

**Replies to initial written questions raised by Finance
Committee Members in examining the Estimates of Expenditure 2005-06**

Director of Bureau : Secretary for Commerce, Industry and Technology

Session No. : 1

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**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)001

0988

Head : 152 Government Secretariat : Subhead :
Commerce, Industry and Technology (No. & title)
Bureau (Commerce and Industry
Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

1. The Hong Kong's share of foreign direct investment inflows into South, East and South-east Asia in 2002 and 2003 was low, at only 11.2% and 14% respectively. Has the Government evaluated the effectiveness of their past efforts in attracting foreign direct investments? If yes, what are the conclusions? If not, why?
2. Are there any new measures to attract foreign direct investment this year? If yes, what are they? How much funding do these measures require?

Asked by : Hon. CHAN Kam-lam

Reply :

1. Hong Kong has been second only to the Mainland as a recipient of foreign direct investment (FDI) in the region for the last decade. We regularly attract more FDI than most neighbouring economies. Hong Kong's share of FDI inflows into South, East and South-east Asia was lower in 2002 and 2003 than 2001 essentially because of the continuous growth of FDI inflow into the Mainland. According to the World Investment Report 2004 released by the United Nations Conference on Trade and Development, the top three recipients of FDI inflow in the region are as follows –

Region/ Economy	FDI Inflow (US\$ million)		
	2001	2002	2003
South, East and South-East Asia, of which :	102,228	86,326	96,915
Mainland China	46,878 (45.9%)	52,743 (61.1%)	53,505 (55.2%)
Hong Kong, China	23,775 (23.3%)	9,682 (11.2%)	13,561 (14.0%)
Singapore	15,038 (14.7%)	5,730 (6.6%)	11,409 (11.8%)

According to the Census and Statistics Department, Hong Kong received a substantial FDI inflow of US\$34 billion in 2004, which is 2.5 times more than 2003 and over US\$10 billion higher than in 2001.

Given that FDI inflow in any one year is subject to many factors, and FDI can be rather volatile, it is not possible to forecast future flows. Invest Hong Kong (InvestHK)'s key performance indicator in respect of attracting FDI to Hong Kong is the number of projects completed with its assistance and resulting in foreign/Mainland companies setting up or expanding their business here. InvestHK's performance in the past four years was as follows –

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number of projects completed with the assistance of InvestHK resulting in foreign/Mainland companies setting up or expanding their business here	99	117 (+18%)	142 (+21%)	205 (+44%)

2. In 2005–06, InvestHK will maintain its effort in traditional markets such as North America, Europe and Japan, continue to address new markets in the Gulf, Israel, India and Singapore, and substantially increase its work in the Mainland.

In the light of the new investment facilitation policy launched by the Ministry of Commerce (MOC) and the Hong Kong and Macao Affairs of the State Council last August, InvestHK has developed tailored-made “One-Stop Service” for Mainland investors. This includes a toll free hotline for handling enquires from Mainland enterprises, an InvestHK Service Centre for Mainland investors, a special information kit, and a Step-by-Step Guide, produced jointly with the MOC and the Commercial Office of the Economic Affairs Department of the Liaison Office of the Central People's Government in the HKSAR, describing the procedures for relevant government approvals and documents required in the Mainland and for setting up a business in Hong Kong.

InvestHK has also re-organised its structure and re-prioritised its focus, effective from January 2005, with a view to strengthening its investment promotion work in the Mainland markets. It will conduct more frequent investment promotion visits to Mainland enterprises, develop more seminars and other promotional activities in the Mainland, as well as organising more incoming missions to Hong Kong in co-ordination with the MOC.

Of the \$106.2 million budgeted for InvestHK for 2005–06, \$16.2 million has been set aside for Mainland investment promotion activities.

Signature	_____
Name in block letters	Miss Denise YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	4.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)002

Question Serial No.

1606

Head : 152 Government Secretariat: Commerce, Industry
and Technology Bureau (Commerce and Industry
Branch)

Subhead :
(No. & title)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and
Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Administration is reviewing the funding schemes for small and medium enterprises (SMEs) with a view to effectively formulating policies to support SMEs. What indicators are used in the review? What is the progress of the review? When is the review expected to be completed?

Asked by : Hon. CHAN Kam-lam

Reply :

In conducting the review on SME Funding Schemes, regard has been made to the response of the industry and the actual experience running these schemes in the past few years. The Small and Medium Enterprises Committee (SMEC) has already completed the review and its recommendations have been accepted by the Administration. The Financial Secretary said in his Budget Speech that we would be seeking additional provision from Finance Committee. We will present the results of the review to the Panel on Commerce and Industry at its meeting on 19 April 2005.

Signature _____

Name in block letters _____

Miss Denise YUE

Post Title _____

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____

4 April 2005

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)003

Question Serial No.

1607

Head : 152 Government Secretariat: Commerce,
Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead : 000 Operational
(No. & title) expenses

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In 2005-06 the estimated expenses in personal emoluments will decrease because of the trimmed establishment and reduced salaries for civil servants. Yet allowances and Mandatory Provident Fund contribution will increase substantially by 25% and 20% respectively. Will the Administration explain the reason for this?

Asked by : Hon. CHAN Kam-lam

Reply :

Provision for Allowances in 2005-06 is \$604,000 (25%) higher than the revised estimate for 2004-05. This is mainly due to the increased requirement for acting allowance with more posts filled by acting appointments in 2005-06.

2. Provision for Mandatory Provident Fund (MPF) contribution in 2005-06 is \$12,000 (20%) higher than the revised estimate for 2004-05. The increased provision is for the annual MPF contribution for one additional officer appointed under the new entry system.

Signature

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

4.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead :
Commerce, Industry and (No. & title)
Technology Bureau
(Commerce and Industry
Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

1. As at February 2005, with the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), products with a total value of \$1.4 b have been exported tariff-free to the Mainland and 28 000 jobs have been created. Please provide the estimated figures in these two aspects for the next three years.
2. In respect of the service industry, please provide information on the total value of services introduced into the Mainland under CEPA, the total number of jobs created directly/indirectly, and the estimated figures for the next three years?
3. With the implementation of CEPA, how many overseas companies have been attracted to invest in Hong Kong, and how many Mainland companies have come to invest in Hong Kong in response to the investment facilitation policy? How many jobs have been created in Hong Kong by these companies? Has the Administration set any target for the above?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

1. The Government is now conducting the economic benefit analysis on the implementation of the first phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). The said analysis mainly covers the first 9-12 months since CEPA I's implementation as well as a prediction of its impact on the economy of Hong Kong in 2005. Yet, the liberalization measures of CEPA II which came into effect in 2005 (such as the increased number of products enjoying zero tariffs from 379 to 1 108, and the further liberalization of trade in services) did not

fall within the scope of this study. As stated in the Financial Secretary's budget speech this year, by the end of February 2005, products with a total value of \$1.4 billion were exported tariff-free under CEPA from Hong Kong to the Mainland. On the other hand, we expected to see the creation of more than 28 000 new jobs under the trade in goods and services (including the Individual Visit Scheme) in the first two years of implementing CEPA. The Individual Visit Scheme, for instance, has led to the creation of about 16 500 new jobs in 2004 and generated an additional \$6.5 billion in tourist spending during the year. Following the deepening of the effect of CEPA, we expect that the economic benefits of CEPA would continue to increase. However, our current study does not include any prediction on the impact of CEPA on Hong Kong's economy beyond 2005.

2. According to the above mentioned analysis, as at end 2004, Hong Kong service suppliers invested additionally HK\$2.9 billion in the Mainland due to CEPA. The services receipts from our exports of services also increased by HK\$1.6 billion. In addition, as a result of the expansion of operations due to CEPA I, the additional capital investment made by the 18 service sectors in Hong Kong amounted to some HK\$1 billion in 2004, and was expected to reach about HK\$4.5 billion in 2005. The economic benefit brought about by the Individual Visit Scheme has not been taken into account in arriving at the above figures. Besides attracting additional investment, CEPA also created more jobs for our service industry. In 2004, the additional jobs created under the 18 service sectors (not including the Individual Visit Scheme) as a result of CEPA I amounted to 1 900. Another 8 200 jobs are expected to be created in 2005. At this stage we have not set any targets or made any predictions on the impact of CEPA on Hong Kong's economy beyond 2005, but we expect that the economic benefits of CEPA would continue to increase.
3. According to the 2004 Annual Survey of Regional Offices Representing Overseas Companies in Hong Kong conducted by the Census and Statistics Department, as at 1 June 2004, there were 1 098 companies which had set up regional headquarters and 2 511 which had set up regional offices in Hong Kong, an increase of 13.7% and 12% respectively compared to 2003, and the largest increase since 2001. Among the 205 companies assisted by InvestHK to set up or expand operations in Hong Kong during 2004, 45 (22%) indicated that CEPA was one of the factors considered when making the investment. 19 companies gave CEPA as the main reason for their investment. Altogether these 45 companies have created over 400 jobs in Hong Kong¹ in 2004 and they will create a further 850 in the next two years.

In addition, according to the Ministry of Commerce (MOC), between end-August 2004, when the new investment facilitation policy for Mainland enterprises to invest in the Hong Kong and the Macao Special Administrative Regions was implemented, and end-December 2004, a total of 68 Mainland enterprises or 42.5% of the total number for the year were granted approval for coming to invest in Hong Kong, and the amount of investment was US\$470 million or 48.9% of the total amount for the year. The major areas of economic activities involved included trade, consultancy service, research and development, tourism, entertainment, transport and contract works. Whilst we do not have details about these 68 Mainland enterprises, there has been a sharp increase in the share of Mainland enterprises among the completed projects assisted by InvestHK in 2004 (35 projects compared to 17 in 2003). These newly established companies have created over 900 jobs in Hong Kong¹.

¹ Not all companies assisted by InvestHK have provided information on the number of staff employed.

Whilst it is generally not possible to project the number of companies that will be brought in as a result of the MOC's new investment facilitation policy or other provisions of CEPA in the years ahead, InvestHK has set an overall target of completing 220 projects for 2005 in successfully assisting foreign investors to launch or expand business in Hong Kong (of which 45 will come from the Mainland).

Signature _____

Name in block letters _____ Miss Denise YUE

Post Title _____ Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____ 6 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat
Commerce, Industry and Technology
Bureau (Commerce and Industry Branch)

Subhead :
(No. & title)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The estimated provision for the Hong Kong Trade Development Council (HKTDC) for the year 2005-06 is \$340m and HKTDC will transform its largest trade fairs into global leaders, both physically and through on-line versions during the year. Please state the expenditure on its largest fairs for the year 2005-06 and the nature, the dates and the types of industries of its largest trade fairs to be held during the year. Please also list out in detail the expenditure, the types of industries, the number of buyers, their countries of origin, the number of participating Hong Kong companies and the number of exhibits for each of its largest trade fair between 2002 and 2004, and, by making an objective comparison of the above indicators with similar fairs held around the world and in the Mainland, evaluate the present situation and conditions of transforming Hong Kong into a global leader and the anticipated effectiveness of the work for the coming year.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

The expenditure for TDC's trade fairs, missions and exhibitions in 2005-06 is estimated to be \$792,933,480. A table of the names, dates and types of industries of its trade fairs and exhibitions to be held during the year is at *Annex I*.

TDC's expenditures for trade fairs, missions and exhibitions in 2002-03 and 2003-04 were \$611,062,000 and \$663,390,000 respectively. The types of industries, the numbers of buyers and exhibitors for each TDC trade fair and exhibition held during 2002-03 and 2003-04 are set out at *Annex II* and *Annex III* respectively. TDC does not keep any record on the number of exhibits in its local trade fairs.

The table below shows the ranking of TDC's trade fairs in Asia and the world in terms of the number of exhibitors.

Fair	Ranking by no. of exhibitors	
	Asia	World
HK Watch & Clock Fair	1	1
HK Electronics Fair	1	2
HK Toys & Games Fair	1	2
HK International Lighting Fair	1	2
HK Fashion Week for Fall/Winter	1	3
HK Gifts & Premium Fair	1	3
HK Houseware Fair	1	5
HK International Jewellery Show	2	5
HK Optical Fair	3	6

Seven of the TDC's trade fairs are already the largest in Asia and six of them are within the top three in the world. TDC considers these six fairs have the potential to become the number one in the world generating even more economic benefits for Hong Kong if not for the shortage of exhibition space at the Hong Kong Convention and Exhibition Centre (HKCEC).

TDC has proposed to the Government to expand the existing Atrium Link connecting Phases I and II of HKCEC. If approved, this will create an additional 19,400 square metres of exhibition space, increasing the exhibition space at the HKCEC by 42%. The Government is actively considering this proposal.

Signature _____

Name in block letters _____

Miss Denise YUE

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Post Title _____

Date _____

6.4.2005

HKTDC's trade fairs to be held during 2005-2006

Fair Name	Fair Date	Industries/ Exhibits Profile
HK Electronics Fair (Spring Edition)	Apr 14-17, 2005	Telecommunications products, audio visual and multimedia product, personal electronics, security product, electronic accessories and home appliances, electronics parts, component and production technologies, healthcare electronics, digital imaging
ICT Expo	Apr 14-17, 2005	Telecom, mobile & wireless, enterprise solutions, computer systems & data storage, Linux, E-Security, E-Logistics & retail technologies, E-Government, home-grown technology, trade related services, digital living
HK Houseware Fair	Apr 21-24, 2005	Household products, handicrafts, home decorations, kitchenware, small electrical appliances, bathroom accessories, furniture, artificial flowers & tableware
HK Gifts & Premium Fair	Apr 28-May 1, 2005	Advertising and corporate gifts, party & X'mas decorations, silverware, stationery, ceramic gifts, picture & photo frames, consumer electronics, paper & packaging
Summer Sourcing Show for Gifts, Houseware & Toys	Jul 5-8, 2005	Gifts and premium, household products, home decorations, toys and games, festive and party items
HK Fashion Week for Spring/ Summer	Jul 12-15, 2005	Spring/Summer fashion collections, garment accessories
Book Fair*	Jul 20-25, 2005	Books, printed matters, stationery, printing services and multimedia education products
Food Expo*	Aug 11-15, 2005	Food & beverage
International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products*	Aug 11-15, 2005	Chinese medicine, health products, scientific/medical/diagnostic instruments, equipment machinery & packaging, raw & semi-finished materials
HK Watch & Clock Fair	Sep 7-11, 2005	Complete watches & clocks, parts & components, accessories, tools & instruments, machinery
HK Electronics Fair (Autumn Edition)	Oct 13-16, 2005	Consumer electronics, multimedia & audio visual products, home appliances, telecom equipment, electronic accessories & security equipment
electronicAsia	Oct 13-16, 2005	Electronic components, assemblies & production equipment
HK International Lighting Fair	Oct 26-29, 2005	Lighting products and luminaries, accessories, equipment & fittings
HK International Hardware & Home Improvement Fair	Oct 26-29, 2005	Tools and equipment, home improvement, outdoor accessories, DIY products & auto accessories & building materials
HK Optical Fair	Nov 2-4, 2005	Optical frames, lens, sunglasses, contact lens, spare parts and accessories, tools and equipment
HK Toys & Games Fair	Jan 10-13, 2006	Toys & games, carnival items, toy parts, accessories & supplies
HK International Stationery Fair	Jan 10-13, 2006	Paper & paper products, writing equipment, office supplies, artist equipment, educational systems, children stationery & school supplies
HK Fashion Week for Fall/ Winter	Jan 17-20, 2006	Fall/Winter fashion collections, garment accessories
World Boutique	Jan 17-20, 2006	Fashion designers' collection, branded fashion products, lifestyle fashion products, home fashion products, small gifts
Education & Careers Expo*	Feb 23-26, 2006	Educational institutions, personnel consultants, government & private organizations, educational supplies
HK International Jewellery Show	Mar 7-10, 2006	Fine jewellery, gemstones, pearls, accessories, tools & equipment, jewellery and branded watches

* Open to public visitors

HKTDC's trade fairs held during 2002 - 2003

Fair Name	Fair Date	Industries/ Exhibits Profile	No. of Exhibitors			No. of Buyers		
			Overseas	Local	Total	Overseas	Local	Total
HK Houseware Fair	Apr 16-19, 2002	Household products, handicrafts, home decorations, kitchenware, small electrical appliances, bathroom accessories, furniture, artificial flowers & tableware	982	912	1,894	13,514	13,244	26,758
HK Gifts & Premium Fair	Apr 23-26, 2002	Advertising and corporate gifts, party & X'mas decorations, silverware, stationery, ceramic gifts, picture & photo frames, consumer electronics, paper & packaging	820	2,078	2,898	31,139	25,714	56,853
HK Fashion Week for Spring/ Summer	Jul 8-11, 2002	Spring/Summer fashion collections, garment accessories	245	295	540	5,818	8,473	14,291
Book Fair*	Jul 17-22, 2002	Books, printed matters, stationery, printing services and multimedia education products	89	284	373	-	432,691	432,691
Food Expo*	Aug 15-19, 2002	Food & beverage	98	152	250	-	226,435	226,435
HK Watch & Clock Fair	Sep 10-14, 2002	Complete watches & clocks, parts & components, accessories, tools & instruments, machinery	141	595	736	5,861	8,732	14,593
HK Electronics Fair	Oct 11-14, 2002	Consumer electronics, multimedia & audio visual products, home appliances, telecom equipment, electronic accessories & security equipment	616	1,127	1,743	25,845	21,379	47,224
electronicAsia	Oct 11-14, 2002	Electronic components, assemblies & production equipment	320	191	511	8,573	7,618	16,191
HK International Lighting Fair	Oct 11-14, 2002	Lighting products and luminaries, accessories, equipment & fittings	255	214	469	12,987	9,570	22,557
HK International Hardware & Home Improvement Fair	Oct 24-26, 2002	Tools and equipment, home improvement, outdoor accessories, DIY products & auto accessories & building materials	72	59	131	1,557	2,177	3,734
HK Optical Fair	Nov 6-8, 2002	Optical frames, lens, sunglasses, contact lens, spare parts and accessories, tools and equipment	244	165	409	4,834	2,522	7,356
HK Toys & Games Fair	Jan 7-10, 2003	Toys & games, carnival items, toy parts, accessories & supplies	701	1,001	1,702	13,140	15,293	28,433
HK International Stationery Fair	Jan 7-10, 2003	Paper & paper products, writing equipment, office supplies, artist equipment, educational systems, children stationery & school supplies	139	71	210	4,976	6,516	11,492
HK Fashion Week for Fall/ Winter	Jan 14-17, 2003	Fall/Winter fashion collections, garment accessories	411	509	920	11,188	12,518	23,706
World Boutique	Jan 14-17, 2003	Fashion designers' collection, branded fashion products, lifestyle fashion products, home fashion products, small gifts	70	108	178	7,730	7,293	15,023
Education & Careers Expo*	Feb 20-23, 2003	Educational institutions, personnel consultants, government & private organizations, educational supplies	240	126	366	-	184,359	184,359
HK International Jewellery Show	Mar 4-7, 2003	Fine jewellery, gemstones, pearls, accessories, tools & equipment, jewellery and branded watches	443	743	1,186	9,639	10,506	20,145

* Open to public visitors

HKTDC's trade fairs held during 2003 - 2004

Fair Name	Fair Date	Industries/ Exhibits Profile	No. of Exhibitors			No. of Buyers		
			Overseas	Local	Total	Overseas	Local	Total
HK Houseware Fair; HK Gifts & Premium Fair	Apr 28-May 1, 2003	Household products, handicrafts, home decorations, kitchenware, small electrical appliances, bathroom accessories, furniture, artificial flowers & tableware; Advertising and corporate gifts, party & X'mas decorations, silverware, stationery, ceramic gifts, picture & photo frames, consumer electronics, paper & packaging	75	393	468	1,288	12,047	13,335
	Jul 23-26, 2003		1,435	2,355	3,790	24,054	38,311	62,365
HK Fashion Week for Spring/ Summer	Jul 8-11, 2003	Spring/Summer fashion collections, garment accessories	209	308	517	4,764	8,094	12,858
Book Fair*	Jul 29-Aug 3, 2003	Books, printed matters, stationery, printing services and multimedia education products	58	267	325	-	427,681	427,681
Food Expo*	Aug 14-18, 2003	Food & beverage	51	126	177	-	241,337	241,337
International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products (Public Days) *	Aug 14-18, 2003	Chinese medicine, health products, scientific/medical/diagnostic instruments, equipment machinery & packaging, raw & semi-finished materials				-	199,093	199,093
International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products (Trade Days)			31	59	90	466	1,431	1,897
HK Watch & Clock Fair	Sep 3-7, 2003	Complete watches & clocks, parts & components, accessories, tools & instruments, machinery	107	613	720	5,870	9,267	15,137
HK Electronics Fair	Oct 13-16, 2003	Consumer electronics, multimedia & audio visual products, home appliances, telecom equipment, electronic accessories & security equipment	686	1,264	1,950	26,414	21,877	48,291
electronicAsia	Oct 13-16, 2003	Electronic components, assemblies & production equipment	339	213	552	14,046	14,576	28,622
HK International Lighting Fair	Oct 27-30, 2003	Lighting products and luminaries, accessories, equipment & fittings	478	267	745	10,573	7,853	18,426
HK International Hardware & Home Improvement Fair	Oct 27-30, 2003	Tools and equipment, home improvement, outdoor accessories, DIY products & auto accessories & building materials	75	76	151	8,493	6,314	14,807
HK Optical Fair	Nov 5-7, 2003	Optical frames, lens, sunglasses, contact lens, spare parts and accessories, tools and equipment	262	165	427	4,974	2,650	7,624
HK Toys & Games Fair	Jan 6-9, 2004	Toys & games, carnival items, toy parts, accessories & supplies	757	1,050	1,807	12,853	12,932	25,785
HK International Stationery Fair	Jan 6-9, 2004	Paper & paper products, writing equipment, office supplies, artist equipment, educational systems, children stationery & school supplies	135	86	221	6,282	6,039	12,321
HK Fashion Week for Fall/ Winter	Jan 13-16, 2004	Fall/Winter fashion collections, garment accessories	464	519	983	9,131	10,971	20,102
World Boutique	Jan 13-16, 2004	Fashion designers' collection, branded fashion products, lifestyle fashion products, home fashion products, small gifts	65	125	190	6,533	7,361	13,894
Education & Careers Expo*	Feb 19-22, 2004	Educational institutions, personnel consultants, government & private organizations, educational supplies	241	134	375	-	186,381	186,381
HK International Jewellery Show	Mar 2-5, 2004	Fine jewellery, gemstones, pearls, accessories, tools & equipment, jewellery and branded watches	526	854	1,380	12,246	12,666	24,912

* Open to public visitors

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)006

1060

Head : 152 Government Secretariat
Commerce, Industry and Technology
Bureau (Commerce and Industry Branch)

Subhead :
(No. & title)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

During 2005-06, the Hong Kong Trade Development Council will “promote Hong Kong as a trendsetter of style and fashion in the Mainland by helping more Hong Kong companies to market their goods and services in the Mainland for the first time through CEPA and to move up the value chain by establishing brands”, please provide details of the plan, the forms of assistance, the provinces and cities, the schedule, the total expenditure involved and the ways to measure its effectiveness.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

During 2005-06, the Hong Kong Trade Development Council (HKTDC) will help more Hong Kong companies to market their goods and services in the Mainland for the first time through CEPA and to move up the value chain by establishing brands, with a view to underlining Hong Kong as a trendsetter of style and fashion in the Mainland. To this end the HKTDC is planning 40 activities including exhibitions, seminars, partnership missions and other promotion activities. A table showing details of the plans, the forms of activities, the provinces and cities and the schedule is at *Annex*.

The total expenditure involved in the activities shown in *Annex* is estimated to be \$15 million. The effectiveness of the activities will be measured by the number of participants, level of industry support, customer satisfaction and number of companies that successfully develop retail channels in the Mainland as a result of participation in the activities.

Signature _____

Name in block letters _____

MISS DENISE YUE

Post Title _____

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____

6.4.2005

During 2005-06, TDC will help Hong Kong companies to market their goods and services in the Mainland through CEPA, with a view to promote Hong Kong as a trendsetter of style and fashion in the Mainland, by conducting a series of activities detailed below:

	<u>Details of the Plan</u>	<u>Form of activities</u>	<u>Provinces and Cities</u>	<u>Schedule</u>
1	The 17th Guangzhou International Toys and Gifts Fair	Exhibition	Guangzhou	Apr 7-9, 2005
2	China Sourcing Fair: Electronics and Components, Shanghai	Promotion Stand	Shanghai	Apr 12-14, 2005
3	Auto Shanghai 2005 - 11th International Automobile & Manufacturing Technology Exhibition	Central Product Display	Shanghai	Apr 22-28, 2005
4	China (Shanghai) International Beauty and Cosmetics Expo	Exhibition	Shanghai	May 11-14, 2005
5	Hong Kong Watch and Clock In-store Promotion in Central / Eastern China	Showcase Display	TBC	May 2005
6	The 16th China Harbin Fair for Trade and Economic Cooperation	Promotion Stand	Harbin	Jun 2005
7	Hong Kong Chinese Medicine Partnership Mission to Beijing	Partnership Mission	Beijing	Jun 2005
8	The 14th International Famous Furniture Exhibition Fair, Dongguan	Promotion Stand	Dongguan	Aug 17-21, 2005
9	The 12th Beijing International Book Fair	Exhibition	Beijing	Sep 1-5, 2005
10	Furniture China, Shanghai	Promotion Stand	Shanghai	Sep 14-17, 2005
11	The 23rd Guangzhou International Fair for Cosmetics and Hair-dressing Products	Exhibition	Guangzhou	Sep 2005
12	The 17th Dalian International Garment Fair	Exhibition	Dalian	Sep 10-13, 2005
13	Guangzhou Fair	Promotion Stand	Guangzhou	Sep 2005
14	Seminar on "Guangzhou Asian Games 2010 - New Business Opportunities Ahead", Hong Kong	Seminar	Chinese Mainland Market	Sep 2005
15	Shanghai Toy Expo	Exhibition	Shanghai	Oct 18-20, 2005
16	Hong Kong Watch and Clock In-store Promotion in Hangzhou	Showcase Display	Hangzhou	Oct 2005
17	The 13th FHC 2005 - Food & Hotel China, Shanghai	Promotion Stand	Shanghai	Nov 15-17, 2005
18	The 3rd China International Automobile Exhibition, Guangzhou	Exhibition	Guangzhou	Nov 22-25, 2005
19	Asia Electronics Exhibition in Shanghai	Exhibition	Shanghai	Nov 22-25, 2005
20	Conference on Developing the Mainland Distribution and Retail Market, Hong Kong	Seminar	Chinese Mainland Market	Nov 2005
21	Seminar on "Shanghai World Expo Means Business", Hong Kong	Seminar	Chinese Mainland Market	Nov 2005
22	Hong Kong Toys Partnership Mission to the Chinese Mainland	Partnership Mission	TBC	Nov/Dec 2005
23	2005 Auto Manufacturing Shanghai - Shanghai International Exhibition for Auto Manufacturing	Exhibition	Shanghai	Dec 6-9, 2005
24	Style Hong Kong, Chengdu	Exhibition	Chengdu	Dec 2005
25	2005 Japan Auto Parts Procurement Exhibition, Guangzhou	Central Product Display	Guangzhou	Dec 2005
26	Hong Kong Watch and Clock In-store Promotion in North Eastern China	Showcase Display	TBC	Jan 2006
27	Hong Kong Watch and Clock Brandname Promotions in China	Showcase Display	TBC	Feb 2006
28	The 97th (China) Shanghai Beauty and Cosmetics Expo	Promotion Stand	Shanghai	Mar 2006
29	Style Hong Kong in CHIH, Beijing (Part I)	Exhibition	Beijing	Mar 2006
30	Style Hong Kong in CHIH, Beijing (Part II)	Exhibition	Beijing	Mar 2006

	<u>Details of the Plan</u>	<u>Form of activities</u>	<u>Provinces and Cities</u>	<u>Schedule</u>
31	The 15th International Famous Furniture Exhibition Fair, Dongguan	Promotion Stand	Dongguan	Mar 2006
32	Hong Kong Jewellery Partnership Mission to Beijing and Shanghai	Partnership Mission	Beijing & Shanghai	Mar 2006
33	The 40th National Fair for Sovenirs, Craftworks, Gifts and Houseware, Beijing	Exhibition	Beijing	Mar 2006
34	Hong Kong Auto Parts Partnership Mission to the Chinese Mainland	Partnership Mission	TBC	Mar 2006
35	Style Hong Kong	Exhibition	TBC	Mar 2006
36	Style Hong Kong Magazine	Magazine	Chinese Mainland Market	2005-06 (Bi-annual)
37	Fashion Show Presentation in Chinese Mainland	Fashion Presentation	TBC	Unspecified Timing
38	Hong Kong Promotional Showcases at Department Stores in the Chinese Mainland	Showcase Display	TBC	Unspecified Timing
39	Sector-specific Private Enterprise Missions from Pearl River Delta / Yangtze River Delta to Hong Kong	Partnership Mission	TBC	Unspecified Timing
40	Hong Kong Partnership Missions to Chinese Mainland	Partnership Mission	TBC	Unspecified Timing

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION****CITB(CI)007**

Question Serial No.

0306

Head : 152 Government Secretariat: Commerce,
Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead :
(No. & title)

Programme : (1) Director of Bureau's Office

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please give a breakdown of the revised expenditure and estimated expenditure of the Director of Bureau's Office for 2004-05 and 2005-06 respectively.

Asked by : Hon. SIN Chung-kai

Reply :

The breakdown of the 2004-05 revised estimate and 2005-06 estimate of the Office of the Secretary for Commerce, Industry and Technology (SCIT) is set out below :

Expenditure Breakdown	2004-05 revised estimate	2005-06 estimate
SCIT's salary (including Mandatory Provident Fund (MPF) contribution)	\$3,232,000	\$3,232,000
Staff salary (including 1 Administrative Assistant, 1 Senior Executive Officer, 1 Personal Assistant, 1 Chauffeur, 1 Personal Secretary I and 1 Personal Secretary II)	\$3,243,000	\$3,210,000
Allowances (e.g. acting allowance, etc.) for staff	\$141,000	\$141,000
Total	\$6,616,000	\$6,583,000

Signature

Name in block letters

Post Title

Date

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

4.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)008

0307

Head : 152 Government Secretariat
Commerce, Industry and Technology
Bureau (Commerce and Industry Branch)

Subhead :
(No. & title)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The estimated expenditure of the Hong Kong Trade Development Council (TDC) in 2005-06 is \$341m. Please inform us:

1. how the amount of provision for TDC is determined in view of its wide-ranging charged services offered to local enterprises;
2. of the activities and expenses involved in regard to the estimated expenditure of \$300m in 2005-06;
3. of the charged projects/activities which are subvented by the Administration, and of the percentage that the subvention and charges are expected to account for respectively in the costs of such projects/activities.

Asked by : Hon. SIN Chung-kai

Reply :

1. Over the years Government subvention to the TDC has been set at a proportion of the trade declaration charges (TDEC) receipts. Since 2003-04, due to the Government's tight fiscal position, the annual subvention to TDC has been moderated by an efficiency savings factor. The subvention to TDC in 2003-04 was based on 60% of the estimated total TDEC charges in the preceding year reduced by an efficiency savings factor of 3.3%. The subvention to TDC in 2004-05 was based on the allocation in 2003-04 reduced by an efficiency savings factor of 3.7%. The subvention for TDC in 2005-06 (\$341.2 million) is based on the subvention in 2004-05 reduced by an efficiency savings factor of 3.8%.

2. TDC's total income for 2005-06 is estimated to be \$1,669.95 million, made up of \$1,328.71 million self-generated by TDC from its activities and the remaining \$341.24 million as subvention from the Government.

TDC's total expenditure for 2005-06 is estimated to be \$1,668.28 million, made up of \$1106.53 million for trade promotional activities; \$452.14 million for staff costs; \$87.68 million for office expenses and \$21.93 million for major capital expenditure.

TDC's trade promotional activities fall mainly into 9 programme areas: product promotion, service promotion, research and SME services, business matching, international and corporate marketing, e-Commerce, publications, TDC local exhibitions and the Design Gallery.

3. Government subvention accounts for about 20% of TDC's total expenditure, the rest of which is funded by its self-generated income. It is not TDC's practice to fund particular service or activity with specified source of income. Therefore, TDC has no charged projects/activities which are funded by Government subvention only.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 152 - Government Secretariat : Commerce,
Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead :
(No. & title)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

What policies have been formulated in 2004-05 for attracting more investment to Hong Kong? What are the outcomes? What policies will continue to be implemented in 2005-06? Will there be any new policies this year for attracting more investment? In estimated terms, how many resources are needed for implementing the policies?

Asked by : Hon. WONG Ting-kwong

Reply :

In order to maintain and develop Hong Kong as the leading international business centre in Asia, our policy is to proactively attract and retain in Hong Kong direct investment from overseas and the Mainland. Invest Hong Kong (InvestHK) is responsible for spearheading Hong Kong's efforts to attract foreign direct investment.

In 2004, InvestHK has, in implementing the above policy,

- (i) broadened external representation to cover new markets;
- (ii) strengthened the representation in markets already covered;
- (iii) strengthened the investment promotion services offered to Mainland investors;
- (iv) increased joint overseas promotion with Pearl River Delta cities and Guangdong Province; and
- (v) continued its on-going promotional efforts.

With all these efforts, the department successfully assisted 205 foreign and Mainland companies to set up or expand operations in Hong Kong, representing an increase of 44% over the result in 2003. These projects led to the immediate creation of more than 3,000 jobs and the same companies plan to create an additional 4,600 jobs in Hong Kong in the next two years. Over HK\$4.66 billion was invested.

In 2005-06, we will continue to promote investment in Hong Kong. Moreover, in line with the national strategy of “going out” and the new investment facilitation policy announced by the State Ministry of Foreign Affairs in end-August 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.

Investment promotion is an on-going task. It is part of our existing activities under Programme (2): Commerce and Industry of CITB(CIB) which are undertaken by a number of departments. The provision to InvestHK for investment promotion work in 2005-06 is \$106.2 million.

Signature	_____
Name in block letters	Miss Denise YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	2.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead :
 Commerce, Industry and (No. & title)
 Technology Bureau (Commerce
 and Industry Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Administration will undertake necessary preparatory work to bring forward electronic submission of advance cargo information for cargoes carried by the road mode of transport across the land boundary in 2005-06. Has a timetable of implementation been formulated? What are the expenses involved?

Asked by : Hon. WONG Ting-kwong

Reply : The Government has been consulting stakeholders on a proposal to introduce an electronic advance cargo information system for cross-boundary vehicles with a view to improving the efficiency of customs clearance at land boundary control points. The latest round of consultation was conducted in January 2005. Taking into account comments from shippers, the trucking industry and existing service providers of the Government Electronic Trading Services, we are now revising the proposal. Subject to further discussions with stakeholders and their support, the Government will work out an implementation timetable, including preparing legislative amendments and applying for funds.

As the proposal is still being formulated, the Government has not set aside a specific amount of resources for system development in 2005-06. All preparatory and planning work in relation to this proposal will be funded by existing resources under Policy Area 6 (Commerce and Industry). If the proposal is supported by stakeholders, the Government will seek funding to develop the system.

Signature _____

Name in block letters _____

Miss Denise Yue

Post Title _____

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____

1.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead :
Commerce, Industry and Technology (No. & title)
Bureau (Commerce and Industry Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Administration will continue to work with stakeholders on full migration to electronic submission of cargo manifests for the water mode of transport in 2005-06. What are the outcomes since its implementation? What measures will be taken to encourage wider use of electronic submission? Has a timetable of implementation been formulated? What will be the estimated expenditure and manpower thus required?

Asked by : Hon. WONG Ting-kwong

Reply :

The services for electronic submission of manifests for air, rail and water transported cargoes (EMAN services) were launched on 11 April 2003 and full migration to EMAN services was achieved for air and rail transported cargoes on 17 July 2004. For water transported cargoes, some carriers have indicated that when using EMAN services, there are problems relating to the inputting of certain cargo data. We have discussed with the concerned carriers and are still working with them to develop suitable solutions. Once we have resolved the outstanding technical issues and obtained the support of the carriers, we will propose the necessary legislative amendments to achieve full migration to EMAN services for water transported cargoes.

The existing EMAN services already cater for the electronic submission of manifests for rail, air and water transported cargoes. Therefore, we do not expect the full migration to EMAN services for water transported cargoes will require new expenditure or manpower.

Signature _____

Name in block letters _____

MISS DENISE YUE

Post Title _____

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____

1.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 96 Government Secretariat : Subhead :
Hong Kong Economic and (No. & title)
Trade Offices

Programme : (1) Commercial Relations

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In 2005-06, what are the areas which the Hong Kong Economic and Trade Offices will focus on in promoting Hong Kong's trade and commercial interests and countering protectionism in Hong Kong's major markets?

Asked by : Hon. CHAN Kam-lam

Reply :

In 2005-06, the main focus of the Hong Kong Economic and Trade Offices (ETOs) is to maintain close liaison with host governments and other governments and international trade organizations, introduce the latest developments in Hong Kong and promote Hong Kong's many economic advantages including CEPA, organize and participate in seminars and workshops, encourage direct investment into Hong Kong (other than the Washington and Geneva ETOs) in order to further Hong Kong's trade and commercial interests. ETOs will also closely monitor and report on any actions or developments which are likely to affect Hong Kong's trade and commercial interests, and lobby against any actions which may be disadvantageous to Hong Kong's trade interest such as restrictive trade measures and practices.

2. The Washington ETO will continue to exchange views and consult with the US on matters of mutual concern on the economic and trade arena, e.g. textile trade, intellectual property rights protection, strategic trade control, customs cooperation and World Trade Organization (WTO) issues. The primary role of the Geneva ETO is to represent Hong Kong at the WTO, to strengthen the multilateral trade system and to seek further global trade liberalization. In 2005-06, the main focus

of the WTO will be the Doha Round of multilateral trade negotiations currently underway which covers a wide range of topics including agriculture, industrial goods, services and other multilateral rules such as anti-dumping and subsidies. Hong Kong will host the Sixth Ministerial Conference of the WTO in December 2005, which will provide a forum to facilitate WTO members to achieve progress in these negotiations with a view to securing a more open and liberal environment for global trade. The main tasks of the Geneva ETO are to participate actively in all key areas of negotiations, to provide constructive input in the process and to monitor progress in the run up to the Hong Kong Ministerial.

Signature	_____
Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>6.4.2005</u>

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 96 Government Secretariat: Subhead :
Hong Kong Economic and Trade Offices (No. & title)

Programme : (1) Commercial Relations (2) Public Relations (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

This year, all the indicators under programmes (2) and (3) show a decrease as compared with those in 2004. However, the financial provisions for them have increase by 5.5 % and 5.7 % respectively. The Administration explains that it is mainly due to the less favourable exchange rates and the salary adjustment of locally engaged staff. How many percent do the funding increase resulted from exchange rates and salary adjustments constitute of the total increase in the provision of each programme? What are the changes in the staffing provision of all the offices in 2005? What are the details of the salary adjustment?

Asked by : Hon. CHAN Kam-lam

Reply:

For programme (2) and (3), provision for 2005-06 is higher than the revised estimate for 2004-05. This is mainly due to the less favourable exchange rates, increased requirements for departmental expenses and the salary adjustment of locally engaged staff, partly offset by the full-year effect of the 2005 civil service pay cut, reduced operation expenses to achieve efficiency savings and the savings from the deletion of two posts.

2. The percentages of the funding increase resulted from the less favourable exchange rates and the salary adjustment of locally engaged staff over the total increase in the provision for each programme for 2005-06 compared with 2004-05 are listed below:

Programme	Programme (1) Commercial Relations	Programme (2) Public Relations	Programme (3) Investment Promotion
(a) Exchange Rates	64.8%	66.0%	65.5%
(b) LE staff salary adjustment	2.8%	3.8%	3.4%
Total Percentage	67.6%	69.8%	68.9%

3. For 2004-05 and 2005-06, the increase/decrease in staff complement (including Hong Kong based civil servants and locally recruited staff occupying both established and non-established posts) of each Hong Kong Economic and Trade Office (ETO) is set out below:

ETO	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Guangdong	Singapore	Sydney	Toronto	Total
2004-05 (as at 1.4.2004)												
(a) HK based civil servants	7	4	3	6	6	7	5	8	4	4	3	57
(b) Locally recruited staff	13	13	11	15	15	10	11	11	7	7	9	122
Total	20	17	14	21	21	17	16	19	11	11	12	179
2005-06 (as at 1.4.2005)												
(a) HK based civil servants	7	3	3	5	6	6	4	7	4	3	2	50
(b) Locally recruited staff	13	14	11	16	15	10	13	12	7	9	11	131
Total	20	17	14	21	21	16	17	19	11	12	13	181
Increase/Decrease	0	0	0	0	0	-1	+1	0	0	+1	+1	+2

4. The salary of the Hong Kong based civil servants will be adjusted according to the 2005 civil service pay cut. The pay adjustment mechanisms of the locally recruited staff for various ETOs are as follows:

- adopting the pay adjustment for the host government's civil service as the basis for pay adjustment in ETOs in Washington, New York, San Francisco, London, Tokyo, Toronto, Singapore and Sydney;
- adopting the adjustment of the World Customs Organisation for the ETO in Brussels ;
- adopting the adjustment in line with the World Trade Organization for the ETO in Geneva; and
- taking into account factors like local consumer price index, general employee and civil servant pay trends in Guangzhou and the recommendation of the Service Office for Foreign Establishments in Guangdong Province when considering the pay adjustment for the local staff of the ETO in Guangdong.

The salary adjustment of locally recruited staff of each ETO for 2005 compared with 2004 is listed below:

ETO	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Guangdong	Singapore	Sydney	Toronto
Percentage of increase/decrease	+3.71%	+3.96%	+4.30%	Not yet known	+1.60%	+0.60%	Not yet known	Not yet known	Not yet known	Not yet known	Not yet known

Signature _____

Name in block letters _____

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title _____

Date _____

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)014

0675

Head : 96 Government Secretariat : Subhead :
Hong Kong Economic and (No. & title)
Trade Offices

Programme : (1) Commercial Relations

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Under this Programme, the Administration will represent Hong Kong and provide support to the Trade and Industry Department in trade negotiations. In this connection, will the Administration provide information on the bilateral and multilateral trade negotiations to be conducted in 2005-06, including dates, venues, matters for negotiations, responsible officials and the expenditure earmarked for trade negotiations?

Asked by : Hon. TONG Ka-wah

Reply :

In 2005-06, the conduct of bilateral and multilateral trade negotiations will be mainly supported by the Hong Kong Economic and Trade Offices (ETO) in Washington and Geneva. Insofar as the Washington ETO is concerned, owing to the close commercial relationship between Hong Kong and the United States, the two governments conduct consultations on matters of mutual concern in the economic and trade arena each year. These matters include, for instance, textile trade, intellectual property protection, strategic trade control, customs cooperation, and World Trade Organization (WTO) issues. The established mode of operation is that the two governments will coordinate the consultation meetings (such as dates, venues and agenda) in the course of the year. Depending on the subject matter to be discussed, the Director-General and/or Deputy Director-General and Assistant Director-Generals of the Washington ETO will take part in the consultations conducted with the US Administration.

2. Hong Kong (in the name of Hong Kong, China) is a separate member of the WTO, and the Geneva ETO represents Hong Kong to the WTO which is based in Geneva. This ETO is responsible for advancing Hong Kong's interests in the multilateral trade negotiations conducted under the WTO. The Doha Round of multilateral trade negotiations is currently underway and negotiations on various topics in the Doha Development Agenda including agriculture, industrial goods, services and other multilateral trade rules such as anti-dumping and subsidies are carried out throughout the year. Except for Ministerial Conferences and informal gatherings of Ministers, WTO meetings are mainly held in Geneva. The tentative programme of the remainder of formal meetings of the WTO for 2005 can be found in http://www.wto.org/english/news_e/meets.pdf. The highest level of WTO meetings is the Ministerial Conference and Hong Kong will host the Sixth Ministerial Conference of the WTO in December 2005. The primary task of the Geneva ETO this year is to participate actively in all key areas of negotiations in the WTO with a view to providing constructive input and monitoring progress in the run up to the Hong Kong Ministerial. The Geneva ETO is also involved in other trade related activities, including participation as an observer in the trade-related work of the Organization for Economic Co-operation and Development. The Geneva ETO is headed by the Permanent Representative of Hong Kong Special Administrative Region of China to the WTO, who is supported by six Deputy and Assistant Representatives in trade negotiations.

3. In terms of provision for trade negotiations, it is not possible to identify the resources devoted to this task alone as it is undertaken in the overall context of ETOs' work under Programme (1) Commercial Relations.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 96 Government Secretariat: Subhead : 000 Operational expenses
Hong Kong Economic and Trade Offices (No. & title)

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Will the Administration inform us of the reasons for the increase in the following expenses under this Subhead over the revised estimate for 2004-05:

- (a) payment to redundant locally engaged staff of the Hong Kong Economic and Trade Office in London;
- (b) disturbance allowance.

Asked by : Hon. TONG Ka-wah

Reply :

- (a) The payment is made to redundant locally engaged staff at Executive Officer level or above of the London Economic and Trade Office (ETO), whose posts were made redundant due to reorganization exercises between 1986 and 1996. Redundancy payment is made until the normal retirement age of 60 or death, whichever is the earlier, and will be increased by 3% when the officer reaches the age of 55. Provision for 2005-06 is \$82,000 higher than the revised estimate for 2004-05. This is mainly due to the fact that 2 of the 3 redundant staff eligible for this payment will reach the age of 55 by 2005-06 and become eligible for the 3% increase, and the less favourable exchange rate of the Hong Kong Dollar against the Pound Sterling.
- (b) A one-off disturbance allowance is paid to an officer when he is posted outside Hong Kong and when he returns to Hong Kong on completion of his tour in compensation for the miscellaneous expenses consequential upon the outside-HongKong posting and changes in daily life. Provision for 2005-06 is \$0.877 million higher than the revised estimate for 2004-05. This is mainly due to the anticipated greater number of officers to be posted to various HKETOs and to return to Hong Kong at the end of postings in 2005-06 than 2004-05.

Signature

Name in block letters

Post Title

Date

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

4.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 96 Government Secretariat: Subhead :
Hong Kong Economic and Trade Offices (No. & title)

Programme : (1) Commercial Relations (2) Public Relations (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please provide information on the increase/decrease in the number of staff employed by each Hong Kong Economic and Trade Office and the percentage of salary adjustment of such staff. How does the salary cost for 2005-06 compared with that for 2004-05 as a percentage of overall expenditure?

Asked by : Hon. WONG Ting-kwong

Reply :

For 2004-05 and 2005-06, the increase/decrease in staff complement (including Hong Kong based civil servants and locally recruited staff occupying both established and non-established posts) of each Hong Kong Economic and Trade Office (ETO) is set out below:

ETO	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Guangdong	Singapore	Sydney	Toronto	Total
2004-05 (as at 1.4.2004)												
(a) HK based civil servants	7	4	3	6	6	7	5	8	4	4	3	57
(b) Locally recruited staff	13	13	11	15	15	10	11	11	7	7	9	122
Total	20	17	14	21	21	17	16	19	11	11	12	179
2005-06 (as at 1.4.2005)												
(a) HK based civil servants	7	3	3	5	6	6	4	7	4	3	2	50
(b) Locally recruited staff	13	14	11	16	15	10	13	12	7	9	11	131
Total	20	17	14	21	21	16	17	19	11	12	13	181
Increase/Decrease	0	0	0	0	0	-1	+1	0	0	+1	+1	+2

2. The salary of the Hong Kong based civil servants will be adjusted according to the 2005 civil service pay cut. The pay adjustment mechanisms of the locally recruited staff for various ETOs are as follows:

- (a) adopting the pay adjustment for the host government's civil service as the basis for pay adjustment in ETOs in Washington, New York, San Francisco, London, Tokyo, Toronto, Singapore and Sydney;
- (b) adopting the adjustment of the World Customs Organisation for the ETO in Brussels ;
- (c) adopting the adjustment in line with the World Trade Organization for the ETO in Geneva; and
- (d) taking into account factors like local consumer price index, general employee and civil servant pay trends in Guangzhou and the recommendation of the Service Office for Foreign Establishments in Guangdong Province when considering the pay adjustment for the local staff of the ETO in Guangdong.

The salary adjustment of locally recruited staff of each ETO for 2005 compared with 2004 is listed below:

ETO	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Guangdong	Singapore	Sydney	Toronto
Percentage of increase/decrease	+3.71%	+3.96%	+4.30%	Not yet known	+1.60%	+0.60%	Not yet known	Not yet known	Not yet known	Not yet known	Not yet known

3. The share of salary cost of ETOs in the overall expenditure for 2004-05 and 2005-06 is 37.5% and 36.8% respectively.

Signature _____
Name in block letters MISS DENISE YUE
Permanent Secretary for Commerce,
Industry and Technology
Post Title (Commerce and Industry)
Date 6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)017

0423

Head : 31 Customs and Excise Department Subhead : (No. & title)

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- (1) One of the department's tasks is to tackle Internet piracy and other computer crime problems relating to infringement of intellectual property rights. Some people are using file-sharing technology, such as Bit Torrent and eXeem to upload or download things like movies everyday. However, the funding for programme (3) Intellectual Property Rights and Consumer Protection will be reduced by 2.6% in 2005-06. Would it affect the effectiveness of tackling the internet piracy? What measures will be adopted to tackle the problem?
- (2) Besides, the amount of intellectual property rights investigations decreased from 13 139 in 2003 to 10 923 in 2004. What was the reason for that?

Asked by : Hon. CHAN Bernard

Reply :

- (1) The estimated provision for Programme (3) Intellectual Property Rights and Consumer Protection in 2005-06 is \$5.8 million or 2.6% lower than 2004-05. The reduction is caused by the full-year effect of 2005 civil service pay cut (-\$4.1 million) and deletion of 12 posts (-\$3.1 million), partly off-set by an increase in provision to fill vacant posts and cater for miscellaneous expenses (+\$1.4 million). The deletion of the 12 posts will not adversely affect the department's capability to take enforcement actions against intellectual property rights (IPR) infringement activities as those posts only provide backend administrative support duties.

To strengthen its enforcement capability for tackling internet piracy, the department will establish a second Anti-internet Piracy Team in 2005-06 through internal re-deployment of existing manpower resources. The team will comprise seven officers who will be tasked specifically to investigate internet piracy activities.

- (2) As a result of Customs' vigorous enforcement actions, there has been a marked reduction in infringement activities at the retail level. This is reflected in –
 - (a) a 14% decrease of complaints against copyright and trademark infringements in 2004 as compared with 2003 (a 24% drop for copyright cases alone); and
 - (b) the number of shops selling pirated optical discs dropping from 105 at the beginning of 2003 to 70 by end 2004.

The number of investigations carried out in 2004 was therefore smaller than that in 2003. Notwithstanding the improving situation, the department will continue to flexibly deploy its resources for vigorous enforcement against suspected IPR infringement activities.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)018

0537

Head : 31 Customs and Excise Department Subhead (No. & title) :

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- (1) What is the difference between the original estimation and the actual number of cases in 2004 under the indicator of intellectual property rights investigations?
- (2) What are the manpower and the expenditure involved in the plans to safeguard intellectual property rights and combat such infringement activities in 2005-06?

Asked by : Hon. CHEUNG Man-kwong

Reply :

- (1) Based on the number of investigations carried out in the first 11 months of 2003 on possible infringement of intellectual property rights (IPR), the department projected the number of investigations for 2004 to be 13 000. The actual number of IPR investigations conducted in 2004 was 10 923. The difference between the projected and the actual number of investigations was attributed to a reduction of IPR infringing activities in 2004, particularly in the copyright field. As a result of Customs' vigorous enforcement action, there was a marked reduction of infringement activities at the retail level. This was reflected in -
 - (a) a 14% decrease of complaints against copyright and trademark infringements in 2004 as compared with 2003 (a 24% drop for copyright cases alone); and
 - (b) the number of shops selling pirated optical discs dropping from 105 at the beginning of 2003 to 70 by end 2004.

Depending on the infringement situation, the department will flexibly deploy its resources to maintain its enforcement actions against IPR infringing activities at different levels.

- (2) In 2005-06, the department will deploy 438 officers (with a total expenditure of \$184 million including salary and related expenses) for the protection of intellectual property rights.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)019

1063

Head : 31 Customs and Excise Department Subhead (No. & title) :

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : One of the indicators for measuring the performance of the service under this programme area is the "number of factory and consignment inspections". For 2005, the number of inspections has been estimated to be 68 800, which dropped by about 30% when compared with the actual number in 2004. Please state whether the authorities have made any changes in the policies and measures for factory inspections after the global elimination of textile quotas since 1 January 2005. If yes, please provide detailed information and explain what the grounds for the above estimation are. What are the amount of expenditure and number of staff that can be saved?

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

The Customs and Excise Department conducts factory and consignment inspections to ensure compliance with legislation governing the issue of Certificates of Origin and import and export of textiles.

With the global elimination of textiles quota commencing 1 January 2005, a new Textiles Control System has been put in place to regulate local textiles and clothing exports. To protect Hong Kong's interest in textile trade and the legitimate interest of traders, and to instill greater confidence in our trading partners, we have to maintain effective means to differentiate between Hong Kong-made and Mainland-made products as the latter may be subject to the safeguard measures introduced by importing economies. Therefore, it is necessary to maintain real time production checks on goods being produced at local factories under the new control system to make sure that the goods are genuinely made in Hong Kong. In addition, we will continue to conduct effective blitz checks on consignments passing through our cargo entry/exit points. Compared with the textiles controls system that had been in force during the quota regime, the present system is smaller in scope. Hence, the number of factory inspections for 2005 is estimated to be 68 800.

With the implementation of the new Textiles Control System, the department will delete 101 posts, thus achieving savings of about \$33 million in term of notional annual mid-point salary value.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 31 Customs and Excise Department Subhead (No. & title) :

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

On the point that the department will continue to “tackle internet piracy and other computer crime problems relating to infringement of intellectual property rights”, please advise on the following:

- a) What specific programmes will the Government implement in 2005-06 to bring the above work into fruition? What are the details of each of the programmes and expenditure involved?
- b) How will the Government co-operate with the information technology sector on the above to enhance the effectiveness of the work concerned?

Asked by : Hon. SIN Chung-kai

Reply :

- a) In 2005-06, the department will implement the following specific measures -
 - (i) to establish a second Anti-Internet Piracy Team (AIPT) with seven officers through internal re-deployment to strengthen the enforcement capability against internet piracy;
 - (ii) to arrange briefings to the Parent-Teacher Association in various districts to enhance public awareness of the protection of intellectual property rights in the Internet environment;
 - (iii) to exchange and share state-of-the-art know-how with information technology (IT) expert organisations and other law enforcement agencies to meet with the new challenges in the Internet environment; and
 - (iv) to flexibly re-deploy the Computer Analysis and Response Team, a team of officers who will be called upon from other duties to reinforce the AIPTs when operationally required, and the Computer Forensic Laboratory to provide support to front-line officers during investigations into computer crimes, including Internet piracy offences.

The total annual salary provision for the new AIPT, with an establishment of seven posts, is about \$1.8 million in 2005-06. The additional expenditure will be absorbed within the department by redeployment of resources. Other specific measures will incur no additional expenditure.

- b) As regards cooperation with the IT industry, the department will improve the efficiency of the existing mechanism in the exchange of information with local Internet Service Providers (ISP) through establishing designated contact points with the ISPs to enhance mutual communication.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)021

0656

Head : 31 Customs and Excise Department Subhead (No. & title) :

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

1. During 2005-06, the Customs and Excise Department will strengthen the action against piracy and counterfeiting activities by developing more vigorous enforcement strategies. Please explain specifically what the more vigorous strategies are. Will additional resources be required to support such strategies?
2. In the aspect of detecting retail sale of infringing goods, what was the number of detecting actions taken during 2004-05? How was their effectiveness? Will the Customs and Excise Department increase the number of inspections this year? Will the manpower be increased for such inspections?

Asked by : Hon. WONG Ting-kwong

Reply :

1. For 2005-06, the department will continue to take proactive actions against piracy and counterfeiting activities at all levels through intelligence-led operations and close cooperation with the industries and overseas enforcement agencies. Apart from taking vigorous enforcement actions at the retail level, the department will also target organized syndicates for action under the Organised and Serious Crimes Ordinance (Cap 455) to freeze their assets and crime proceeds as an added deterrent. As regards piracy and counterfeiting activities over the Internet, the department will form an additional Anti-Internet Piracy Team with seven officers to strengthen the enforcement capability in this area. The department will cope with any additional workload by flexibly deploying its resources.
2. In 2004, the department pursued a total of 8 765 cases of copyright and trademark violations at the retail level. As a result of Customs' vigorous enforcement action, there was a marked reduction of infringement activities at the retail level. This was reflected in –
 - (a) a 14% decrease of complaints against copyright and trademark infringements in 2004 as compared with 2003 (a 24% drop for copyright cases alone); and
 - (b) the number of shops selling pirated optical discs dropping from 105 at the beginning of 2003 to 70 by end 2004.

The number of inspections conducted in each year depends mainly on the infringement situation, intelligence collected and complaints received. It is therefore difficult to estimate now if the number of inspections to be carried out this year will increase or not. The department will flexibly deploy its resources to maintain its enforcement actions against piracy and counterfeiting activities at different levels. We do not anticipate the need for additional resources at this stage.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)022

Question Serial No.

0657

Head : 31 Customs and Excise Department Subhead : (No. & title)

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Since Hong Kong is a cosmopolitan city with the reputation of shopping paradise, the Government of the Special Administrative Region should put more emphasis on the issue of intellectual property rights. In this regard, the Government released a consultation paper on the Copyright Ordinance once again in 2004. However, in 2005-06, the department concerned will delete 12 posts. What kinds of duties are the posts to be deleted mainly responsible for? How much savings the department can obtain from the proposed deletion of posts? Will the enforcement efficiency be affected?

Asked by : Hon. WONG Ting-kwong

Reply :

The 12 posts to be deleted in 2005-06 are for backend administrative support duties. It will not affect the department's intellectual property rights enforcement capability and efficiency at the frontline. The deletion of the 12 posts in 2005-06 will achieve savings of about \$3 million per annum.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)023

Question Serial No.

0658

Head : 31 Customs and Excise Department Subhead : (No. & title)

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Customs and Excise Department has assumed the enforcement responsibility arising from the implementation of zero tariff for trade in goods under the Closer Economic Partnership Arrangement. As more and more goods will become eligible for zero tariff, the department has planned to delete 36 posts instead of increasing its manpower. What are the duties of those posts earmarked for deletion? Will it pose any impact on the relevant enforcement work?

Asked by : Hon. WONG Ting-kwong

Reply :

Since 2004, the department has set aside 52 Trade Controls Officer Grade posts for implementation of zero tariff for trade in goods under the Closer Economic Partnership Arrangement (CEPA). Goods claiming zero tariff under CEPA have to be covered by a CEPA Certificate of Origin (CO). The above mentioned manpower should be sufficient to carry out the necessary enforcement work to uphold the integrity of the CEPA CO System in 2005-06, notwithstanding the growing trade volume between the Mainland and Hong Kong and the expanded CEPA coverage.

The 36 posts that the department plans to delete in 2005-06 bear no relationship with CEPA. The duties of those posts relate mostly to textiles control. These posts may be dispensed with following the global elimination of textile quotas in January 2005 and a consequential modification to the textile trading regime implemented in Hong Kong.

Signature _____

Name in block letters _____

TIMOTHY H M TONG

Post Title _____

Commissioner of Customs and Excise

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)024

Question Serial No.

1634

Head : 78 Intellectual Property Department Subhead :
(No. & title)

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The provision for Statutory Functions for 2005-06 is 17.8% lower than the revised estimate for 2004-05. The Administration explains that this is mainly due to the decreased requirement for outsourcing of non-core services on completion of major computer application programmes. What are these "major computer application programmes"? What are the key items in those non-core services outsourced in the past 3 years? What are their percentage shares in the total provision for this Programme? What are the non-core services that outsourcing is not anticipated this year and how many resources can be saved?

Asked by : Hon. CHAN Kam-lam

Reply :

The non-core services outsourced in the past three years are : new application development (NAD), office operation support (OOS) and ongoing information technology support and maintenance (OSM). NAD includes electronic submission, processing, payment, publication, on-line search and e-filing of trademark, patent and design applications. The outsourcing for NAD includes the development of the new systems and subsequent maintenance and support. The percentage shares of the outsourced services in the total provision for this Programme are :

	2002-03	2003-04	2004-05	2005-06
NAD	17.50 %	27.90 %	19.30 %	1.70 %
OOS	4.60 %	4.80 %	4.30 %	5.40 %
OSM	2.20 %	2.60 %	2.50 %	3.10 %
Total	24.30 %	35.30 %	26.10 %	10.20 %

With the completion of major computer application programmes in 2004-05, we estimate that only minor enhancement will be required in 2005-06 to cater for customers' requirements. This reduction in provision has been reflected in the 2005-06 estimates. Comparing with the provision in the 2004-05 revised estimates of \$15,757,000 for NAD, the provision in the 2005-06 estimates for this item is \$1,139,000 (mainly for maintenance and support of the new systems), representing a 93% reduction in requirement.

Signature
Name in block letters
Post Title
Date

STEPHEN SELBY
Director of Intellectual Property
4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)025

Question Serial No.

1635

Head : 78 Intellectual Property Department Subhead :
(No. & title)

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In 2004-05, the turnaround time for 70% of further opinions issued for trademark applications made under the Trade Marks Ordinance (Cap. 559) took more than four months as compared with the performance target of three months. The Administration explained that this was mainly due to the tail end effect of clearing 4 930 applications filed under the Trade Marks Ordinance (Cap. 43) in 2004-05 and more time taken by the agents and the Intellectual Property Department to get into the setting and momentum of processing further opinion cases under the Trade Marks Ordinance (Cap. 559). However, the Trade Marks Ordinance (Cap. 559) commenced on 4 April 2003 and the Trade Marks Ordinance (Cap. 43) was also repealed on the same day. There was almost a year for the Administration to get into the setting and momentum in 2003. Besides, it only took two months to issue further response in 2003. Concerning this, can the Administration clarify in detail the points in doubt?

Asked by : Hon. CHAN Kam-lam

Reply :

Our performance pledges were not met in 2004 mainly because of the tail end effect of clearing 4,930 applications filed under the Trade Marks Ordinance (Cap. 43) and because more time was taken by both trade mark agents and the Department in getting accustomed to the processing of cases under the new Trade Marks Ordinance (Cap. 559). Additionally, the roll-out of electronic services over 2003 and 2004 meant that many of our staff were required to devote time to assisting clients with using the new system in addition to normal registration duties. Our current assessment is that we can meet the target of issuing 70 % of further opinions in 3 months in 2005.

With the implementation of the Trade Marks Ordinance (Cap. 559), the overall turnaround time for processing registration of trademarks has been significantly reduced from 12-18 months before 2003 to 6-8 months in 2004.

Signature
Name in block letters
Post Title
Date

STEPHEN SELBY

Director of Intellectual Property

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)026

1636

Head : 78 Intellectual Property Department Subhead : 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry & Technology

Question :

Although the expense on personal emoluments will be nearly \$4 million less in 2005-06 than that in 2004-05, the amount of Mandatory Provident Fund contribution will remain unchanged. Please explain.

Asked by : Hon. CHAN Kam-lam

Reply :

The estimated reduction in expenditure of about \$4 million in personal emoluments in 2005-06 is due to the full-year effect of the 2005 civil service pay cut and the full-year effect of post deletion in 2004-05 arising from business process streamlining and natural wastage.

Since most of the staff of this Department are exempted from the Mandatory Provident Fund (MPF) Schemes Ordinance, reduction in personal emoluments mentioned above will not affect our MPF contribution which has remained stable in recent years.

Signature _____

Name in block letters _____

Stephen SELBY

Post Title _____

Director of Intellectual Property

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)027

Question Serial No.

1637

Head : 78 Intellectual Property Department Subhead : 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please explain why the general departmental expenses will increase by 14.6% as compared with 2004-05.

Asked by : Hon. CHAN Kam-lam

Reply :

The estimated increase in general departmental expenses in 2005-06 is to cater for additional expenditures arising from the short-term requirement of additional contract staff to meet operational need in the Trade Mark Registry and to support external customers to use our electronic services, the purchase of additional equipment to facilitate paperless office operation and staff training.

Signature	_____
Name in block letters	STEPHEN SELBY
Post Title	Director of Intellectual Property
Date	4 April 2005

Examination of Estimates of Expenditure 2005-06

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)028

Question Serial No.

0496

Head: 78 Intellectual Property Department Subhead (No. &

title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Combating intellectual property rights violations is an important measure to maintain brand development in Hong Kong and educating the public to buy genuine products is a way to get to the root of the problem. Please provide a breakdown of the expenditure on the publicity and education efforts of the Intellectual Property Department in the coming year, and elaborate on the focus and expected results of the educational and promotional activities.

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The estimated total expenditure of the Intellectual Property Department (IPD) on publicity and education for 2005-06 is about \$7 million. The respective amounts for promotional activities targeting different sectors are as follows:

<u>Target</u>	<u>Expenditure on Publicity and Education (%)</u>
General public	72%
Schools	10%
Small and medium enterprises (SMEs) and professional bodies	18%

IPD is committed to promoting public understanding of and respect for intellectual property rights (IPRs). In the coming year, we shall continue to promote the awareness of intellectual property (IP) protection among different sectors of the community by conducting school visits and activities, broadcasting through the media, and organising seminars, exhibitions and roadshows, etc. Our territory-wide promotional activities include the "I Pledge" Campaign under which consumers are encouraged to pledge to buy only genuine products, and the "No Fakes" Pledge Scheme which further promotes the sale of genuine goods in Hong Kong. The number of retailers participating in the "No Fakes" Pledge Scheme has increased from 383 last year to 610, with over 4 000 shops participating in the Scheme (figures as at March 2005).

Since the implementation of the school visits programme in 1997, we have visited 531 secondary schools and have given presentations on IP protection to 193 000 students up to March 2005.

IPD is actively promoting to the business sector the use of IP for wealth creation. Working with the Intellectual Property Offices of Guangdong Province and Jiangsu Province, we extend the message on IP protection and services to Hong Kong enterprises whose major manufacturing bases are mainly in the Pearl River Delta and Jiangsu.

With regard to the promotional activities targeting SMEs, apart from participating in major exhibitions and seminars for SMEs held in Hong Kong, we organise SME seminars to help Hong Kong enterprises investing in Guangdong to understand the IP system in the Mainland. We plan to organise four seminars for SMEs this year. The first two will be held in Huizhou and Jiangmen on 7 June and 9 June respectively.

Promoting the community's awareness of and respect for IPRs is an ongoing mission. According to the results of a survey commissioned by IPD, public awareness of IP protection is increasing. In the coming year, we shall continue with our publicity and education efforts in this respect.

Signature _____

Name in block letters STEPHEN SELBY

Post Title Director of Intellectual Property

Date 4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)029

Question Serial No.

0497

Head : 78 Intellectual Property Department Subhead : 700 General non-recurrent
(No. & title)

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

For Programme (1), the estimated provision for 2005-06 represents a decrease of almost 30% against the original provision for 2004-05, and the revised provision for 2004-05 also represents a decrease of over 10% against the original figure. This is mainly due to the decreased requirement for outsourcing of non-core services on completion of major computer application programmes. Could the Administration provide the following information:

- (1) When the Intellectual Property Department drew up the estimates of expenditure for 2004-05, had it considered the project on major computer application programmes and the launch schedule of these programmes, which resulted in the estimates being relatively higher than the actual figure? What measures will the Administration take to improve this situation? Will the Administration consider reducing the approved commitment for the item 009 "Outsourcing of non-core services of Intellectual Property Department" under Subhead "General non-recurrent"?
- (2) The requirement for outsourcing of non-core services will decrease on completion of major computer application programmes. What are these major computer application programmes and what are the non-core services for outsourcing? How many resources can be saved?
- (3) What are the impacts on the establishment after the completion of major computer application programmes?

Asked by : Hon. LI Kwok-ying

Reply :

- (1) At the time the original estimates for 2004-05 were drawn up, the Department set aside some contingency funding in case the computer application programmes would need to be substantially enhanced after the rollout of its electronic services. Following favorable customer feedback at the soft launch and the successful implementation of the electronic services, we consider that only minor enhancement to the application programmes will be required. The revised estimates for 2004-05 are therefore lower than the original estimates. As the approved commitment for item 009 serves to cap the overall provision available for the project and the Administration makes provision for cashflow on a yearly basis, there is no need to reduce the approved commitment.

- (2) The major computer application programmes include the development of electronic submission, processing, payment, publication, on-line search and e-filing of trademark, patent and design applications. The non-core services for outsourcing include the development of the above new systems and subsequent maintenance and support, office operation support and ongoing information technology support and maintenance. Cumulative net savings of \$32.8 million are estimated to be achieved over the five-year project period from December 2001 to November 2006.
- (3) The completion of the major computer application programmes has enabled the Department to implement electronic services and process re-engineering. Through these e-initiatives, the Department's establishment has been reduced by 25 % from 113 posts in July 2002 to 85 posts in April 2005. The posts were deleted either through natural wastage or upon the transferal of the incumbents to other government departments.

Signature	_____
Name in block letters	STEPHEN SELBY
Post Title	Director of Intellectual Property
Date	4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)030

Question Serial No.

0677

Head : 78 Intellectual Property Department Subhead :
(No. & title)

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Under this programme, the Department processes applications for registration of trademarks, patents and designs. However, it failed to meet the targets set for this area of work in a number of items in 2003 and/or 2004. Will the Administration explain why the targets set for the following items were not met? And what are the justifications for still maintaining the original targets?

- (a) Trademark registration: time taken to issue 70% of first opinion for applications and time taken to issue 70% of further opinion for applications;
- (b) Patent registration: time taken to process 70% of standard applications and time taken to process 70% of short-term applications;
- (c) Design registration: time taken to process 70% of applications.

Asked by : Hon.TONG Ka-wah

Reply :

- (a) Our performance pledges were not met in 2004 mainly because of the tail end effect of clearing 4,930 applications filed under the Trade Marks Ordinance (Cap. 43) and because more time was taken by both trade mark agents and the Department in getting accustomed to the processing of cases under the new Trade Marks Ordinance (Cap. 559). Additionally, the roll-out of electronic services over 2003 and 2004 meant that many of our staff were required to devote time to assisting clients with using the new system in addition to normal registration duties.

Our current assessment is that we will meet our targets in 2005 and we will continuously review the position and hope to improve our performance pledges soon.

- (b)&(c) The performance pledges for the time taken to process 70% of standard patent applications, short-term patent applications and design applications were 0.5 month for 2003 and 2004 and these performance pledges were fully met in the two years. In 2005, we will improve our performance pledge from 0.5 month to 0.3 month taking full advantage of our e-business model.

Signature
Name in block letters
Post Title
Date

STEPHEN SELBY

Director of Intellectual Property

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)031

Question Serial No.

0678

Head : 78 Intellectual Property Department Subhead :
(No. & title)

Programme : (2) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Under this Programme, the Administration stated that it would attend and participate in international seminars, conferences, meetings, etc. on intellectual property rights matters. Could the Administration provide details, including the dates, names and aims, of the overseas international seminars, conferences, meetings, etc. attended/participated by the Intellectual Property Department in 2004-05; a list of the attending/participating officers; the expenditures arising from attending/participating in these activities; and a breakdown of the expenditures?

Asked by : Hon. TONG Ka-wah

Reply :

The details of the overseas international seminars, conferences, meetings, etc outside Hong Kong attended by officers of the Department in 2004-05 are listed in the Annex. The total expenditure arising from participating in these activities in 2004-05 was \$286,869.

Signature	_____
Name in block letters	STEPHEN SELBY
Post Title	Director of Intellectual Property
Date	4 April 2005

**International conferences/seminars/meetings outside Hong Kong
attended by Intellectual Property Department
(2004-2005)**

Date and Place	Name	Aim	Participating Officer	Expenditure (including air tickets, transport and accommodation allowances etc)
01-02/04/2004 Geneva, Switzerland	WIPO Seminar on the Madrid System of International Registration of Marks	To understand in depth the operation, pros and cons of the Madrid system	Mr. Peter CHEUNG, Deputy Director of Intellectual Property	\$14,930
14/04/04 New York, U.S.A	Fordham Annual Conference on International Intellectual Property Law	Invited as a panelist to facilitate discussion at the panel meeting	Mr. Stephen SELBY, Director of Intellectual Property	\$53,617 (Mr Selby also paid duty visits to various IP industries in Washington DC and NY after the Fordham Annual Conference and travelled directly from U.S.A. to Beijing to attend the APEC Intellectual Property Experts Group Meeting (see the item below). The total expenditure of \$53,617 covers the cost of attending the following item, whilst excluding the expenses for the duty visits to various IP industries in U.S.A.)

Date and Place	Name	Aim	Participating Officer	Expenditure (including air tickets, transport and accommodation allowances etc)
20-21/04/2004 Beijing, China	APEC Intellectual Property Rights Experts Group XVIII meeting	Co-operation on all aspects of IP protection among economies of the Asia Pacific Region	Mr. Stephen SELBY, Director of Intellectual Property	See above
21-27/04/2004 Hague, Netherlands	Special Commission on Jurisdiction and Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters	Took part as a member of the Chinese delegation in negotiation for a Convention on Exclusive Choice of Court Agreements	Ms Ada LEUNG, Assistant Director of Intellectual Property	\$41,524
22-23/04/2004 Beijing, China	APEC Seminar on Patent Protection and Access to Medicine	To update the Department on latest development	Mrs. Teresa GRANT, Assistant Director of Intellectual Property Ms Sandra HUI, Solicitor	\$11,360
13/05/04 Hanoi, Vietnam	APEC Training Program on the Enforcement of Intellectual Property Rights	As a speaker to present on the topic of 'Civil Procedures for Enforcement of IPRs in Hong Kong, China'	Ms Caroline CHOW, Acting Senior Solicitor	\$7,205
7-9/06/2004 Geneva, Switzerland	WIPO Standing Committee on Copyright and Related Rights (Eleventh Session)	To discuss the protection of non-original databases and the protection of broadcasting organizations	Miss Pancy FUNG, Assistant Director of Intellectual Property	\$37,544

Date and Place	Name	Aim	Participating Officer	Expenditure (including air tickets, transport and accommodation allowances etc)
13-14/06/2004 Seoul, Korea	Asia Strategic Insight Roundtable 2004	Invited as a panelist to facilitate discussion at the panel meeting	Mr. Stephen SELBY, Director of Intellectual Property	\$8,348
01/07/2004 Macau, China	The 5th IEEM Seminar on Intellectual Property "The games people play: the protection of IP in entertainment"	To engage with speakers and participants on specific copyright issues and suggest policy solutions to problems	Mr. Peter CHEUNG, Deputy Director of Intellectual Property	\$329
31/08/2004 to 3/09/2004 Phuket, Thailand	APEC IPEG XIX Meeting cum APEC Workshop on IP Protection and Development in Developing Economies	Co-operation on all aspects of IP protection among economies of the Asia Pacific Region.	Ms Ada LEUNG Assistant Director of Intellectual Property	\$5,711
26/09/2004 to 29/09/2004 Geneva, Switzerland	The Assemblies of the Member States of WIPO (40th Series of Meeting)	To represent HK, China as a member of the Chinese delegation at the Assemblies. This annual meeting is the highest decision-making body on the policies and administration of WIPO.	Mr. Stephen SELBY, Director of Intellectual Property	\$42,932

Date and Place	Name	Aim	Participating Officer	Expenditure (including air tickets, transport and accommodation allowances etc)
17/10/2004 to 20/10/2004 Seoul, Korea	International Confederation of Societies of Authors and Composers (CISAC) World Congress	To speak as a panelist on how to re-establish respect and affection for copyright and to suggest a global solution to authors and composers of the world.	Mr. Peter CHEUNG, Deputy Director of Intellectual Property	\$10,486
24/01/2005 to 25/01/2005 Hanoi, Vietnam	WIPO Roundtable on Copyright-Based Industries: The Case of Publishing Industry	The objective of the Roundtable is to discuss available opportunities for the use and management of copyright to support business activities in the publishing industry.	Ms Fanny PANG Acting Assistant Director of Intellectual Property	\$7,103
22/02/2005 to 25/02/2005 Seoul, Korea	APEC IPEG XX Meeting and Seminar on the Dissemination and Utilization of IP Information in Digital Economy	Co-operation on all aspects of IP protection among economies of the Asia Pacific Region.	Mr. Stephen SELBY, Director of Intellectual Property	\$14,280
01/03/2005 Singapore	INTA Roundtable on Geographical Indications	An industry/government roundtable to discuss the WTO negotiations on Geographical Indications	Ms Ada LEUNG Assistant Director of Intellectual Property	\$2,914

Date and Place	Name	Aim	Participating Officer	Expenditure (including air tickets, transport and accommodation allowances etc)
02/03/2005 to 04/03/2005 Singapore	INTA/IPOS Asia Pacific Forum: Emerging Issues in Brand Protection	<p>Mr Cheung spoke as a panelist on the significance of non-traditional trademarks to the international trademark community.</p> <p>The Forum discussed the emerging issues in brand protection including, in particular, protection of non-traditional trade marks and the Madrid system for international registration of trade marks.</p>	<p>Mr. Peter CHEUNG, Deputy Director of Intellectual Property</p> <p>Ms Ada LEUNG, Assistant Director of Intellectual Property</p> <p>Mr. Simon CHAN, Solicitor</p> <p>Miss Vivian YU, Ag Intellectual Property Examiner I</p>	\$28,586

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)032

Question Serial No.

0679

Head : 78 Intellectual Property Department Subhead :
(No. & title)

Programme : (2) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

As regards surveys on attitudes about the protection of intellectual property, will the Administration inform this Council:

- (a) the expenditure on the survey of public understanding of intellectual property in each financial year since such survey was first commissioned in 1999 and the provision for this purpose in 2005-06; and
- (b) the expenditure on the survey measuring business attitudes about intellectual property in each financial year since such survey was first commissioned in 2004 and the provision for this purpose in 2005-06.

Asked by : Hon. TONG Ka-wah

Reply :

The expenditure on the annual survey on public awareness of the importance of intellectual property was \$70,000 per year from 1999-2000 to 2002-03. In 2003-04, the Department decided to start an annual survey on business awareness of the protection of intellectual property rights. To ensure continuity and year-by-year analysis, a three-year contract to conduct annual surveys on public and business awareness of intellectual property rights from 2003-04 to 2005-06 was awarded by competitive tender at a fee of \$89,000 per year.

Signature	_____
Name in block letters	STEPHEN SELBY
Post Title	Director of Intellectual Property
Date	4 April 2005

Examination of Estimates of Expenditure 2005-06

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)033

Question Serial No.

0680

Head: 78 Intellectual Property Department Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Under this Programme, 75 school visits are planned for 2005, representing an increase of 134.4% and 56.3% over 2003 and 2004 respectively. Could the Administration inform this Council of:

- (a) the reasons for the large increase in the number of school visits; and
- (b) the annual expenditures on school visits since 2002-03 and the provision for school visits for 2005-06?

Asked by: Hon. TONG Ka-wah

Reply:

- (a) School visits programme is a year-round activity to promote the protection of intellectual property rights (IPR). The number of school visits organized in 2001 and 2002 were 68 and 75 respectively, which were comparable to 75 visits planned for 2005. In July every year, the Department will send letters to all secondary schools in Hong Kong to invite prior appointment of visits for the following year. As SARS raged in the first half of 2003, the school visits in that year were delayed. Besides, schools became very prudent in planning the activities for 2004. As a result, the number of school visits in 2003 and 2004 were comparatively low.
- (b) The expenditure on school visits, which has been included in the promotion and publicity expenses of the Department, is mainly for the distribution of IPR leaflets and souvenirs to students participating in the various seminars. The expenditures for the past years are as follows:

Year	Expenditure (\$)
2002/03	58,000
2003/04	36,000
2004/05	56,000
2005/06	60,000 (estimate)

Signature _____

Name in block
letters STEPHEN SELBY

Post Title Director of Intellectual Property

Date 4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In 2005–06, Invest Hong Kong will implement various business plans in co-operation with the Hong Kong Economic and Trade Offices and Hong Kong Trade Development Council's offices outside Hong Kong. What are the details of these plans? What are the specific implementation timetable, volume of investment and expected results?

Asked by : Hon. CHAN Kam-lam

Reply :

In 2005–06, Invest Hong Kong (InvestHK) will continue to develop and implement sector-specific business plans in collaboration with the Investment Promotion Units (IPUs) in the relevant Hong Kong Economic and Trade Offices (ETOs), as well as external consultant agencies appointed in strategic overseas markets currently not covered by ETOs. These overseas representatives are responsible for formulating investment promotion strategy in the respective home countries/targeted cities, conducting market research, identifying leads to potential investors, visiting target companies, organising publicity events and developing links and networking with multiplying organisations and media, etc. With their support, the sector-specific home teams of InvestHK will conduct investment promotion according to their annual plans by arranging visits to call on potential investors, meeting with local associations, media and government bodies, and participating in publicity events and promotion activities abroad.

InvestHK works closely with the Hong Kong Trade Development Council (TDC), both its headquarters in Hong Kong and its external offices around the world, with a view to better coordinating the external promotion activities and providing synergy in delivering our messages on the competitive advantages of Hong Kong to the foreign and Mainland business communities. Regular meetings are held to exchange plans and initiatives and to identify opportunities for cooperation.

Of the proposed provision of \$106.2 million for 2005–06 for Invest Hong Kong, the allocation will be controlled on a functional basis, e.g. visit programmes, joint-promotion activities with Mainland provinces/cities, sponsorship, advertising as well as marketing and related activities. Collaboration with the TDC cuts across all areas and is not separately identifiable.

Whilst it is generally not possible to project the economic benefits which may be generated by these promotion activities, InvestHK has set itself the target of completing 220 projects in 2005.

Signature	_____
Name in block letters	<u>M J T Rowse</u>
Post Title	<u>Direct-General of Investment Promotion</u>
Date	<u>6.4.2005</u>

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)035

1619

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

How many investment promotion activities will be held internationally and in the Mainland in 2005-06? What are the details of these activities, their implementation timetable and funding arrangements? What is the Administration's assessment of the economic benefits these activities will bring to Hong Kong?

Asked by : Hon. CHAN Kam-lam

Reply :

In 2005-06 the major investment promotion (IP) activities planned and the respective estimated dedicated resource requirements are summarised as follows:

Major IP Activities	Resources (\$m)
(a) IP visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance in seminars and tradeshows and media opportunities to promote Hong Kong	5.4
(b) On-going IP activities to be conducted by overseas IP Units in the Hong Kong Economic and Trade Offices (HKETOs) and external representatives in markets not covered by an IP Unit	7.8
(c) Sponsoring and participating in major international conferences, advertising and general marketing activities throughout the year to strengthen Hong Kong's global exposure and to raise the awareness of Hong Kong among targeted audience	12.5

(d)	IP activities targeting the Mainland throughout the year including organising and participation in seminars, roadshows and exhibition, conducting IP visits in the Mainland, organising and receiving incoming delegation from the Mainland, and organising joint overseas promotion activities with Mainland provinces/cities	11.8
(e)	On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service	0.5
	Total:	38.0

Whilst it is generally not possible to estimate the amounts of investment or to quantify the actual benefits that may be resulted by the IP activities, we have set ourselves the target of delivering at least 220 completed projects in 2005, a 10% increase over the target for 2004 and 7% more than the actual result that year.

Signature	_____
Name in block letters	<u>M J T Rowse</u>
Post Title	<u>Director-General of Investment Promotion</u>
Date	<u>6.4.2005</u>

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)036

1623

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

As revealed by the indicators, the number of projects to be pursued in 2005 will increase substantially by 335 as compared with that in 2004, but the overall financial provision for 2005 will be more or less the same as that for 2004. What are the bases for making such work forecast and financial arrangements? Has the Administration assessed the risk of over-spending and the effects of over-spending on policy implementation?

Asked by : Hon. CHAN Kam-lam

Reply :

The number of projects to be pursued in 2005 is derived from the number of 'live' projects being attended to by Invest Hong Kong (InvestHK) at the end of 2004 plus the number of new projects that InvestHK anticipates identifying during the course of the year. In our experience, a successful investment project often takes 18 to 24 months to complete from inception and projects which come to no avail after a period of nurturing by InvestHK cease to be counted as 'live' projects. The increase in the number of projects to be pursued in 2005 is partly due to the accumulation of 'live' projects from previous years and partly due to the inclusion of new 'live' projects. With improved efficiency and effectiveness gained through the accumulation of experience, InvestHK considers the provision sought in its 2005-06 expenditure estimates will be adequate and there should be no risk of over-spending. As the Controlling Officer of Head 79, Director-General of InvestHK has the responsibility to monitor expenditure under this Head and to ensure expenditure stays within the approved provision.

Signature

Name in block letters

Post Title

Date

M J T Rowse

Director-General of Investment Promotion

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)037

1631

Head : 79 Invest Hong Kong

Subhead : 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Concerning the item of "General departmental expenses", the estimate for 2005-06 represents a significant increase of nearly \$18.5 million, that is 70% higher than the revised estimate for 2004-05. Would the Administration explain the reasons?

Asked by : Hon. CHAN Kam-lam

Reply :

The increase of \$18.5 million in the provision for "general departmental expenses" for 2005-06 is mainly due to the transfer of provision of investment promotion from a former non-recurrent subhead "Investment Promotion (block vote)" to this recurrent subhead, partly offset by a reduction in operating expenses to achieve efficiency savings.

Provision under the afore-mentioned non-recurrent subhead for 2004-05 was \$21 million. It covered expenses on the production of investment promotion publications and audio-visual materials; advertising campaigns; participation in international fairs and exhibitions, overseas duty visits, organisation of seminars and missions; and other promotion related expenditure arising from services to potential investors. Provision in respect of investment promotional activities in 2005-06 will be more or less the same whereas the general departmental expenses for the department will be reduced by \$2.547 million against the revised estimates for 2004-05 arising from efficiency savings.

Signature _____

Name in block letters _____

M J T Rowse

Post Title _____

Director-General of Investment Promotion

Date _____

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)038

0498

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The "One-Stop Service" facility provided by Invest Hong Kong aims at helping and supporting more Mainland enterprises to invest and develop in Hong Kong. Regarding this facility, what are the financial provision, number of relevant staff and service details in 2005-06? Has any objective been set concerning the number of Mainland enterprises to receive assistance? What results are expected to be achieved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The One-Stop Service is Invest Hong Kong (InvestHK)'s initiative to strengthen the investment support services targeting Mainland enterprises in response to the new investment facilitation policy launched by the Ministry of Commerce (MOC) and the Hong Kong and Macao Affairs Office in late August 2004. The service includes a toll free hotline, a service centre, a tailor-made investment information kit and a step-by-step investment guide (a joint publication by InvestHK, the MOC and the Commercial Office of the Economic Affairs Department of the Liaison Office of the Central People's Government in the HKSAR). This new initiative was developed and implemented using existing resources, with minimal additional budget to operate the hotline and publication production.

In 2005, Invest Hong Kong has set itself the target of assisting 45 Mainland enterprises to complete their investment projects, representing a 28.5 % increase over the 35 projects completed in 2004.

Signature _____

Name in block letters _____

M J T Rowse

Post Title _____

Director-General of Investment Promotion

Date _____

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)039

0499

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

While Invest Hong Kong estimates that 1 142 projects will be pursued in 2005, the estimated number of projects to be completed in 2005 is only 220. The completion rate, which is just around 20%, is rather low. What is the reason for this?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The number of projects to be pursued in 2005 is derived from the number of 'live' projects being attended to by Invest Hong Kong (InvestHK) at the end of 2004 plus the number of new projects that InvestHK anticipates identifying and attending to during the course of the year. In our experience, a successful investment project often takes 18 to 24 months to complete from inception and projects which come to no avail after a period of nurturing by InvestHK cease to be counted as 'live' projects.

A number of variables that are not within the control of InvestHK may affect a company's decision on whether or not to invest in Hong Kong, e.g. the state of the world economy, the competitive position of economies striving to attract inward investment, the latest business performance of the company, etc. Hence, comparing the number of completed projects to the number of projects pursued in any given year is not a reliable indicator of success.

Within a virtually steady budget for 2005-06, we have modestly increased our target for 2005 by 10% over the 2004 target, and aim to complete 220 projects this year.

Signature _____

Name in block letters _____

M J T Rowse

Post Title _____

Director-General of Investment Promotion

Date _____

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The estimated financial provision for 2005–06 is \$106.2 million. Can you provide a breakdown of the provision in terms of the programmes which will be worked out by Invest Hong Kong in 2005–06?

Asked by : Hon. SHEK Lai-him, Abraham

Reply :

In 2005–06 the major investment promotion (IP) activities planned and the respective estimated dedicated resource requirements are summarised as follows:

Major IP Activities	Resources (\$m)
(a) IP visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance in seminars and tradeshows and media opportunities to promote Hong Kong	5.4
(b) On-going IP activities to be conducted by overseas IP Units in the Hong Kong Economic and Trade Offices (HKETOs) and external representatives in markets not covered by an IP Unit	7.8
(c) Sponsoring and participating in major international conferences, advertising and general marketing activities throughout the year to strengthen Hong Kong's global exposure and to raise the awareness of Hong Kong among targeted audience	12.5
(d) IP activities targeting the Mainland throughout the year including organising and participation in seminars, roadshows and exhibition, conducting IP visits in the Mainland, organising and receiving incoming delegation from the Mainland, and organising joint overseas promotion activities with Mainland provinces/cities	11.8

(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service	0.5
Total:	38.0

The balance \$68.2 million is for staff costs and other general departmental expenses spread across the full range of IP activities.

Signature	_____
Name in block letters	<u>M J T Rowse</u>
Post Title	<u>Director-General of Investment Promotion</u>
Date	<u>6.4.2005</u>

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CD)041

0089

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Regarding the performance measures, Hong Kong's shares of foreign direct investment inflows into South, East and South-East Asia in 2002 and 2003 were both below 15%, representing a substantial decrease of nearly one-fourth compared with that of 2001.

1. What are the reasons?
2. What are the Government's indicators in respect of attracting foreign investment to Hong Kong in 2005-06?

Asked by : Hon. SIN Chung-kai

Reply :

- (1) The figures on Hong Kong's share of foreign direct investment (FDI) inflows and the shares into South, East and South-East Asia in 2001, 2002 and 2003 are given below. They are extracted from the "World Investment Report 2004" released by the United Nations Conference on Trade and Development (UNCTAD) –

Region/ Economy	FDI Inflow (US\$ million)		
	2001*	2002	2003
South, East & South-East Asia (including China)	102,228	86,326 (-15.6%)	96,915 (+12.3%)
South, East & South-East Asia (excluding China)	55,350	33,583 (-39.3%)	43,410 (+29.3%)
Hong Kong	23,775	9,682 (-59.3%)	13,561 (+40.1%)
Share of Hong Kong's FDI inflow to total FDI inflow into the region	23.3%	11.2%	14%

*Note:** **Figures in respect of 2001 were adjusted in the 2004 Report**
Figures in () are % change of FDI inflows over the previous year.

There was a region-wide fall in FDI inflows in 2002 and only a partial recovery in 2003. Within the region-wide FDI inflows, China had received an increasing share following its entry into the World Trade Organisation.

The decrease in Hong Kong's FDI inflows in 2002 compared to 2001 is mainly attributable to the general fall in FDI worldwide and the negative inflows on inter-company debt transactions in 2002. The latter reflected a high base of comparison in 2001 brought about by some merging and acquisition in the telecommunications and banking sectors which took place in 2000.

As mentioned above the region saw some recovery in FDI inflows in 2003, albeit not to 2001 levels. Hong Kong received US\$13.6 billion FDI inflow in 2003, representing a 40% increase over 2002 compared with an overall 29.3% gain for economies in the region other than China. Throughout the period, Hong Kong retained its position second only to the Mainland within the region as a leading recipient of FDI. In 2004, Hong Kong received an FDI inflow of US\$34 billion.

- (2) Given that FDI inflow in any one year is subject to many factors and can be rather volatile, it is not possible to forecast future flows. Our key performance indicator in respect of attracting FDI to Hong Kong is the number of projects completed with the assistance of Invest Hong Kong resulting in foreign and Mainland companies setting up or expanding their business here. In 2004, Invest Hong Kong successfully assisted 205 foreign and Mainland companies to set up or expand operations in Hong Kong, representing an increase of 44% over the result in 2003. The target for 2005 is to assist 220 foreign and Mainland companies to invest here.

Signature	_____
Name in block letters	M J T Rowse
Post Title	Director-General of Investment Promotion
Date	6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)042

0500

Head : 79 Invest Hong Kong

Subhead : 000 Operating Expenses
(No. & title)

Programme :

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please explain why the “general departmental expenses” of Invest Hong Kong in 2005–06 is 70% higher than that in the revised estimates for 2004–05. Please list out all the contributing factors and the expenses involved. If such an increase is related to the recruitment of contract staff, please list out the related number of staff, reasons for recruiting contract staff and expenses incurred.

Asked by : Hon. SIN Chung-kai

Reply :

The increase of \$18.5 million in the provision for “general departmental expenses” for 2005–06 is mainly due to the transfer of provision of investment promotion from a former non-recurrent subhead “Investment Promotion (block vote)” to this recurrent subhead, partly offset by a reduction in operating expenses to achieve efficiency savings.

Provision under the afore-mentioned non-recurrent subhead for 2004–05 was \$21 million. It covered expenses on the production of investment promotion publications and audio-visual materials; advertising campaigns; participation in international fairs and exhibitions, overseas duty visits, organisation of seminars and missions; and other promotion-related expenditure arising from services to potential investors. Provision in respect of investment promotional activities in 2005-06 will be more or less the same whereas the general departmental expenses for the department will be reduced by \$2.547 million against the revised estimates for 2004-05 arising from efficiency savings.

Signature _____

Name in block letters _____

M J T Rowse

Post Title _____

Director-General of Investment Promotion

Date _____

6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 79 Invest Hong Kong

Subhead :
(No. & title)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

What are the international and Mainland investment promotion activities expected to take place in 2005–06? When will they be launched? What will be the resources involved and the details of the activities? How many investments and benefits will be brought about by each of these events by estimation?

Asked by : Hon. WONG Ting-kwong

Reply :

In 2005–06 the major investment promotion (IP) activities planned and the respective estimated dedicated resource requirements are summarised as follows:

Major IP Activities	Resources (\$m)
(a) IP visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance in seminars and tradeshows and media opportunities to promote Hong Kong	5.4
(b) On-going IP activities to be conducted by overseas IP Units in the Hong Kong Economic and Trade Offices (HKETOs) and external representatives in markets not covered by an IP Unit	7.8
(c) Sponsoring and participating in major international conferences, advertising and general marketing activities throughout the year to strengthen Hong Kong's global exposure and to raise the awareness of Hong Kong among targeted audience	12.5

(d) IP activities targeting the Mainland throughout the year including organising and participation in seminars, roadshows and exhibition, conducting IP visits in the Mainland, organising and receiving incoming delegation from the Mainland, and organising joint overseas promotion activities with Mainland provinces/cities	11.8
(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service	0.5
Total:	38.0

Whilst it is generally not possible to estimate the amounts of investment or to quantify the actual benefits that may be resulted by the IP activities, we have set ourselves the target of delivering at least 220 completed projects in 2005, a 10% increase over the target for 2004 and 7% more than the actual result that year.

Signature	_____
Name in block letters	M J T Rowse
Post Title	Director-General of Investment Promotion
Date	6.4.2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CD)044

1608

Head : 181 Trade and Industry Department Subhead : 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : It is expected that there will be a deletion of 154 non-directorate posts and 3 directorate posts in 2005-06. Please set out in detail the post titles, main functions, reasons for deletion and savings.

Asked by : Hon. CHAN Kam-lam

Reply :

Of the 157 posts (154 non-directorate posts and 3 directorate posts) to be deleted under Head 181 in 2005-06, 36 posts will be deleted under Programme (1) while 121 posts will be deleted under Programme (2).

The 36 posts, including 3 directorate posts, to be deleted under Programme (1) are time-limited posts created for the setting up of an office to coordinate the hosting of the Sixth Ministerial Conference (MC6) of the World Trade Organization (WTO) to be held in Hong Kong from 13 to 18 December 2005. These 36 posts are: one Administrative Officer Staff Grade B1, two Administrative Officer Staff Grade C, four Principal Trade Officer, two Trade Officer, four Assistant Trade Officer I, two Chief Executive Officer, three Senior Executive Officer, three Executive Officer I, one Superintendent of Police, one Chief Inspector of Police, one Senior Systems Manager, two System Managers, one Analyst/Programmer I, one Senior Personal Secretary, three Personal Secretary II, one Clerical Officer, three Assistant Clerical Officer and one Office Assistant posts. The main functions of these 36 posts are to undertake logistical preparation for MC6 in areas such as hotel accommodation, conference facilities, information and communications technology, transport and protocol, security and accreditation, media and publicity, social programmes and liaison, co-ordination, finance and miscellaneous support services. These time-limited posts will lapse after MC6. The deletion of the posts will result in the reduction of \$18.5 million in terms of notional annual mid-point salary (NAMS) value.

The other 121 posts to be deleted under Programme (2) are: two Trade Controls Officer, two Senior Clerical Officer, 76 Assistant Clerical Officer, 38 Clerical Assistant, one Personal Secretary II, one Printing Technician I and one Workman II posts. The main duties of these 121 posts are the administration of quota and textiles licensing under the previous textiles control system, as well as general office support. The reasons for the deletion are mainly due to the restructuring of Hong Kong's textiles control system upon the global elimination of textiles quotas effective from 1 January 2005 and the reduction in administrative support services. The deletion of these 121 posts will result in the reduction of \$19.4 million in terms of NAMS value.

Signature _____

Name in block letters _____

Clement LEUNG

Post Title _____

Director-General of Trade and Industry (Ag.)

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)045

1352

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please use a table to set out in details the followings in respect of the guarantees/grants provided to various sectors, including the food and beverage industry, through the SME Loan Guarantee Scheme, SME Export Marketing Fund, SME Development Fund and SME Training Fund in 2003-04 and 2004-05 :

1. the amount provided and its percentage to the total amount; and
2. the number of applications approved and rejected, and their percentage to the total number of applications approved and rejected.

Asked by : Hon. CHEUNG Yu-yan, Tommy

Reply :

The relevant statistics in 2003-04 and 2004-05 (up to 24 March 2005) are set out in attached Tables I to IV.

Signature	_____
Name in block letters	Raymond YOUNG
Post Title	Director-General of Trade and Industry
Date	2 April 2005

Table I: SME Loan Guarantee Scheme

Sectors	2003-04				2004-05			
	Number of Applications		Amount of Guarantee Approved (\$m)	Number of Applications		Amount of Guarantee Approved (\$m)		
	Approved	Rejected		Approved	Rejected			
Plastics	623 (12.6%)	2 (14.3%)	255.6 (11.6%)	644 (15.6%)	1 (7.2%)	278.8 (13.1%)		
Textiles and Clothing	548 (11.1%)	2 (14.3%)	300.9 (13.6%)	454 (11.0%)	2 (14.3%)	276.4 (13.0%)		
Printing and Publishing	522 (10.5%)	3 (21.4%)	298.8 (13.5%)	454 (11.0%)	3 (21.4%)	375.3 (17.6%)		
Metal Products	518 (10.4%)	0 (0%)	205.3 (9.3%)	463 (11.2%)	3 (21.4%)	181.0 (8.5%)		
Electronics	355 (7.2%)	2 (14.3%)	204.2 (9.2%)	347 (8.4%)	0 (0%)	196.7 (9.3%)		
Import and Export Trade	337 (6.8%)	0 (0%)	165.2 (7.5%)	289 (7.0%)	2 (14.3%)	151.7 (7.1%)		
Toy	189 (3.8%)	0 (0%)	72.4 (3.3%)	118 (2.9%)	0 (0%)	57.0 (2.7%)		
Construction	163 (3.3%)	0 (0%)	60.9 (2.8%)	82 (2.0%)	0 (0%)	30.1 (1.4%)		
Transportation	113 (2.3%)	1 (7.1%)	48.0 (2.2%)	95 (2.3%)	0 (0%)	55.2 (2.6%)		
Food and Beverage	85 (1.7%)	0 (0%)	36.8 (1.7%)	93 (2.3%)	0 (0%)	48.6 (2.3%)		
Others	1 501 (30.3%)	4 (28.6%)	558.4 (25.3%)	1 087 (26.3%)	3 (21.4%)	476.4 (22.4%)		
Total	4 954 (100%)	14 (100%)	2,206.5 (100%)	4 126 (100%)	14 (100%)	2,127.2 (100%)		

Table II: SME Export Marketing Fund

Sectors	2003-04				2004-05			
	Number of Applications		Grant Approved (\$m)	Number of Applications		Grant Approved (\$m)		
	Approved	Rejected		Approved	Rejected			
Import and Export Trade	5 508 (43.1%)	502 (36.3%)	106.1 (43.9%)	4 424 (40.4%)	300 (32.0%)	82.5 (41.2%)		
Jewellery	816 (6.4%)	79 (5.7%)	17.1 (7.1%)	604 (5.5%)	63 (6.7%)	11.9 (5.9%)		
Electronics	610 (4.8%)	71 (5.1%)	11.2 (4.6%)	636 (5.8%)	61 (6.5%)	11.2 (5.6%)		
Wholesale and Retail	595 (4.6%)	101 (7.3%)	11.0 (4.6%)	527 (4.8%)	55 (5.9%)	9.7 (4.9%)		
Toy	481 (3.8%)	56 (4.0%)	9.4 (3.9%)	444 (4.1%)	40 (4.3%)	8.5 (4.2%)		
Watches and Clocks	380 (3.0%)	29 (2.1%)	7.1 (2.9%)	274 (2.5%)	25 (2.7%)	4.9 (2.5%)		
Metal Products	295 (2.3%)	33 (2.4%)	5.4 (2.2%)	253 (2.3%)	32 (3.4%)	4.2 (2.1%)		
Textiles and Clothing	276 (2.2%)	29 (2.1%)	5.0 (2.1%)	377 (3.4%)	21 (2.2%)	7.5 (3.7%)		
Information Technology	203 (1.6%)	48 (3.5%)	4.6 (1.9%)	241 (2.2%)	29 (3.1%)	3.6 (1.8%)		
Food and Beverage	18 (0.1%)	9 (0.6%)	0.4 (0.2%)	44 (0.4%)	6 (0.6%)	0.8 (0.4%)		
Others	3 589 (28.1%)	427 (30.9%)	64.3 (26.6%)	3 130 (28.6%)	305 (32.6%)	55.5 (27.7%)		
Total	12 771 (100%)	1 384 (100%)	241.6 (100%)	10 954 (100%)	937 (100%)	200.3 (100%)		

Table III: SME Training Fund

Sectors	2003-04			2004-05		
	Number of Applications		Grant Approved (\$m)	Number of Applications		Grant Approved (\$m)
	Approved	Rejected		Approved	Rejected	
Professional Service	3 587 (16.6%)	201 (15.6%)	11.9 (13.6%)	3 528 (16.6%)	348 (16.3%)	9.9 (12.8%)
Import and Export Trade	3 337 (15.4%)	190 (14.8%)	13.4 (15.3%)	3 020 (14.2%)	215 (10.1%)	11.8 (15.3%)
Information Technology	1 613 (7.5%)	72 (5.6%)	8.9 (10.1%)	955 (4.5%)	130 (6.1%)	4.3 (5.6%)
Wholesale and Retail	1 241 (5.7%)	99 (7.7%)	5.6 (6.4%)	1 123 (5.3%)	152 (7.1%)	4.9 (6.3%)
Banking, Insurance and other Financial Services	1 189 (5.5%)	94 (7.3%)	4.4 (5.1%)	1 706 (8.0%)	157 (7.4%)	5.6 (7.2%)
Construction	921 (4.3%)	65 (5.1%)	4.1 (4.6%)	1 069 (5.0%)	132 (6.2%)	3.9 (5.1%)
Textiles and Clothing	848 (3.9%)	48 (3.7%)	3.2 (3.6%)	1 001 (4.7%)	90 (4.2%)	3.3 (4.3%)
Electronics	678 (3.1%)	34 (2.6%)	2.3 (2.6%)	546 (2.6%)	33 (1.5%)	2.1 (2.7%)
Printing and Publishing	453 (2.1%)	28 (2.2%)	1.5 (1.7%)	401 (1.9%)	33 (1.5%)	1.3 (1.7%)
Food and Beverage	199 (0.9%)	17 (1.3%)	0.9 (1.0%)	245 (1.2%)	41 (1.9%)	0.8 (1.0%)
Others	7 585 (35.0%)	440 (34.1%)	31.6 (36.0%)	7 638 (36.0%)	804 (37.7%)	29.4 (38.0%)
Total	21 651 (100%)	1 288 (100%)	87.8 (100%)	21 232 (100%)	2 135 (100%)	77.3 (100%)

Table IV: SME Development Fund

Target Sectors	2003-04					
	Applications				Grant Approved (\$m)	
	Approved		Rejected			
SMEs in General	7	(22.5%)	38	(25.7%)	6.0	(15.8%)
Information Technology	8	(25.8%)	7	(4.7%)	12.3	(32.5%)
Logistics	3	(9.7%)	10	(6.8%)	3.3	(8.7%)
Tourism	2	(6.5%)	2	(1.4%)	1.6	(4.2%)
Construction	2	(6.5%)	3	(2.0%)	3.6	(9.5%)
Food and Beverage	1	(3.2%)	3	(2.0%)	1.9	(5.0%)
Others	8	(25.8%)	85	(57.4%)	9.2	(24.3%)
Total	31	(100%)	148	(100%)	37.9	(100%)

Note: The 2003-04 figures include those for the second and third tranches, and the flexible arrangement during the SARS epidemic. 76 applications received under the fourth tranche of the SME Development Fund in 2004-05 are being processed. The vetting result is expected to be released in the second quarter of 2005.

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 181 Trade and Industry Department Subhead :
(No. &
title)

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In respect of the three funding schemes under this Programme, i.e. SME Export Marketing Fund, SME Development Fund and SME Loan Guarantee Scheme, how long does it take in average from making an application to receiving formal approval so far? What types of supporting documents are required? Does the government have any plans to shorten the application time needed?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

SME Export Marketing Fund - It takes around seven clear working days to process an application upon receipt of a duly completed application form together with supporting documents, including copies of valid Business Registration Certificate, Hong Kong Identity Card of the person signing the application and invoices/expenditure receipts; as well as information on the activity to be sponsored (e.g. brochures of trade fairs).

SME Development Fund - The average processing time is around 70 clear working days. The applying organizations have to submit such details as the work plan and budget of their project proposals which are aimed at enhancing of the competitiveness of SMEs, as well as to provide proof of their non-profit-distributing status.

SME Loan Guarantee Scheme - Applications are submitted by participating lending institutions (PLIs) and they are required to submit a duly completed application form and a copy of valid Business Registration Certificate of the concerned SME. It takes around three clear working days to process an application.

The procedures for processing applications under the three funding schemes are kept under constant review to facilitate applicants.

Signature _____

Name in block letters _____

Clement LEUNG

Post Title _____

Director-General of Trade and Industry (Ag.)

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)047

1068

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Small and Medium Enterprises Committee (SMEC) completed a review of the SME Export Marketing Fund, SME Development Fund and SME Loan Guarantee Scheme in December 2002. One of the SMEC's suggestions was to rationalize the application procedures. Please provide details of the progress of the review and the measures introduced by the authority to facilitate application for the schemes?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

A number of improvement measures were introduced following the review in December 2002. These include:

- (a) SME Loan Guarantee Scheme: the scope of the Scheme was expanded, the loan ceiling was raised and the guarantee period was extended as from 31 March 2003;
- (b) SME Export Marketing Fund: the grant ceiling was raised as from 24 February 2003;
- (c) SME Training Fund: the grant ceiling was raised and applicants were allowed to submit applications after the commencement of training courses as from 24 February 2003.

Signature _____

Name in block letters _____

Raymond YOUNG

Post Title _____

Director-General of Trade and Industry

Date _____

2 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : **Secretary for Commerce, Industry and Technology**

Question : The estimated provision for 2005-06 shows a substantial decrease of 57.6%. This is mainly due to a net reduction in cash flow for the four SME funding schemes and the full-year effect of the 2005 civil service pay cut. Financial Secretary indicated that he will seek approval from the Finance Committee to provide additional funding. Before the approval of the provision, is there enough existing funds to cater for applications from SMEs at present? Furthermore, with the additional provision, how many SMEs are expected to benefit from the schemes?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

We aim to seek Finance Committee's approval of the proposed additional provision for the SME funding schemes in May 2005, after consulting the Panel on Commerce and Industry at its meeting in April. Based on the current utilization pattern, we expect the remaining provision for the various schemes will be able to cater for applications until around the middle of the year. As at the end of March 2005, over 40 000 SMEs have directly benefited from the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Training Fund. With additional funding, we expect some 20 000 to 30 000 more SMEs will be able to benefit directly from the SME Loan Guarantee Scheme and the SME Export Marketing Fund. All SMEs in Hong Kong (around 290 000 in total) can benefit from projects funded by the SME Development Fund.

Signature _____

Name in block letters _____

Raymond YOUNG

Post Title _____

Director-General of Trade and Industry

Date _____

2 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 181 Trade and Industry Department Subhead : 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : It is expected that there will be a deletion of 157 permanent posts in 2005-06. Please give a breakdown of the ranks and duties of the deleted posts and how will these posts be deleted?

Asked by : Hon. LEE Cheuk-yan

Reply :

Of the 157 posts to be deleted under Head 181 in 2005-06, 36 posts are time-limited posts created for the setting up of an office to coordinate the hosting of the Sixth Ministerial Conference (MC6) of the World Trade Organization to be held in Hong Kong from 13 to 18 December 2005. The 36 time-limited posts are: one Administrative Officer Staff Grade B1, two Administrative Officer Staff Grade C, four Principal Trade Officer, two Trade Officer, four Assistant Trade Officer I, two Chief Executive Officer, three Senior Executive Officer, three Executive Officer I, one Superintendent of Police, one Chief Inspector of Police, one Senior Systems Manager, two Systems Manager, one Analyst/Programmer I, one Senior Personal Secretary, three Personal Secretary II, one Clerical Officer, three Assistant Clerical Officer and one Office Assistant posts. The duties of these 36 posts are to undertake logistical preparation for MC6 in areas such as hotel accommodation, conference facilities, information and communications technology, transport and protocol, security and accreditation, media and publicity, social programmes and liaison, co-ordination, finance and miscellaneous support services. All these time-limited posts will lapse after MC6.

The other 121 posts to be deleted are: two Trade Controls Officer, two Senior Clerical Officer, 76 Assistant Clerical Officer, 38 Clerical Assistant, one Personal Secretary II, one Printing Technician I and one Workman II posts. The main duties of these 121 posts are related to the administration of quota and textiles licensing under the previous textiles control system, as well as general office support. 114 of these 121 posts will be deleted from the Trade and Industry Department's establishment and the incumbents re-deployed to other bureaux and departments under Civil Service Bureau's Central Clearing House mechanism, while seven posts will be deleted through natural wastage.

Signature _____

Name in block letters _____

Raymond YOUNG

Post Title _____

Director-General of Trade and Industry

Date _____

2 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)050

0366

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (1) Commercial Relations

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : Provision for 2005-06 shows a substantial increase of \$105.2 million (70.1%). It includes the increase in departmental expenses on overseas duty visits. Please list each expenditure item of the visits and explain the reason(s) for the increase. Furthermore, please provide the number of scheduled visits, the number of officers involved, mode of and expenses for transport as well as dining and accommodation expenses for the visits.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

We have budgeted for an increase in departmental expenses on overseas duty visits because we envisage a need to make more overseas trips to attend meetings on commercial relations and World Trade Organization (WTO) issues, particularly those related to the preparations for the WTO Hong Kong Ministerial Meeting to be held in December this year.

A total of 17 duty trips involving 39 officers are budgeted for 2005-06. The total amount of expenditure is estimated at \$1.8 million, made up of \$1.3 million for air passage, \$0.4 million for accommodation and subsistence allowance, and \$0.1 million for official entertainment.

Signature _____

Name in block letters Clement LEUNG

Post Title Director-General of Trade and Industry (Ag.)

Date 4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (1) Commercial Relations

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : 36 posts will be deleted in 2005-06. Please set out in detail the post titles, functions, savings and reasons for deletion.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The 36 posts to be deleted under Programme (1) in 2005-06 are time-limited posts created for the setting up of an office to coordinate the hosting of the Sixth Ministerial Conference (MC6) of the World Trade Organization to be held in Hong Kong from 13 to 18 December 2005. The 36 time-limited posts are: one Administrative Officer Staff Grade B1, two Administrative Officer Staff Grade C, four Principal Trade Officer, two Trade Officer, four Assistant Trade Officer I, two Chief Executive Officer, three Senior Executive Officer, three Executive Officer I, one Superintendent of Police, one Chief Inspector of Police, one Senior Systems Manager, two Systems Manager, one Analyst/Programmer I, one Senior Personal Secretary, three Personal Secretary II, one Clerical Officer, three Assistant Clerical Officer and one Office Assistant.

The functions of these 36 posts are to undertake logistical preparation and support for MC6 in areas such as hotel accommodation, conference facilities, information and communications technology, transport and protocol, security and accreditation, media and publicity, social programmes and liaison, co-ordination, finance and miscellaneous support services.

All these posts will lapse after MC6. The deletion of the posts will result in the reduction of \$18.5 million in terms of notional annual mid-point salary (NAMS) value.

Signature _____

Name in block letters _____

Raymond YOUNG

Post Title _____

Director-General of Trade and Industry

Date _____

2 April 2005

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)052

Question Serial No.

0109

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (2) Trade Support and Facilitation

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In the past, a large chunk of resources has been applied to textile quota control. Since textile quota system has been lifted this year, we should expect a substantial reduction in expenditure in programme (2). However, the estimate 2005-06 only shows a modest decrease of 15.6%. Please advise the reason for it.

Asked by : Hon. SHEK Lai-him, Abraham

Reply :

The implementation of textiles control arrangements is but one of the many service areas that make up the Department's Programme (2) Trade Support and Facilitation. New services relating to CEPA, for instance, also come under this Programme.

Notwithstanding the global elimination of textile quotas starting 1 January 2005, the China-specific safeguard measures that are or may be taken by importing economies against textiles products originating from the Mainland have brought uncertainties to the textiles sector. In view of such uncertainties, and in order to protect Hong Kong's legitimate trade interests, it is necessary to retain a regulatory system, albeit a more streamlined one, to ensure that textile and clothing products which are of genuine Hong Kong origin can continue to enjoy access to the world market.

The modification of the textiles control system upon the elimination of textile quotas will result in savings of about \$40 million, derived from the deletion of a total of 205 posts in 2004-05 and 2005-06 and a decrease in departmental expenses on recurrent costs for computers. These savings are offset in part by increased expenses of about \$13 million due to the need to create 32 posts for the provision of CEPA-related services in the same Programme. The net result is a reduction of approximately \$27 million in Programme (2), or a 15.6% reduction over 2004-05.

Signature _____

Name in block letters _____

Clement LEUNG

Post Title _____

Director-General of Trade and Industry (Ag.)

Date _____

4 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)053

0368

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (2) Trade Support and Facilitation

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : What are the reasons for deleting 121 posts under this programme in 2005-06?
What are the duties of these posts?

Asked by : Hon. SIN Chung-kai

Reply :

The reasons for the deletion of 121 posts under Programme (2) in 2005-06 are mainly due to the restructuring of Hong Kong's textiles control system upon the global elimination of textiles quotas effective from 1 January 2005 and the reduction in related administrative support services. The main duties of these 121 posts are the administration of quota and textiles licensing under the previous textiles control system, as well as general office support.

Signature _____

Name in block letters _____

Raymond YOUNG

Post Title _____

Director-General of Trade and Industry

Date _____

2 April 2005

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CITB(CI)054

0653

Head : 181 Trade and Industry Department Subhead :
(No. & title)

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : What measures will be taken in re-developing the Virtual SME Information Centre? What is the expenditure? What strategy will be used and how to redeploy the resources so as to increase the number of visitors to the website?

Asked by : Hon. WONG Ting-kwong

Reply :

The Support and Consultation Centre for SMEs (SUCCESS) in TID now operates two websites : the Business Licence Information Services (BLIS) and the Virtual SME Information Centre (VSMEIC). We will re-develop the BLIS and VSMEIC by merging them into a single website with an enhanced backend system to provide more comprehensive and reliable services. The expenditure is estimated to be about \$2.5 million. The number of visitors to the website is expected to grow further when the new website is launched. SUCCESS will continue to promote the website through regular electronic newsletters and other publicity efforts in the course of all SUCCESS activities.

Signature _____

Name in block letters _____

Clement LEUNG

Post Title _____

Director-General of Trade and Industry (Ag.)

Date _____

4 April 2005