

立法會
Legislative Council

LC Paper No. CB(1)409/04-05
(These minutes have been
seen by the Administration)

Ref: CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 16 November 2004, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
(Chairman)
Hon WONG Ting-kwong, BBS (Deputy Chairman)
Dr Hon LUI Ming-wah, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai, JP
Hon Vincent FANG Kang, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon TONG Ka-wah, SC
Hon CHIM Pui-chung
- Non-Panel Members** : Hon CHAN Yuen-han, JP
Attending Hon WONG Kwok-hing, MH
- Public officers** : **Item IV**
Attending
- Mr Gordon LEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)
- Mr Raymond WONG
Head of Trade Controls
Customs and Excise Department
- Mrs Mabel YU
Principal Trade Officer
Trade and Industry Department

Item V

Mr Philip YUNG
Deputy Secretary for Commerce, Industry and
Technology
(Commerce and Industry)

Ms Janet WONG
Head
MC6 Coordination Office

Clerk in attendance : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Miss Anita HO
Assistant Legal Adviser 2

Ms Rosalind MA
Senior Council Secretary (1)8

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I. Confirmation of minutes and matters arising

(LC Paper No. CB(1)211/04-05 -- Minutes of meeting held on
19 October 2004)

The minutes of the meeting held on 19 October 2004 were confirmed.

II. Papers issued since last meeting

2. Members noted that no information paper had been issued since the last meeting.

III. Date and items for discussion for next meeting

(LC Paper No. CB(1)206/04-05(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)206/04-05(02) -- List of follow-up actions

LC Paper No. CB(1)262/04-05(01) -- Submission from Hon Vincent FANG Kang tabled at the meeting and subsequently issued to members)

3. On the arrangements for the Panel meeting in December 2004, the Chairman pointed out that according to the meeting schedule of the Panel for the 2004-05 session, the December meeting would be held on 21 December 2004, which fell within the Christmas and New Year break. In this connection, she invited members to consider whether to hold the meeting as scheduled, or to advance the meeting to Tuesday, 14 December 2004, at 4:30 pm.

4. The majority of the members present had no strong view on holding the meeting as originally scheduled, or re-scheduling it to 14 December 2004 at 4:30 pm. Mr Ronny TONG stated that he might not be able to attend the re-scheduled meeting on 14 December 2004 as it clashed with the meeting of the Panel on Administration of Justice and Legal Services.

5. On the discussion items for the next meeting, members noted that the Administration had proposed to consult the Panel on certain amendments to the Trade Marks Ordinance (Cap. 559). The Chairman sought members' views on other proposed items for discussion. In this connection, Mr Vincent FANG referred to a consultation paper on "A proposed scheme to require mandatory registration and labelling of the contents of volatile organic compounds in specified products" issued by the Environment, Transport and Works Bureau on 22 September 2004 and stated his grave concerns about the impact of the proposed scheme on importers, wholesalers, retailers and manufacturers in Hong Kong and the possible difficulties caused to their operations. The submission provided by Mr FANG in this regard was tabled for members' reference. As the affected trades would wish to present their views to the Panel urgently, Mr FANG asked whether the Panel should hold a joint meeting with the Panel on Environmental Affairs (EA Panel) before the two-month consultation period ended on 30 November 2004. The Deputy Chairman shared Mr FANG's concern and supported the holding of an urgent meeting.

6. While agreeing that the Panel should look into the concerns raised by the industry, Mr Jeffrey LAM and Mr Ronny TONG enquired whether the subject in question had been scheduled for discussion at the EA Panel in the near future and if yes, whether arrangement could be made for the EA Panel to invite this Panel to take part in the discussion. Mr CHAN Kam-lam asked whether the Panel on Health Services (HS Panel) had considered the subject. After checking available information on the LegCo website, the Secretariat informed members that the subject had not been scheduled for discussion at the EA Panel, nor at the HS Panel, at their forthcoming meetings.

7. In view of the above, the Chairman suggested that the Panel on Commerce and Industry would hold a meeting to meet with the Administration and deputations to hear their views on, inter alia, the impact of the proposed scheme on business operations. Members of the EA Panel would be invited to take part in the discussion of this item. Members agreed. On whether a special meeting should be convened before the end of November to tie in with the consultation period, Mr SIN Chung-kai remarked that the Administration would unlikely exclude from consideration views received shortly after the consultation period, especially in the present case where a lot still needed to be done before finalizing the way forward on the proposed mandatory scheme. He therefore suggested that the Panel could consider including this subject, as well as the proposed amendments to the Trade Marks Ordinance (Cap. 559), on the agenda of the December meeting. Members were aware that the affected trades might be fully occupied in the imminence of the Christmas peak season. Therefore, to facilitate the attendance by deputations, the majority of the members present agreed that the December meeting for the Panel should be re-scheduled to be held on Tuesday, 14 December 2004, at 4:30 pm to consider the following items:

- (a) The proposal to require mandatory registration and labelling of the contents of volatile organic compounds in specified products. (Meeting with deputations and Administration and members of EA Panel to be invited.); and
- (b) Proposed amendments to Trade Marks Ordinance.

(Post-meeting note: Miss CHOY So-yuk, Chairman of the EA Panel, had been consulted on the proposed meeting arrangements via the Clerk to EA Panel and Miss CHOY agreed with the arrangements.)

8. The Chairman said that the Panel would send invitations to organizations proposed by individual members. In order that all interested parties would be aware of the opportunity to give views, the Chairman directed that a general notice to invite submissions would also be posted on the Internet.

IV. Subsidiary legislation relating to the implementation of CEPA II

(LC Paper No. CB(1)206/04-05(03) -- Information paper on "Origin marking of textile made-up articles under the Trade Descriptions Ordinance" provided by the Administration

LC Paper No. CB(1)124/04-05(01) -- Information paper on Mainland and Hong Kong Closer Economic Partnership Arrangement signing of legal text on further trade liberalization and announcement of rules of origin provided by the Administration)

9. The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PASCI) briefed members on the proposed legislative amendments to align the origin marking requirements under the Trade Descriptions Ordinance (TDO) (Cap. 362) with the revised Hong Kong origin rules and the CEPA origin rules in respect of textile made-up articles. The details of the legislative proposal were set out in the paper provided by the Administration. Subject to members' views on the proposal, the Administration planned to publish the two proposed legal instruments, i.e. an Order made by the Commissioner for Customs and Excise (C, C&E) and a Notice made by the Director-General for Trade and Industry under sections 2(2)(b)(ii) and 2(2A) of TDO respectively, in the Gazette at the earliest opportunity on 19 November 2004. To tie in with the implementation of CEPA II, the proposed Order and Notice would have to take effect on 1 January 2005.

Implications of the implementation of CEPA

10. Miss CHAN Yuen-han said that she had no objection to the proposed Order and Notice. Noting that further liberalization measures would be implemented under CEPA II with effect from 1 January 2005, Miss CHAN was concerned about the extent to which the manufacturing industries in Hong Kong could benefit under these liberalization measures. She stressed that the labour unions were gravely concerned about the impact of CEPA on local employment. Miss CHAN expressed dissatisfaction that the Administration had not acceded to a number of requests for assistance from small and medium enterprises in capturing the business opportunities under CEPA. In this connection, Miss CHAN requested the Administration to provide its evaluation on the impact of CEPA on Hong Kong's economy and on local employment.

11. In response, PASCI clarified that the legislative proposal sought to provide manufacturers and traders with increased flexibility in the trading of textile made-up articles. As to the analysis of the impact of CEPA on Hong Kong's economy and employment situation, PASCI recalled that the Administration would conduct a study and would revert to the Panel. In this connection, the Clerk informed members that the Administration had proposed to revert to the Panel on the quantitative survey and analysis of the economic impact of CEPA by April 2005 the latest. She added that this subject had been included in the Panel's list of outstanding items for discussion.

Admin 12. Referring to the abolition of global textile quotas under the Agreement on Textiles and Clothing of the World Trade Organization (WTO) from 1 January 2005, Miss CHAN Yuen-han was concerned whether the Administration could provide an evaluation on the economic impact of CEPA expeditiously so that manufacturers and traders of the textile industry could plan ahead in a timely manner to benefit from the abolition of quotas. Noting Miss CHAN's concern, the Chairman pointed out that it might be more meaningful to evaluate the economic impact of CEPA when more concrete data was available for analysis some months after its implementation. The Chairman nevertheless said that the Panel would draw the Administration's attention to Members' concerns and remind it of the need to report to the Panel at the earliest possible date.

Prospect of the textile industry

13. While expressing support for the Order and the Notice, Mr WONG Kwok-hing enquired whether the proposed revision of the rules of origin would provide incentive to the textile industry to re-locate and/or set up their production base in Hong Kong. He was also concerned about the possible employment opportunities that might be brought about as a result of the legislative proposal.

14. In reply, PASCI advised that the legislative proposal pertained only to the revision of rules of origin for textile made-up articles, which constituted a very small volume of the trade of textile products in Hong Kong. Nevertheless, he believed that the increased flexibility provided by the proposed revision should have a positive effect on the manufacturing and trading of textile products. The Principal Trade Officer, Trade and Industry Department added that to shed light on the volume of trade in textile made-up articles, members might wish to note that the Certificate of Origin (COs) issued for such articles constituted only some 0.4% of all COs issued for textile products in the years 2001 to 2003.

15. The Chairman said that as the LegCo Member representing the textiles and garment constituency, she wished to point out that there were a number of factors leading to the relocation of the manufacturing industry from Hong Kong to the Mainland and elsewhere. While indicating that she would be prepared to discuss the subject in detail with interested Members outside the meeting, the Chairman remarked that it might not be realistic to expect the Government to provide direct incentives to attract manufacturers to relocate their production base in Hong Kong as there was controversy over whether or not it should be the Government's policy to provide direct assistance to a certain industry. In the face of challenges and competition from the global market, the textile industry in Hong Kong was in need of skilled labour rather than unskilled ones in order to move up the value chain. She said that there were about 2 000 vacancies of skilled labour in the textile industry to be filled by recruitment through the Labour Department. The Chairman opined that issues relating to the relocation of the manufacturing industry and local employment should not be politicized and should be approached in a pragmatic manner.

16. In response to the Chairman remarks, Mr WONG Kwok-hing stated that he was not trying to politicize the issue but was expressing his concern about the prospect of the textile industry and the workforce. The Chairman clarified that she was not criticizing anybody but was trying to share her experience in the textile industry and to keep to Members abreast of the prevailing circumstances of the industry.

17. The Deputy Chairman and Mr Jeffrey LAM considered that the concern raised by Mr WONG Kwok-hing should be pursued at other forum as it was not directly related to the item under discussion. Mr Vincent FANG expressed support for the legislative proposal as a move to allow greater flexibility in the origin marking requirements for textile made-up articles and this would in turn facilitate the business environment in Hong Kong.

Legal and drafting aspects of the legislative proposal

18. Referring to the proposed amendment under the Trade Descriptions (Amendment) Bill 2004 (the Bill) to amend sections 2 and 24A of TDO so that the origin of goods was expressed in the aforesaid sections by reference to a place, instead of to a country, the Assistant Legal Adviser 2 sought clarification on whether the C,C&E Order to be gazetted on 19 November 2004 would still adopt the expression "Country of Manufacture". Members noted that the Bill had been introduced into the Council on 10 November 2004 and considered by the House Committee on 12 November 2004.

19. In reply, PASCI said that pending the passage of the Bill to effect the reference to a place instead of to a country, the expression "Country of Manufacture" would be used in the C,C&E Order to be gazetted. He advised that the Administration would propose Committee Stage amendments to the Bill to make consequential changes to the C,C&E Order for textile made-up articles as well as to the Trade Descriptions (Country of Manufacture)(Piece-Knitted Garments) Order gazetted on 15 October 2004. He said that the Administration would sort out the necessary arrangements with the Legal Service Division of the LegCo Secretariat after the meeting.

20. There being no further questions from members, the Chairman concluded the discussion and said that the Panel supported the legislative proposal in principle.

V Progress report on the hosting of the Sixth Ministerial Conference of the World Trade Organization

(LC Paper No. CB(1)206/04-05(04) -- Information paper provided by the Administration

LC Paper No. FCR(2004-05)13 -- Paper on "Sixth Ministerial Conference of the World Trade Organization" for the Finance Committee meeting on 14 May 2004

LC Paper No. CB(1)206/04-05(05) -- Extract of minutes of meeting of the Finance Committee held on 14 May 2004)

21. The Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry) (DSCI) briefed members on the latest progress of the preparation for the Sixth Ministerial Conference (MC6) of the WTO to be held in Hong Kong from 13 to 18 December 2005. He said that a MC6 Coordination Office (MCO) had been established in the Trade and Industry Department (TID) to handle the preparation for the Conference. To coordinate the concerted efforts of bureaux/departments and other organizations, as well as to oversee the planning and implementation, a Steering Committee, chaired by the Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) and comprising senior directorate representatives from various bureaux and departments, had been set up in August 2004. Six working groups had also been set up under the Steering Committee to take up the key areas of work.

Security and accreditation

22. Pointing out that Ministerial Conferences of the WTO had often attracted large scale demonstrations staged by protestors from all over the world, Dr LUI Ming-wah sought information on the security plans and contingency measures to maintain public order and safety in the event of demonstrations during MC6.

23. In reply, Head, MCO said that the Hong Kong Police Force (HKPF) was responsible for matters relating to security arrangements during MC6. HKPF had set up a number of working groups to look into areas including traffic management, public order etc. with a view to drawing up security plans and contingency measures in close consultation with MCO and other bureaux and departments. On security of the venue, Head, MCO confirmed that only persons and vehicles which had undergone an accreditation process and obtained accreditation badges might have access to the venues designated for MC6 functions. A specially designed accreditation system was being developed by MCO jointly with the WTO Secretariat and HKPF.

24. Pointing out that MC6 was a major international event receiving worldwide media coverage, Mr SIN urged the Administration to ensure security and public order during the event. He cautioned that despite efforts to make the event a success, any improper handling of protests and demonstrations would subject Hong Kong to criticisms from the international media and the image of Hong Kong would be tarnished.

25. In response, Head, MCO assured members that the Administration would devise the necessary arrangements to ensure security. HKPF would also review good practice and experience of events held overseas and devise strategies that best suit MC6. She said that the Administration would update the Panel on the progress of the preparation of MC6 when more details were available at a later stage. On Mr SIN's suggestion of inviting HKPF and security experts to attend future briefings for the Panel, Head, MCO would take his suggestion into consideration when making arrangements for future briefings.

Admin

26. Mr Jeffrey LAM supported the hosting of MC6 of WTO by Hong Kong. While appreciating that Hong Kong had used to be a relatively low-risk area in terms of protests and demonstrations, Mr LAM shared members' concerns about the importance of effective security measures to prevent the occurrence of chaotic incidents during MC6.

27. Dr LUI Ming-wah doubted whether the existing immigration clearance arrangements could prevent the entry of overseas demonstrators coming to Hong Kong as visitors. Head, MCO advised that established policies and guidelines were in place to deal with the entry of visitors to Hong Kong and these would continue to apply during MC6.

28. Mr SIN Chung-kai shared Dr LUI's concern. In this connection, he observed that past Ministerial Conferences held in Europe and America had attracted a large number of non-government organizations (NGOs) which would like to make representations or to lobby the relevant officials. As such, Mr SIN enquired whether the Administration had estimated the scale of such lobbying activities and the arrangements, if any, to handle these activities during MC6.

29. In response, Head, MCO took note of members' concern about the security measures during MC6. She explained that MCO would try to keep in touch with local and international concern groups on trade matters and other issues of concern in order to ascertain their needs and if possible, offer assistance and entertain their requests for making representations as appropriate. She undertook to provide, in due course, further information in this regard.

Admin

Accommodation

30. Noting that the estimated number of participants of MC6 would be about 11 000, the Deputy Chairman was concerned about hotel accommodation. Referring to the recent incident involving a group of Mainland tourists being accommodated in a holiday camp in Sai Kung, Mr WONG cautioned that good

and advance planning was necessary to ascertain the availability of hotel accommodation for MC6 participants, having regard to the fact that December was usually a peak season for hotels.

31. In response, Head, MCO advised that with the assistance of the Hong Kong Hotels Association (HKHA) and the Hong Kong Tourism Board (HKTB), MCO had embarked on a room blocking exercise with hotels. Taking into account the advice of HKHA and HKTB, with the total expected number of participants to be around 11 000, 5 000 rooms would be required. Preliminary responses were encouraging, with about 5 000 rooms being offered during the event. To provide expert and dedicated services in accommodation arrangements, MCO would appoint a hotel agent to handle matters in this regard. Following discussion with the hotel agent and the WTO Secretariat, MCO planned to announce the hotel accommodation booking and allocation details to WTO members early next year to call for enrolment.

Transport arrangements

32. Mr Jeffrey LAM pointed out that as MC6 was scheduled to be held in December which was a busy season for the tourism and retail trades, proper traffic control measures should be implemented to facilitate the transfer of participants between their accommodation and the conference venue, as well as to minimize the impact on local traffic. Mr LAM opined that the successful conduct of this important international event would enhance the image and status of Hong Kong as a convention hub.

33. In response, Head, MCO said that to minimize the burden on peak hour traffic, the Administration planned to schedule the starting time of the Conference later than the start of normal office hours. Moreover, different modes of transport, including land and sea, were being explored to provide convenient transfer for the participants between their accommodation and the conference venue. She advised that HKPF and the Transport Department were working in conjunction to work out the appropriate traffic management measures during the event. She added that in working out these measures, the Administration would try its best to strike a balance between ensuring the smooth conduct of MC6 and the safety of all the participants on the one hand and minimizing inconvenience to the community on the other. The Administration would also consult the relevant District Councils on the proposed measures.

Social programmes and publicity

34. Mr CHAN Kam-lam opined that the Administration should make comprehensive advance planning during the next 12 months, through coordinating the work of relevant Government departments and liaising with relevant industries (including tourism, retail and transport), to prepare for a package of social programmes for MC6 participants and their accompanying family members. He suggested that the preparatory work should include improving the existing tourist spots and the opening of new ones (e.g. the Hong

Kong Disneyland to be opened in 2005), publicity programmes and special shopping offers by the retail industry. He pointed out that by impressing MC6 participants and their families of the hospitality and the variety of sight-seeing and entertainment programmes, the status of Hong Kong as Asia's World City would be greatly enhanced. In this connection, Mr CHAN requested the Administration to provide, by the second quarter of 2005, further information on the hospitality and social programmes, as well as other promotional, cultural and/or entertainment programmes to tie in with MC6.

Admin 35. In reply, Head, MCO said that the Steering Committee chaired by PSCI was attended by senior directorate representatives from various bureaux/departments and organizations, including HKTB, the Hong Kong Tourism Commission, the Leisure and Cultural Services Department and the Protocol Division. Of the six working groups set up under the Steering Committee, the Working Group on Media, Publicity and Community Relations would be responsible for the public relations strategy to enable the local community to better understand the importance and benefits of MC6 to Hong Kong. In addition, the Working Group on Social Programmes, Commercial Sponsorship and Liaison Support would work on the arrangement of hospitality and social programmes and take these opportunities to showcase the different facets of Hong Kong as Asia's World City. In response to Mr CHAN's request, Head, MC6 undertook to provide further information in due course.

Economic benefits and financial implications

36. Responding to Mr Jeffrey LAM's enquiry on the estimated economic benefits to be brought about by MC6, Head, MCO said that the event was expected to bring about \$100 million to the tourist receipts of Hong Kong, mainly from the participants' accommodation and catering costs. The major benefit of hosting MC6 was however to enhance Hong Kong's status internationally on the trading front.

37. Referring to the Hong Kong Harbour Fest which had been widely criticized for improper monitoring of the use of public funds, the Deputy Chairman expressed concern about the Administration's financial planning for MC6. He cautioned that in making the necessary financial arrangements, the Administration should demonstrate to the community that public funds were used in a cost-effective and prudent manner.

38. In response, Head, MCO assured members that the Administration was mindful of the need to make the most cost-effective use of public funds. She said that although the Finance Committee had approved a commitment of \$256 million to finance the hosting of MC6, the Administration would try its best to secure commercial sponsorship to defray some of the expenses.

VI. Any other business

39. There being no other business, the meeting ended at 3:45 pm

Council Business Division 1
Legislative Council Secretariat
6 December 2004