Administrative Officer Staff Grade B1 (D4)

Main Duties and Responsibilities –

Responsible to Permanent Secretary for Commerce and Industry via the Director-General of Trade and Industry for the organisation of the Sixth Ministerial Conference of the World Trade Organisation (WTO) (MC6). His main duties and responsibilities are as follows -

- (a) Heading the MC6 Coordination Office to develop and implement strategies and plans to facilitate the hosting of MC6 by Hong Kong;
- (b) Negotiating with the WTO Secretariat on a Terms of Reference for MC6;
- (c) Chairing various inter-departmental task forces to co-ordinate Government efforts on different planning aspects, e.g. security, media, IT and telecommunications and other arrangements for MC6;
- (d) Overseeing the liaison and co-ordination work undertaken by the Deputy Head and other members of the Coordination Office;
- (e) Working with the Hong Kong Economic and Trade Office in Geneva to monitor the progress of WTO negotiations; and
- (f) Overseeing the smooth and efficient running of MC6 when it takes place.

**Proposed Job Description for
Deputy Head, MC6 Coordination Office for
Hong Kong's Hosting of WTO Sixth Ministerial Conference (MC6)**

Proposed Rank : Administrative Officer Staff Grade C (D2)

Main Duties and Responsibilities –

Responsible to the Head of the MC6 Coordination Office for the organisation of MC6. His main duties and responsibilities are as follows -

- (a) Planning and overseeing the logistical arrangements for MC6;
- (b) Assisting in the negotiation with the WTO Secretariat on a Terms of Reference for the event and the preparation of submissions to the Executive Council and the Commerce and Industry Panel of the Legislative Council;
- (c) Formulating and overseeing the implementation of staff and other resources deployment plans to meet the demands arising from hosting the event;
- (d) Liaising with bureaux and departments on various planning aspects at the management and working levels and co-ordinating all planning work for MC6 (including participant-related matters, conference-related matters; press and publicity matters; as well as other support functions);
- (e) Serving as second in command on the ground, assisting in overseeing the smooth and efficient running of MC6 when it takes place; and
- (f) Serving as secretary to the Steering Committee for MC6, to be chaired by Permanent Secretary for Commerce and Industry.

**Proposed Job Description for
Deputy Representative of the HKSAR of China to the WTO (4)**

Proposed Rank : Administrative Officer Staff Grade C (D2)

Main Duties and Responsibilities –

Responsible to the head of the MC6 Coordination Office and working closely to the Permanent Representative of the HKSAR of China to the WTO (PRG), his main duties and responsibilities are as follows –

- (a) assisting in the coordination of all matters relating to the Sixth WTO Ministerial Conference (MC6) in Hong Kong and informal ministerial meetings prior to MC6, particularly in relation to the drafting of the Ministerial Declaration and related documents;
- (b) serving as Hong Kong's main contact point in Geneva for the WTO Secretariat, various delegations to the WTO, the media and non-governmental organizations based in Geneva to ensure that their needs and requests are attended to;
- (c) enhancing the liaison with delegations of developing WTO members in Geneva and representing, promoting and defending the interests of Hong Kong in various development-related issues, including special and differential treatment, preference erosion, and implementation issues; and
- (d) engaging more actively key WTO players with a view to producing positive outcome in the key areas of negotiations, such as agriculture.