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**Paper for the House Committee Meeting
on 29 October 2004**

**Legal Service Division Report on
Subsidiary Legislation Gazetted on 15 October 2004**

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Amendment to be made by : 17 November 2004 (or 8 December 2004 if extended by resolution)

PART I POST-2004 TEXTILES CONTROL ARRANGEMENTS

Import and Export Ordinance (Cap. 60)

Import and Export (General) (Amendment) Regulation 2004 (L.N. 155)

Import and Export (Fees) (Amendment) Regulation 2004 (L.N. 156)

L.N. 155 amends the Import and Export (General) Regulations (Cap. 60 sub. leg. A) in the following respects-

- (a) to exempt textiles imported or exported by an individual for his personal use or which is a bona fide gift to another individual from licensing requirements under sections 6C(1) and 6D(1) of the Import and Export Ordinance (Cap. 60) and to make corresponding amendment to item 3(a) of Part V of the Fifth Schedule;
- (b) to amend the Fourth Schedule to the effect that the textiles trader registration will only apply to textiles and clothing imports from the Mainland, textiles and clothing exports to the Mainland or the US and handling of transshipment cargo of textiles to or from any country or place;
- (c) to amend the Fifth Schedule so that the production notification requirement will apply to cut-and-sewn garments destined for the US and to make corresponding amendments to Regulation 2A(1), (2) and (3); and

- (d) to amend the Chinese text of Regulation 6(1)(c)(i) to achieve consistency with the English text.

2. The Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) set out, inter alia, the fees to be collected by the Director-General of Trade and Industry with respect to various kinds of applications and registrations relating to textiles. L.N. 156 deletes all types of quota-related applications and registrations from Cap. 60 sub. leg. B and specifies the nature of the two types of applications respectively listed in items 1(c)(i) (consignment specific export licence) and 1(c)(vii) (consignment specific import licence) of the Schedule to Cap. 60 sub. leg. B.

3. L.N. 155 and 156 shall come into operation on 1 January 2005 when all quantitative restrictions on textiles and clothing products will be completely eliminated by then. For more background information, members may refer to the LegCo Brief (ref: CIB CR 14/46/15) (“the 1st LegCo Brief”) issued by the Commerce, Industry and Technology Bureau in October 2004 with regard to L.N. 155 and 156.

Trade Descriptions Ordinance (Cap. 362)

Trade Descriptions (Country of Manufacture) (Piece-Knitted Garments) Order (L.N. 157)

Trade Descriptions (Place of Manufacture) (Piece-Knitted Garments) (Amendment) Notice 2004 (L.N. 158)

Trade Descriptions (Place of Manufacture) (Repeal) Notice 2004 (L.N. 159)

4. L.N. 157 specifies that the country in which piece-knitted garments, other than piece-knitted garments to which the Trade Descriptions (Place of Manufacture) (Piece-Knitted Garments) Notice (Cap. 362 sub. leg. G) applies, are to be regarded, for the purposes of the Trade Descriptions Ordinance (Cap. 362), as having been manufactured or produced is the country in which the knit-to-shape panels were knitted or the knit-to-shape panels were assembled into piece-knitted garments.

5. L.N. 158 repeals paragraph (c) of section 2(1) of Cap. 362 sub. leg. G with the effect that piece-knitted garments have only to satisfy the descriptions in the remaining paragraphs of section 2(1) to be regarded as having been manufactured in Hong Kong.

6. L.N. 159 repeals the Trade Descriptions (Place of Manufacture) Notice (Cap. 362 sub. leg. E). Cap. 362 sub. leg. E specifies the place of manufacture of certain textile goods that are subject to import control or export control so as to facilitate the implementation of the textiles quota system. Under the Agreement on Textiles and Clothing of the World Trade Organization, all quantitative restrictions on textiles and clothing products will be lifted as from 1 January 2005. As the restrictions will be discontinued, Cap. 362 sub. leg. E is repealed with effect from 1 January 2005.

7. L.N. 157, 158 and 159 shall come into operation on 1 January 2005 when all quantitative restrictions on textiles and clothing products will be completely eliminated by then. For more background information, members may refer to the LegCo Brief (ref: CIB CR 14/46/15) (“the 2nd LegCo Brief”) issued by the Commerce, Industry and Technology Bureau in October 2004 with regard to L.N. 157, 158 and 159.

Consultation

8. At the meeting of the LegCo Panel on Commerce and Industry held on 12 July 2004, members were informed that upon elimination of quota restrictions on textiles and clothing products on 1 January 2005 under the World Trade Organization Agreement on Textiles and Clothing, it would be necessary to modify the existing textile control system and to introduce certain consequential amendments to the relevant existing legislation. In principle, the Panel does not have any objection to the proposal to tie in with the post-2004 textile control arrangements. The proposed legislative amendments were not referred to the Panel at the meeting.

9. According to the Administration, the Textiles Advisory Board were informed of the proposed change to the origin rules for piece-knitted garments after the elimination of textile quota on 1 January 2005 during the consultation of the proposed post-2004 textiles control system and no adverse comments have been received. The Board is also supportive of the post-2004 textiles control system (para. 15 of the 1st LegCo Brief and para. 19 of the 2nd LegCo Brief).

PART II AIR POLLUTION CONTROL – TIGHTENING THE SPECIFICATION FOR UNLEADED PETROL

Air Pollution Control Ordinance (Cap. 311)

Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2004 (L.N. 160)

10. This Regulation amends Schedule 2 to the Air Pollution Control (Motor Vehicle Fuel) Regulation (Cap. 311 sub. Leg. L) to provide for more stringent requirements in relation to the percentage of the weight of sulphur and the volume of aromatic hydrocarbons of unleaded petrol for motor vehicles. The upper limits for the sulphur and aromatic hydrocarbons will be required to be reduced from 0.015% to 0.005% and from 42% to 35% respectively.

11. The proposal to tighten the specification for unleaded petrol in the Air Pollution Control (Motor Vehicle Fuel) Regulation was referred to the LegCo Panel on Environmental Affairs on 24 May 2004. While supporting the proposal from an environmental perspective, members raised concerns that oil companies would use the further tightening as an excuse to increase the pump price, which was already very high. Since the use of Euro IV unleaded petrol would be mandated and consumers

would have no other choices, members urged the Administration to put in place a mechanism to keep pump price under control. The Administration agreed to convey members' requests to oil companies. The Administration also added that it did suggest to oil companies not to increase the pump price and the latter had managed to maintain the pump price in the last four upgrading exercises.

12. For more background information about this Regulation, members may refer to the LegCo Brief (ref: CB(1)1885/03-04(04)) issued by the Environment, Transport and Works Bureau in October 2004. According to the Administration, the Advisory Council on the Environment endorsed the proposal on 7 June 2004 (para. 12 of LegCo Brief).

13. This Regulation shall come into operation on 1 January 2005.

14. No difficulty in relation to the legal and drafting aspects of the above subsidiary legislation has been identified.

Prepared by

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