

(Translation)

LegCo's Special Finance Committee Meeting on 11 April 2005

Speaking Notes for the Secretary for Commerce, Industry and Technology

Chairman,

Let me first introduce briefly the key areas of the work of the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau for the new financial year.

Mainland and Hong Kong Closer Economic Partnership Arrangement

2. We will continue to work closely with the Mainland authorities to ensure the smooth implementation of CEPA. We will also continue to ensure that up-to-date CEPA-related information, including that on legislative and regulatory changes in the Mainland, is promptly disseminated to stakeholders. At the same time, we will seek further trade liberalization and additional market access opportunities for Hong Kong goods and services. We are now consulting the trade on the goods and services to be covered in CEPA III. Also, we will continue to promote the opportunities under CEPA among local and overseas business communities.

Strengthening Economic Cooperation with the Mainland

3. Regarding economic cooperation with the Mainland, the HKSARG and the Guangdong Provincial Government will continue to work together under the framework of the Hong Kong/Guangdong Cooperation Joint Conference to enhance the synergy of economic and trade cooperation between Hong Kong and the Pearl River Delta (PRD). In addition, we will work closely with the other governments of the “9+2” region in accordance with the Pan-PRD Regional Cooperation Framework Agreement signed in June last year, with a view to maximising economic efficiency and promoting Hong Kong as a hub for foreign enterprises to tap the Mainland market.

World Trade Organization

4. On the multilateral trade front, our top priority is to make the Hong Kong Ministerial Conference (MC6) to be held in December this year a success. The Trade and Industry Department has established the MC6 Coordination Office for the purpose. An inter-departmental Steering Committee has been set up to oversee the logistics preparation of the Conference. The Hong Kong Police Force has also already embarked on planning of security measures to ensure public safety and order.

Support for Small and Medium Enterprises

5. The Government attaches great importance to SMEs and provides them with the necessary support. Since the launch of the SME funding schemes, more than 41 000 SMEs have benefited from the Schemes, involving a total guarantee or grant of over \$6.4 billion.

6. We expect that funding provision for the schemes will be fully utilised by around middle of this year. After reviewing the operation of the funding schemes, we have accepted the recommendations of the SME Committee and will seek the views of the C&I Panel, at its meeting next week, to extend the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Development Fund till mid 2007.

7. We plan to lower the assumed default rate under the SME Loan Guarantee Scheme and raise the aggregate amount of guarantees. We also plan to transfer \$200 million from this Scheme to the SME Export Marketing Fund and SME Development Fund. In addition, we intend to inject new provision of \$300 million into the two latter Funds. We believe that the above measures would be of benefit to SMEs.

Promotion of Inward Investment

8. To maintain and develop Hong Kong as the leading international business centre in Asia, we will continue to attract and retain in Hong Kong direct investments from overseas and the Mainland. Invest Hong Kong's target for 2005 is to assist 220 foreign and Mainland companies to invest here.

9. In line with the national strategy of "going out" and the new investment facilitation policy implemented last year, Invest Hong Kong will promote our investment environment and advantages in the Mainland more actively. We will keep the existing support measures under review, and step up our co-ordination and promotion work.

10. Moreover, we will continue to highlight the combined strength of Hong Kong, the PRD and the Pan-PRD through joint promotional events overseas with the relevant authorities in Guangdong and the PRD and Pan-PRD regions.

Intellectual Property Rights Protection

11. We are committed to protecting intellectual property rights so as to provide an environment conducive to the development of a knowledge-based economy in Hong Kong. We have just completed a public consultation exercise on the review of certain provisions of the Copyright Ordinance. In the new financial year, we will formulate proposals to improve our copyright protection regime in light of the views received. We plan to report the outcome of the consultation to the C&I Panel and consult Members on our proposals in the next one or two months. Subject to Members' views, we intend to submit an amendment bill to LegCo for consideration and enactment before end

July 2006.

12. Thank you. My colleagues and I are pleased to answer Members' questions.