

Panel on Commerce and Industry

List of outstanding items for discussion (position as at 8 December 2004)

Proposed timing for discussion

1. **Review of the Innovation and Technology Fund (ITF) and Applied Research Fund (ARF)**

Item raised at the Panel meeting on 13 April 2004 in connection with the discussion of the "Strategic Framework for Innovation and Technology Development". The Administration undertook to conduct a detailed review on ITF and ARF in the context of the new strategic framework.

18 January 2005

In examining the Director of Audit's Report on the funding of projects under the ARF (relevant extract of the Report issued vide LC Paper No. CB(1)2060/03-04(01) on 7 June 2004), the Public Accounts Committee (PAC) noted the Audit's recommendation that the Secretary for Commerce, Industry and Technology should take the lead to critically review the role of ARF having regard to the various factors outlined in the Report.

PAC agreed that the subject matter, in particular the review on the future positioning of ARF, should be referred to the CI Panel for further discussion. The PAC's report on the funding of projects under the ARF has been tabled at the Council meeting on 23 June 2004.

The Administration has advised that both ITF and ARF are being reviewed under the new strategic framework. The review is expected to be completed by December 2004. The Administration plans to brief the Panel on the outcome of the review and the new strategic framework in January 2005.

2. **Impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**

Members were updated on the progress of the implementation of CEPA at the meetings on 10 May and 19 October 2004. Some members suggested that the Administration should consider setting up a high-level committee comprising representatives from the Government and business leaders to explore innovative ways to leverage on the opportunities brought about by CEPA.

Tentatively
19 April 2005
(and possibly
January 2005 in
addition)

The Administration has advised that a quantitative survey and analysis of the economic impact, including that on local employment will be conducted 9 to 12 months after CEPA's implementation. The Administration will revert to the Panel in

due course. According to the Administration, an option is to report to the Panel in January on the outcome of the analysis that will be available by then, such as the preliminary analysis of the impact of the Individual Visit Scheme and the trade in goods, to be followed by a full report in April 2005.

At the Panel meeting held on 16 November 2004 when the Panel was briefed on the subsidiary legislation relating to the implementation of CEPA, Hon CHAN Yuen-han was concerned whether the Administration could provide an evaluation on the impact of CEPA on Hong Kong's economy expeditiously so that manufacturers and traders of the textile industry could plan ahead in a timely manner to benefit from the abolition of quotas with effect from 1 January 2005. The Panel agreed that the Administration should report to the Panel at the earliest possible date.

3. Unauthorized downloading of copyright works from the Internet

Item raised at the special meeting of the Panel on Information Technology and Broadcasting (ITB Panel) on 25 March 2004 in connection with the discussion on "Measures to facilitate the development of film industry". Organizations attending the meeting pointed out that with the advancement in technology, there has been an increase in activities relating to making available movie products on the Internet for access and downloading through various means of transfer, in particular, the so called peer to peer transfer (P2P network) by users without the authorization of the copyright owners concerned. They considered that the act of making available infringing copies through the P2P network should be sanctioned, lest the well-being of the creative industries would be adversely affected.

15 February 2005

Since copyright issues relating to the unauthorized downloading of movie and musical products from the Internet fall within the purview of the CI Panel. Members of the ITB Panel agreed that the CI Panel should be invited to explore the subject further in conjunction with the Administration and deputations.

The Administration is in the course of considering the Internet piracy issue including the concern over the sharing of infringing materials through P2P networks. The Administration will report to the Panel on the findings in February 2005.

**Proposed timing
for discussion**

4. Progress Report on SME Funding Schemes

The SME Loan Guarantee Scheme, the SME Export Marketing Fund, the SME Development Fund, and the SME Training Fund were launched in December 2001/January 2002. The paper will report to the Panel the latest position of the four Scheme/Funds after about three years of operation.

15 March 2005

5. Impact of economic restructuring

Mrs Sophie LEUNG, Panel Chairman, suggested in October 2004 that the Panel may wish to examine in conjunction with the Administration the impact of economic restructuring on individual trades and industries, such as the transformation of Hong Kong's manufacturing industries. In early December, the Panel Chairman has exchanged views with the Government Economist and it was agreed that the Panel should take a forward-looking approach to analyse where Hong Kong's economic future lies. The Government Economist will follow up with Mrs LEUNG further on the format and substance of how this subject should be discussed in the Panel and members will be posted of further development.

April 2005

6. Review of end-user liability, fair use and other provisions in the Copyright Ordinance

The review arises from the deliberation of the Copyright (Amendment) Bill 2003, after which the Administration undertook to discuss further with copyright owners and users on the end-user piracy liability, fair use provisions and other aspects of the Copyright Ordinance (Cap.528).

17 May 2005

The Administration will conduct a public consultation to solicit public views before formulating any proposals in these aspects. The Administration plans to brief the Panel on the outcome of the consultation exercise and consult the Panel on the Administration's proposals before mid-2005.

7. Review of the effectiveness of the Professional Services Development Assistance Scheme (PSDAS)

The PSDAS was established in February 2002. We expect that by January 2005, about 40% of the projects approved before October 2004 will have been completed. The Administration intends to conduct a review on the effectiveness of the Scheme and report findings to the Panel in May 2005.

17 May 2005

**Proposed timing
for discussion**

8. Progress report on the hosting of the Sixth Ministerial Conference(MC6) of the World Trade Organization

At the Panel meeting on 16 November 2004 when the Panel was briefed on the progress of the preparation for MC6, members expressed concern about the security measures during MC6, the accommodation, transportation arrangements, and social programmes and publicity. The Administration undertook to update the Panel on the progress of the preparation of MC6 when more details are available at a later stage, and to take into consideration Hon SIN Chung-kai's suggestion of inviting the Hong Kong Police Force and security experts to explain the security measures. Some members have suggested that the Administration should update the Panel in the second quarter of 2005.

Tentatively second quarter of 2005

9. Draft Copyright (Prescription of Copyright Registers) Regulation

Item discussed at the meeting on 12 May 2003. Members noted the Administration's proposal of prescribing the copyright registers maintained by the United States, Canada and India with a view to simplifying the proof of copyright ownership in legal proceedings under section 121(2) of the Copyright Ordinance (Cap.528). Members asked the Administration to consider the setting up of a copyright register in Hong Kong. The Administration undertook to consider members' views and revert to the Panel in due course.

To be confirmed

10. Measures for monitoring the operation of the AsiaWorld-Expo (AWE)

Item discussed at the Panel meeting on 12 July 2004. It has been proposed that the Panel may consider exploring the subject further with the Administration in the next term having regard to members' concern about the measures in place for monitoring and ensuring the effective operation of the AsiaWorld-Expo.

To be confirmed

11. Improving the business environment

Issues relating to improving the business environment were last discussed at the Panel meeting on 10 June 2002 and on 10 May 2004.

To be confirmed

The same subject has been covered in paragraphs 16 to 18 of the Chief Executive's 2004 Policy Address. Mrs Sophie LEUNG has expressed her view, inter alia, that the Government should

strive to provide the business and industrial sectors with an "enabling environment".

Members have been briefed on 13 April 2004 on a reorganization proposal involving the Commerce, Industry and Technology Bureau and Financial Service and the Treasury Bureau to provide support to the Economic and Employment Council (EEC) which was established in January 2004. The proposal was subsequently endorsed and approved by the Finance Committee by the Establishment Subcommittee on 28 April 2004 and on 14 May 2004 respectively. An updated list of the Government's initiatives for creating an enabling environment for business provided by the Administration was issued to members vide LC Paper No. CB(1)2457/03-04(01) on 29 July 2004.

At the Panel meeting held on 12 October 2004, Mrs Sophie LEUNG recapped her concern about the importance of an "enabling" business environment. She said that the Panel may wish to explore the subject further with the Administration and that in due course, the Panel may consider requesting the Research and Library Services Division of the Secretariat to conduct some research on the subject.

12. Consultancy study on the supply and demand for exhibition facilities in Hong Kong

At the Panel meeting on 19 October 2004 when members discussed the Hong Kong Trade Development Council (TDC)'s atrium link extension proposal, the Administration advised that it was examining TDC's proposal and a decision had yet to be made. On members' concern about the need or otherwise for more exhibition facilities, the Administration has informed members that it will conduct a consultancy study over the next six months on, amongst other things, the supply and demand for exhibition facilities in Hong Kong in the coming five to ten years and revert to the Panel on the findings of the consultancy study.

To be confirmed