Replies to supplementary questions raised by Finance Committee Members in examining the Estimates of Expenditure 2006-07

Director of Bureau : Secretary for Commerce, Industry and Technology

Session No.: 2

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S-CITB(CI)02	S02	SIN Chung-kai	152	Subvention: Hong Kong Trade Development Council
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S-CITB(CI)05	S17	TAM Heung-man	152	Commerce and Industry
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Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)01

Question Serial No.

SV02

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 to consider increasing the resources of the Economic and Trade Offices in the Mainland to enhance their role of assisting Hong Kong enterprises, particularly SMEs, in gaining access to the Mainland market, taking advantage of the CEPA arrangements.

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Providing support to Hong Kong enterprises, including small and medium enterprises (SMEs), to access the Mainland market and make use of the opportunities under CEPA has been one of the major tasks of the Hong Kong Economic and Trade Office in Guangdong (GDETO) as well as the Office of the HKSARG in Beijing. Such support includes collecting and disseminating, through electronic means and publications/leaflets, information on implementation of CEPA, trade policies and legislation as well as economic development in different parts of the Mainland; and organising seminars and trade visits for Hong Kong businessmen. In addition, GDETO has been organising luncheon gatherings with Hong Kong's industry and trade associations with a view to maintaining direct communication with them.

Apart from the two offices in the Mainland, the Trade and Industry Department provides free and up-to-date information on CEPA through its dedicated CEPA website.

In 2006, the Administration will set up two additional Economic and Trade Offices in the Mainland, namely in Shanghai and Chengdu. This will help expand Hong Kong's representation in the Mainland and strengthen the provision of support to Hong Kong enterprises. The Administration will review the question of resources from time to time in the light of operational experience.

Signature	
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)02

Question Serial No.

S02

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 :

Under Programme (1) Commercial Relations of Head 96 – Government Secretariat: Overseas Economic and Trade Offices (ETOs), it is stated that one of the duties under the Programme is to "monitor and report on developments which are likely to affect Hong Kong's trade and economic interests" and to "lobby and negotiate with their host and other governments on specific trade issues…"

In Reply Serial No. CITB(CI)007, it is stated that "Hong Kong Trade Development Council (HKTDC) commissions trade consultants to collect overseas market intelligence and information on changes in trade regulations, and to monitor legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests". In this connection, please advise this Committee of the following:

What are the differences between Programme (1) of Head 96 and Programme (3) of Head 152 in terms of their specific duties?

Asked by : Hon. SIN Chung-kai

Reply :

Under Programme (1) of Head 96 – Government Secretariat: Overseas Economic and Trade Offices, the main focus of the overseas Economic and Trade Offices (ETOs) in Brussels, Geneva, London, New York, San Francisco, Washington, Singapore, Sydney, Tokyo and Toronto is to identify, develop and cultivate contacts with host governments, to represent Hong Kong at international trade organizations, and to maintain liaison with other governments and organizations in order to further Hong Kong's trade and economic interests. They monitor and report on developments which are likely to affect such interests. They lobby and liaise with their host governments on specific trade issues when necessary, assist officers from Hong Kong in negotiating trade agreements, and promote new business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement.

The aim of Programme (3) of Head 152 Government Secretariat: Commerce, Industry and Technology Bureau (Commerce and Industry Branch) is to facilitate the Hong Kong Trade Development Council (HKTDC) to perform its statutory function, i.e. to promote, assist and develop Hong Kong's trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade, including collection of overseas market intelligence and information on changes in trade regulations, and monitoring legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests .

As such, the functions of ETOs and HKTDC are complementary to each other. They work together to promote Hong Kong's overall economic and trade interests overseas.

Signature	
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)03

Question Serial No.

S03

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 :

Under Programme (1) Commercial Relations of Head 96 – Government Secretariat: Overseas Economic and Trade Offices (ETOs), it is stated that one of the duties under the Programme is to "monitor and report on developments which are likely to affect Hong Kong's trade and economic interests" and to "lobby and negotiate with their host and other governments on specific trade issues…"

In Reply Serial No. CITB(CI)007, it is stated that "Hong Kong Trade Development Council (HKTDC) commissions trade consultants to collect overseas market intelligence and information on changes in trade regulations, and to monitor legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests". In this connection, please advise this Committee of the following:

On what basis will lobbyists be engaged? If lobbyists are engaged on the basis of specific issues, please provide a list of the issues for which lobbyists were engaged in 2004-05. If lobbyists so engaged continues to provide information for TDC, what principles will TDC adopt to decide on the amount of annual expenditure for this item?

Asked by : Hon. SIN Chung-kai

Reply :

At present, the Hong Kong Trade Development Council (TDC) commissions consultants on a continuous basis to collect overseas market intelligence and information on changes in trade regulations, and to monitor legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests. TDC will review annually the provision for engagement of trade consultants for the coming year, taking into account its financial situation and Hong Kong's overall trade and economic interests in the overseas markets.

Signature _____

Name in block letters MISS YVONNE CHOI

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

Date 20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)04

Question Serial No.

S04

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 :

Under Programme (1) Commercial Relations of Head 96 – Government Secretariat: Overseas Economic and Trade Offices (ETOs), it is stated that one of the duties under the Programme is to "monitor and report on developments which are likely to affect Hong Kong's trade and economic interests" and to "lobby and negotiate with their host and other governments on specific trade issues…"

In Reply Serial No. CITB(CI)007, it is stated that "Hong Kong Trade Development Council (HKTDC) commissions trade consultants to collect overseas market intelligence and information on changes in trade regulations, and to monitor legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests". In this connection, please advise this Committee of the following:

Is it possible for the HKTDC to collect information on developments which are likely to affect Hong Kong's trade and economic interests from the overseas ETOs so as to save $12.785 million of public funds in 2006-07? If not, please state the reasons.

Asked by : Hon. SIN Chung-kai

Reply :

Through their own expertise and networks, overseas Economic and Trade Offices (ETOs) and trade consultants commissioned by the Hong Kong Trade Development Council (TDC) monitor and report actions and development in their local markets which will likely affect Hong Kong's trade and economic interests. They also conduct lobbying activities with a view to maintaining and promoting Hong Kong's trade interest or preventing and minimizing the impact on Hong Kong traders due to overseas restrictive trade measures.

ETOs and TDC consultants have their respective strengths. Their efforts are complementary to each other.

Signature	
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)05

Question Serial No.

S17

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 :

Regarding the reply numbered CITB(CI)008, it seems that the Administration is considering the usage of the provision. Does the Administration already have a plan on how to make use of the provision? If so, what are the details of the item? If not, what justification does the Administration have for seeking the provision? How can the Administration ensure that the money is not "spent just for the sake of it"?

Asked by : Hon. TAM Heung-man

Reply :

In exploring the use of resources, we will carefully take into account the purpose, effectiveness and urgency of the new initiatives and activities. The pooling of some of the resources for internal redeployment among the Commerce and Industry Branch and departments is mainly to facilitate the pursuit of new initiatives and activities under the policy purview of the Secretary for Commerce, Industry and Technology. We are looking into the funding to be redeployed for a consultancy review on the Government Electronic Trading Services and Hong Kong's participation in the Pan-Pearl River Delta Regional Economic and Trade Cooperation Fair. We will not "spend just for the sake of it" to undertake unnecessary activities. Neither will any increase in additional resources be incurred.

Signature	
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)06

Question Serial No.

S01

Head : Head 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title) :

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 Programme (1) Commercial Relations of Head 96 – Government Secretariat: Overseas Economic and Trade Offices (ETOs), it is stated that one of the duties under the Programme is to "monitor and report on developments which are likely to affect Hong Kong's trade and economic interests" and to "lobby and negotiate with their host and other governments on specific trade issues…"

In Reply Serial No. CITB(CI)007, it is stated that "Hong Kong Trade Development Council (HKTDC) commissions trade consultants to collect overseas market intelligence and information on changes in trade regulations, and to monitor legislative attempts or possible actions that may impact on Hong Kong's trade and economic interests". In this connection, please advise this Committee of the following:

What is the amount of approved expenditure for the above task under Programme (1) of Head 96 in 2004-05?

Asked by : Hon. SIN Chung-kai

Reply :

The actual expenditure of overseas Economic and Trade Offices (ETOs) under Programme (1) for 2004-05 is $107.5 million. ETOs' tasks "to monitor and report on developments which are likely to affect Hong Kong's trade and economic interests, lobby and negotiate with the host and other governments on specific trade issues...." are part of the activities under Programme (1). It is not possible to identify the provision devoted to these tasks alone.

Signature _____

Name in block letters MISS YVONNE CHOI

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

Date 20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)07

Question Serial No.

S05

Head : 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title) :

Programme : (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 :

Regarding Reply Serial No. CITB(CI)019 and No. CITB(CI)044, would the Government inform this Committee:

What are the justifications for the Overseas Economic and Trade Offices to maintain seven Investment Promotion Units given that Invest Hong Kong already has consultants to undertake promotion work? Has the Government considered placing the Investment Promotion Units under charge of Invest Hong Kong to save resources and enhance efficiency? If not, what are the reasons?

Asked by : Hon. SIN Chung-kai

Reply :

Invest Hong Kong (InvestHK) maintains close contact with potential investors in major overseas markets through the Investment Promotion Units (IPUs) established in overseas Economic and Trade Offices (ETOs). To strengthen its presence in existing markets and to cover new markets, InvestHK also engages external consultants in other strategic locations not covered by the IPUs. Both IPUs and the external consultants are required to implement the strategies and business plans set by InvestHK in respect of investment promotion in their respective areas.

Successful capture of investment projects requires the joint efforts of the IPUs, consultants in the home markets of the companies concerned and the relevant sector teams of the InvestHK head office in Hong Kong. ETOs will continue to monitor the promotion work of the IPUs with a view to ensuring their cost-effectiveness. The work of the IPUs, consultants, InvestHK and ETOs is closely coordinated to save resources and enable efficiency.

Signature	
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)08

Question Serial No.

S21

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 :

1. It is mentioned in the reply CITB(CI)021(b) that the planned number of factory and consignment inspections for 2006 is retained at 68 800. As far as this is concerned, would the Government inform this Committee:
   i. What is the number of staff responsible for inspection? Is there any change compared with that of last year? If so, what is the change?
   ii. Will the estimated number of inspections be higher than the original target?

2. It is mentioned in the reply (c) that the planned number of factory audit checks for 2006 is retained at 190. As far as this is concerned, would the Government inform this Committee:
   i. What is the number of staff responsible for inspection? Is there any change compared with that of last year? If so, what is the change?
   ii. Will the estimated number of inspections be higher than the original target?

Asked by : Hon. CHAN Yuen-han

Reply :

1.i. In 2005, 128 officers were regularly engaged in conducting factory and consignment inspections. In addition, ten officers were temporarily redeployed to step up enforcement activities on an ad hoc basis. The same number of regular staff will be deployed to carry out the planned inspections in 2006.

1.ii. Barring unexpected changes to the textile trading environment, we do not envisage that the number of inspections will be significantly higher than the planned target for 2006.

2.i. In 2005, 28 officers were regularly engaged in conducting factory audit checks. They worked overtime on occasions to meet operational needs. The same number of staff will be deployed to carry out the planned Factory Audit Checks in 2006.

2.ii. Barring unexpected changes to the textile trading environment, we do not envisage that the number of checks will be significantly higher than the planned target for 2006.

Signature	
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)09

Question Serial No.

SV05

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 : The Administration to consider collating information on the breakdown of persons convicted of infringement of intellectual property rights by trade or occupation.

Asked by : Hon. Sin Chung-kai

Reply :

We are examining how the existing system can be modified to capture information on the breakdown of persons convicted of infringement of intellectual property rights by trade or occupation. We will start collating such information as soon as feasible.

Signature

Name in block letters TIMOTHY H M TONG

Post Title Commissioner of Customs and Excise

20 March 2006

Examination of Estimates of Expenditure 2006-07

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

Reply Serial No.

S-CITB(CI)10

Question Serial No.

SV06

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 : The Administration to consider increasing the resources provisions for strengthening publicity and education on combating infringing activities on the internet.

Asked by : Hon. WONG Ting-kwong

Reply :

We will deploy our existing resources flexibly and in a cost-effective manner to strengthen publicity and education to combat infringing activities on the Internet.

Signature	
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	20 March 2006

Examination of Estimates of Expenditure 2006-07

Reply Serial No.

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

S-CITB(CI)11

Question Serial No.

SV03

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 :

The Administration to explain the various channels through which information on trade protection measures, for example, anti-dumping tariffs, imposed by overseas trading partners on products produced in the Mainland can be obtained.

Asked by : Hon. FANG Kang, Vincent

Reply :

Under the rules on transparency of the World Trade Organization (WTO), WTO Members are obliged to report to the WTO their trade measures, including anti-dumping measures, against other Members. The WTO Secretariat collates such information and makes it accessible to WTO membership, including Hong Kong, China, through members' websites and regular reports. The Economic and Trade Offices of the HKSAR Government also actively assist in gathering information on trade measures against the Mainland which are of interest to Hong Kong.

The Trade and Industry Department (TID) monitors closely the trade measures against the Mainland and disseminates such information to Hong Kong traders and investors through our Commercial Information Circulars (CICs) regularly. These CICs are also uploaded onto TID's website (www.tid.gov.hk) and are accessible to the public. In addition, TID specifically set up in January 2005 a webpage on anti-dumping (www.tid.gov.hk/english/trade_relations/ad/ad_content.html) to provide traders and the public general information on anti-dumping, including information on the active anti-dumping cases initiated by the US and EU against products from the Mainland.

Signature _____

Name in block letters Raymond YOUNG

Post Title Director-General of Trade and Industry

Date 20 March 2006

Examination of Estimates of Expenditure 2006-07

Reply Serial No.

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

S-CITB(CI)12

Question Serial No.

S 22

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 :

When will the Government conduct a review on the Mainland and Hong Kong Closer Economic Partnership Arrangement again?

Asked by : Hon. WONG Kwok-hing

Reply :

The Government has completed an analysis of the economic impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and presented the findings to the Legislative Council in April 2005. We will continue to monitor and review the implementation of CEPA with a view to improving its effectiveness.

Signature _____

Name in block letters Raymond YOUNG

Post Title Director-General of Trade and Industry

Date 20 March 2006

Examination of Estimates of Expenditure 2006-07

Reply Serial No.

CONTROLLING OFFICER'S REPLY TO SUPPLEMENTARY QUESTION

S-CITB(CI)13

Question Serial No.

S 23

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 :

Will the Government conduct a survey on the implementation of the Hong Kong Service Supplier Certification to find out the number of jobs created for Hong Kong? If yes, when will the Government conduct the survey? If no, for what reasons?

Asked by : Hon. WONG Kwok-hing

Reply :

The Government has conducted an analysis of the economic impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and the analysis was presented to the Legislative Council in April 2005. It forecast the creation of over 10 000 new jobs during 2004 and 2005 in the 18 service sectors under the first phase of CEPA. We will consider conducting a similar exercise at an appropriate time in the future.

Signature _____

Name in block letters Raymond YOUNG

Post Title Director-General of Trade and Industry

Date 20 March 2006