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Extract

立法會

Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 10th meeting
held at the Legislative Council Chamber
on Friday, 14 May 2004, at 2:30 pm**

Members present:

Dr Hon Philip WONG Yu-hong, GBS (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, GBS, JP
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP

Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBS, JP
Hon Miriam LAU Kin-yee, JP
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Dr Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok, JP
Hon WONG Sing-chi
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

Members absent:

Dr Hon David LI Kwok-po, GBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon HUI Cheung-ching, JP
Hon CHAN Kwok-keung, JP
Hon LAU Chin-shek, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Abraham SHEK Lai-him, JP
Hon MA Fung-kwok, JP

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, GBS, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Mrs Cherry TSE, JP	Deputy Secretary for Education and Manpower
Mr David WONG	Principal Assistant Secretary for Education and Manpower
Ms Ernestina WONG	Principal Assistant Secretary for Environment, Transport and Works (Transport)
Mr MAK Chai-kwong, JP	Director of Highways
Mr CHOW Ying-shun, JP	Assistant Director of Highways
Mr LAM Hon	Chief Traffic Engineer of Transport Department
Mr Jack CHAN	Principal Assistant Secretary for Environment, Transport and Works (Works)
Mr Albert T N CHENG	Assistant Director of Civil Engineering
Miss Annette Y F LAM	Senior Treasury Accountant of Civil Engineering Department
Mr Michael WONG	Deputy Secretary for Security
Mr Alan CHU	Principal Assistant Secretary for Security
Mr Raymond WONG, IMSM	Assistant Director of Immigration
Mr Albert LAI	Chief Systems Manager of Immigration Department
Mr CHEUNG Chin-hung	Principal Immigration Officer of Immigration Department
Ms Eva CHENG, JP	Commissioner for Tourism
Ms Winner LEUNG	Acting Assistant Commissioner for Tourism
Mrs Susan MAK, JP	Deputy Director of Administration
Miss Elley MAO, JP	Acting Government Economist
Miss Mary CHOW, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr Francis CHU	Principal Executive Officer (Administration) of Administration Wing
Miss Denise YUE, GBS, JP	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr Kevin HO, JP	Director-General of Trade and Industry
Mr Philip YUNG	Deputy Director-General of Trade & Industry

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Miss Edith CHAN	Council Secretary (1)1
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

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Item No. 8 - FCR(2004-05)13**HEAD 181 – TRADE AND INDUSTRY DEPARTMENT**

- ♦ **Subhead 000 Operational expenses**
- ♦ **Subhead 700 General non-recurrent**

New item “Sixth Ministerial Conference of the WTO”

46. The Chairman informed members that the Panel on Commerce and Industry was consulted on the proposal at its meeting on 13 April 2004.

47. Mr LEE Cheuk-yan said that Members of the Hong Kong Confederation of Trade Unions were opposed to the proposal. He questioned whether it was justified to spend \$256 million to host the Sixth Ministerial Conference (MC6) of the World Trade Organization (WTO) amid the huge budget deficit. Furthermore, WTO, being an advocate of globalization, had been subject to international condemnation. Its Ministerial Conferences had often attracted protestors from all over the world, as evidenced during MC5 held in Cancun, Mexico in 2003. He failed to see why Hong Kong should get involved in this political wrangle and bear the political consequences. He believed that the hosting of MC6 would do more harm than good to Hong Kong despite the Administration’s assertion that this would raise Hong Kong’s international profile. The expenditure of \$256 million would only bring in brief media coverage and few would remember where MC6 was held after a lapse of time.

48. The Permanent Secretary for Commerce and Industry (PSCI) said that the Administration had secured the in-principle support from the Finance Committee (FC) in July 2003 to host MC6. The Administration was now seeking funding to meet the expenditure associated with the preparation and implementation of MC6 after a more reliable estimate had been worked out with the WTO Secretariat. The economic benefits of hosting MC6 were set out in the submission to FC in July 2003. Hong Kong had been a member of WTO in its own right since 1986 and had remained a full and separate member even after the accession of China to WTO in 2001. The WTO Agreement provided that a MC should be held at least once every

two years. MC was the highest decision-making body of WTO on all matters relating to multilateral trade agreements. As a staunch supporter of the multilateral trading system, Hong Kong ought to maintain a high profile in WTO which was the only international body dealing with the rules of trade between economies. The hosting of MC6 would reinforce Hong Kong's image and profile as bastion of free trade. Besides, the event was expected to bring about over 10 000 incoming visitors. Assuming that they would stay throughout the week-long conference, this would contribute significantly to the economy of Hong Kong. The Administration was aware of the anti-globalization protests that had taken place in Cancun during MC5, but was confident that the Hong Kong Police would be able to handle the situation having regard to its previous experience in dealing with international events. She did not agree with Mr LEE Cheuk-yan that WTO had been subject to international condemnation. Many countries attached great importance to WTO and were hoping for further progress in the Doha Round of trade negotiations. In fact, the Secretary for Commerce, Industry and Technology was now attending a trade conference in Paris which was aimed at narrowing the difference of trade partners with a view to expediting the progress of trade negotiations.

49. Mr LEE Cheuk-yan stressed that WTO was basically dominated by developed countries which were keen to pursue their own interest through exploitation of the Third World. WTO had also been criticized by human rights activists, environmentalists and labour unions for undermining the sustainability of developments under the guise of free trade. PSCI responded that at present, WTO had 148 members and all of them had equal status. There was no question of exploitation of developing countries by major economies because multilateral agreements were concluded with the consensus of all participating members.

50. Ms Emily LAU noticed that there was a huge difference between the indicative financial implications of \$300 million set out in the paper submitted in July 2003 and the cost estimate of \$256 million provided in the present submission. She found that no information was provided in the paper to explain the difference in the costs of many items, e.g. the security provision was revised from \$30 million to \$16 million, while provision for interpretation was increased from \$10 million to \$34 million. PSCI explained that when the in-principle support was sought from FC in July 2003, the more reliable information on the cost for hosting WTO MCs was not available. The indicative cost for hosting MC6 was therefore worked out with heavy reliance on the actual expenditure for hosting the International Monetary Fund/World Bank (IMF/WB) Meetings by Hong Kong in 1997. Ball park figures had to be provided as it would be irresponsible on the part of the Administration not to provide an indicative cost estimate when seeking in-principle support for hosting the event. Now that the Administration had worked out with the WTO Secretariat on vary of the details of requirements for hosting MC6, and that the cost for hosting MC5 in Cancun in 2003 was made available, a more accurate estimate could be provided. She assured members that the Administration had no intention to over-estimate the cost for hosting the event. In fact, the actual total expenditure for hosting the IMF/WB Meeting in 1997 was around \$370 million (compared with the estimate of \$450 million) after discounting

the sponsorship of \$72 million of which \$46 million were cash sponsorship from banking and financial institutions.

51. Ms Emily LAU further enquired if the cost discrepancy was also attributed to the number of participants given that the provisions for security and staffing establishment had been reduced from \$30 million to \$16 million and \$45 million to \$31 million respectively. PSCI explained that while the projected number of participants by WTO Secretariat had been increased from 8 000 to 11 000, this was not the main cause for the discrepancy. The main cause for the revised figures was the availability of more reliable basis for estimation following discussions with the WTO Secretariat in recent months. The original estimate for staffing requirement for example, had regard to the IMF/WB Meeting in 1997 when 200 additional staff were employed for some 12 months before the event. The revised estimate assured that a 45-member Co-ordination Office would be set up for the planning and preparation of MC6 on a full-time basis. The Administration would employ additional staff on a short-term basis prior to the opening of MC6. This accounted for the drastic reduction in staff cost from \$45 million to \$31 million. The same applied for the provisions for security. PSCI added that, in an attempt to save costs, the Administration would endeavour to secure commercial sponsorship which might be in the form of cash, air tickets, equipment, stationery and transport etc, but the amount of commercial sponsorship for MC6 could not be estimated at this stage.

52. Noting that the estimated costs for security provisions would amount to \$16 million, Mr LEE Cheuk-yan asked if this had included the services to be provided by the Hong Kong Police Force and other disciplined forces in maintaining law and order. The Director-General of Trade and Industry answered in the negative, adding that it was the responsibility of the Hong Kong Police Force to maintain law and order for all events. Nevertheless, close liaison with other disciplined forces would be maintained to ascertain whether additional services were required for MC6, but the cost incurred would not form part of the estimate of \$16 million. The Deputy Director-General of Trade and Industry (DDG of TI) added that the costs for security provisions were mainly for the installation of security and access control equipment such as X-ray machines. Responding to the Chairman on whether consideration would be given to hiring the equipment, DDG of TI said that the Administration would decide on the hiring and purchasing of equipment based on operational needs.

53. Mr CHAN Kam-lam said that DAB Members were supportive of the proposal because the hosting of the event would demonstrate Hong Kong's commitment and contribution to free trade. It would raise Hong Kong's profile as an international business and financial centre and provide a platform for exchange between trading partners. Apart from publicity, the hosting of MC6 also provided an opportunity to showcase the economic and trade policy of Hong Kong after the return of sovereignty. He nevertheless stressed the need for Hong Kong, as the host, to organize the event in a dignified manner while optimizing the use of resources to ensure that the event would be successfully held in Hong Kong.

54. Mr Andrew WONG said that he would support the proposal as it was a responsibility as well as an honour for Hong Kong, being a full and separate member of WTO, to host MC6. He reminded the Administration to be cautious in securing commercial sponsorships, adding that where feasible, all major expenses incurred should be absorbed by the Government.

55. To ensure that Hong Kong's image as a supporter of freedom and human rights would not be tarnished, Mr LEE Cheuk-yan considered it necessary for the Administration to undertake not to impose any measure or introduce any restrictions to prevent certain categories of persons from entering Hong Kong during MC6. PSCI said that she failed to see why freedom and human rights should be affected in any way by the hosting of the event. There were established policies and guidelines dealing with entry of visitors and demonstrations and these would apply during MC6. Mr LEE Cheuk-yan said that he wished to put on record his concern about the grey areas in the established policies and guidelines as well as the state of affairs in Hong Kong during MC6.

56. The Chairman put the item to vote. 27 members voted for the proposal and three members voted against it. The individual votes were as follows :

For :

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| Mr Kenneth TING Woo-shou | Dr David CHU Yu-lin |
| Ms Cyd HO Sau-lan | Mr Fred LI Wah-ming |
| Mr NG Leung-sing | Mr James TO Kun-sun |
| Mr CHEUNG Man-kwong | Mr CHAN Kam-lam |
| Mrs Sophie LEUNG LAU Yau-fun | Mr SIN Chung-kai |
| Mr Andrew WONG Wang-fat | Mr WONG Yung-kan |
| Mr Howard YOUNG | Mr YEUNG Yiu-chung |
| Ms Miriam LAU Kin-yee | Mr Ambrose LAU Hon-chuen |
| Ms Emily LAU Wai-hing | Miss CHOY So-yuk |
| Mr SZETO Wah | Dr LAW Chi-kwong |
| Mr TAM Yiu-chung | Dr TANG Siu-tong |
| Ms LI Fung-ying | Mr LEUNG Fu-wah |
| Dr LO Wing-lok | Mr IP Kwok-him |
| Ms Audrey EU Yuet-mee | |
- (27 members)

Against :

- | | |
|--------------------------|--------------------|
| Mr LEE Cheuk-yan | Mr LEUNG Yiu-chung |
| Mr Michael MAK Kwok-fung | |
- (3 members)

57. The Committee approved the proposal.

58. The meeting was adjourned at 4:40 pm.

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