

**Replies to initial written 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**

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">CITB(CI)001</a>	0673	CHAN Wai-yip, Albert	152	Commerce and Industry
<a href="#">CITB(CI)002</a>	0275	LAM Kin-fung, Jeffrey	152	Commerce and Industry
<a href="#">CITB(CI)003</a>	0864	LEUNG Kwan-yuen, Andrew	152	Commerce and Industry
<a href="#">CITB(CI)004</a>	0695	LEUNG LAU Yau-fun, Sophie	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)005</a>	0807	SIN Chung-kai	152	Commerce and Industry
<a href="#">CITB(CI)006</a>	1844	SIN Chung-kai	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)007</a>	2057	SIN Chung-kai	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)008</a>	0341	TAM Heung-man	152	Commerce and Industry
<a href="#">CITB(CI)009</a>	0342	TAM Heung-man	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)010</a>	0343	TAM Heung-man	152	Commerce and Industry
<a href="#">CITB(CI)011</a>	0177	TONG Ka-wah	152	Commerce and Industry
<a href="#">CITB(CI)012</a>	0770	WONG Ting-kwong	152	Commerce and Industry
<a href="#">CITB(CI)013</a>	0771	WONG Ting-kwong	152	Commerce and Industry
<a href="#">CITB(CI)014</a>	0772	WONG Ting-kwong	152	Commerce and Industry
<a href="#">CITB(CI)015</a>	0783	WONG Ting-kwong	152	Commerce and Industry
<a href="#">CITB(CI)016</a>	0736	YOUNG Howard	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)017</a>	0274	LAM Kin-fung, Jeffrey	96	Commercial Relations
<a href="#">CITB(CI)018</a>	0867	LEUNG Kwan-yuen, Andrew	96	Commercial Relations Public Relations Investment Promotion
<a href="#">CITB(CI)019</a>	0815	SIN Chung-kai	96	Investment Promotion
<a href="#">CITB(CI)020</a>	1870	TAM Heung-man	96	Commercial Relations

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">CITB(CI)021</a>	0317	CHAN Yuen-han	31	Trade Controls
<a href="#">CITB(CI)022</a>	0318	CHAN Yuen-han	31	Trade Controls
<a href="#">CITB(CI)023</a>	0319	CHAN Yuen-han	31	Trade Controls
<a href="#">CITB(CI)024</a>	1166	LAU Kin-yee, Miriam	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)025</a>	1194	LAU Kin-yee, Miriam	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)026</a>	1826	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)027</a>	1827	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)028</a>	1840	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)029</a>	1841	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)030</a>	0774	WONG Ting-kwong	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)031</a>	0776	WONG Ting-kwong	31	Trade Controls
<a href="#">CITB(CI)032</a>	0777	WONG Ting-kwong	31	Trade Controls
<a href="#">CITB(CI)033</a>	1350	WONG Ting-kwong	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)034</a>	1351	WONG Ting-kwong	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)035</a>	0568	LEONG Kah-kit, Alan	78	—
<a href="#">CITB(CI)036</a>	0884	LEONG Kah-kit, Alan	78	Statutory Functions
<a href="#">CITB(CI)037</a>	2003	LEUNG Yiu-chung	78	—
<a href="#">CITB(CI)038</a>	0780	WONG Ting-kwong	78	Statutory Functions
<a href="#">CITB(CI)039</a>	0781	WONG Ting-kwong	78	Statutory Functions
<a href="#">CITB(CI)040</a>	0782	WONG Ting-kwong	78	Statutory Functions
<a href="#">CITB(CI)041</a>	0579	CHAN Kam-lam	79	Investment Promotion
<a href="#">CITB(CI)042</a>	0942	LI Wah-ming, Fred	79	Investment Promotion
<a href="#">CITB(CI)043</a>	0943	LI Wah-ming, Fred	79	Investment Promotion
<a href="#">CITB(CI)044</a>	2016	SIN Chung-kai	79	Investment Promotion

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">CITB(CI)045</a>	2018	SIN Chung-kai	79	Investment Promotion
<a href="#">CITB(CI)046</a>	1529	FUNG Kin-kee, Frederick	181	Commercial Relations
<a href="#">CITB(CI)047</a>	1530	FUNG Kin-kee, Frederick	181	Commercial Relations
<a href="#">CITB(CI)048</a>	1531	FUNG Kin-kee, Frederick	181	Commercial Relations
<a href="#">CITB(CI)049</a>	0270	LAM Kin-fung, Jeffrey	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)050</a>	0271	LAM Kin-fung, Jeffrey	181	Commercial Relations
<a href="#">CITB(CI)051</a>	0866	LEUNG Kwan-yuen, Andrew	181	Trade Support and Facilitation
<a href="#">CITB(CI)052</a>	1401	LEUNG Kwan-yuen, Andrew	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)053</a>	1402	LEUNG Kwan-yuen, Andrew	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)054</a>	1999	LEUNG Yiu-chung	181	—
<a href="#">CITB(CI)055</a>	2015	SIN Chung-kai	181	Commercial Relations
<a href="#">CITB(CI)056</a>	2017	SIN Chung-kai	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)057</a>	2350	TAM Heung-man	181	Trade Support and Facilitation
<a href="#">CITB(CI)058</a>	2351	TAM Heung-man	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)059</a>	2107	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)060</a>	2108	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)061</a>	2109	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)062</a>	2110	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)063</a>	2111	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)064</a>	2112	WONG Kwok-hing	181	Trade Support and Facilitation
<a href="#">CITB(CI)065</a>	2161	WONG Ting-kwong	181	Support for Small and Medium Enterprises and Industries

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)001**

0673

Head : 152 Government Secretariat : Subhead (No. & title) :  
Commerce, Industry and  
Technology Bureau  
(Commerce and Industry  
Branch)

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 :

Under this Programme, the provision for 2006-07 is \$23 million (18.2%) higher than the revised estimate for 2005-06. The Administration states that one of the reasons for the increase is the increased requirement for the subscription to the World Trade Organization. Please advise us of the details of the subscription, the increased amount as well as the reason for the increase.

Asked by : Hon. CHAN Wai-yip, Albert

Reply :

Out of the increase of \$23 million in the provision for 2006-07, about \$1.87 million is to meet the increase in subscription to the World Trade Organization (WTO).

The estimate for subscription to the WTO in 2006-07 amounts to \$39.23 million. This represents an increase of 5% (or \$1.87 million) over the revised estimate of \$37.36 million in 2005-06.

The WTO is funded by Members' subscription which has to be paid in Swiss Francs. The level of subscription is calculated by the share of international trade of each Member. The share of Hong Kong in the total subscription of Members payable in 2006 is about 3% whereas those of other Members, for example, China and the US are about 4% and 15.4% respectively. The total subscription of Members has risen from CHF167.4 million in 2005 to CHF173.7 million in 2006 to meet the operating requirements of the WTO, representing an increase of 4%. On the basis that Hong Kong's share in the total subscription of Members payable in 2007 remains the same as the previous year and that the level of increase to be imposed by the WTO is 4%, we have increased the estimate for 2006-07. Possible exchange rate fluctuation has also been taken into account.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

**PHILIP YUNG**

Post Title \_\_\_\_\_

Permanent Secretary for  
Commerce, Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)002**

0275

Head : 152 Government Secretariat: Subhead (No. & title) :  
Commerce, Industry and  
Technology Bureau  
(Commerce and Industry  
Branch)

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 :

What new policy does the Administration have to attract Mainland enterprises to invest in Hong Kong? What is the amount of expenditure involved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

To reinforce Hong Kong's position as a leading international business centre in Asia, our policy is to proactively attract and retain in Hong Kong direct investment from overseas and the Mainland. Invest Hong Kong (InvestHK) is responsible for spearheading Hong Kong's efforts to attract such direct investment.

In the light of the national strategy of "going out" for Mainland enterprises and the investment facilitation policy promulgated by the Ministry of Commerce in August 2004, InvestHK has continued to promote in the Mainland the investment environment and advantages of Hong Kong, with emphasis on using Hong Kong as a springboard for Mainland enterprises to expand overseas. InvestHK will continue to conduct seminars and other promotion activities in major Mainland cities and receive incoming delegations from the Mainland.

In 2006-07, InvestHK will devote more resources to strengthen its coverage in the Mainland market in order to attract more Mainland enterprises to invest in Hong Kong. Investment Promotion Units will be set up in the Beijing Office and the new Economic and Trade Offices (ETOs) in Chengdu and Shanghai. InvestHK will expand its presence in the Guangzhou ETO as well.

Investment promotion is an on-going task. It is part of our existing activities under Programme (2): Commerce and Industry of CITB(CIB) which are undertaken by a number of departments. The provision to InvestHK for investment promotion work in 2006-07 is \$106.1 million, of which \$17.5 million has been set aside for activities in the Mainland.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

How will the Administration allocate the estimated increased provision of \$23m for 2006-07? What proportions of the overall provision under the Programme will be spent on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and on working with the Small and Medium Enterprises (SME) Committee to monitor the operation of the SME Funding Scheme? What measures will the Government take to ensure the smooth development of the above two items?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The provision under Programme (2) for 2006-07 is higher than the revised estimate for 2005-06. This is mainly due to our pooling of some of the resources for internal redeployment among the Commerce and Industry Branch and departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities as necessary, increased salary provision arising from staff changes and increased requirement for the subscription to the World Trade Organization.

2. Regarding the work related to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and the Small and Medium Enterprises (SME) Committee, it is not possible to identify the provision devoted to these tasks alone as they are undertaken in the overall context of the Commerce, Industry and Technology Bureau (Commerce and Industry Branch)'s work under Programme (2).

3. CEPA has opened up a huge market for Hong Kong products and services, and brought about substantial economic benefits to Hong Kong. Since its implementation in 2004, CEPA has been operating smoothly. The Government will continue to maintain close contact with the Mainland authorities to ensure a seamless implementation of and further liberalization under CEPA.

4. Besides, the Trade and Industry Department regularly reports to the SME Committee (the Committee) the operation of the SME Funding Schemes. Government representatives maintain frequent contacts and work closely with the Committee to ensure the smooth operation of the Schemes.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead  
Commerce, Industry and Technology Bureau (No. & title) :  
(Commerce and Industry Branch)

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 :

How will the Hong Kong Trade Development Council help Hong Kong's companies to build brand names on the Mainland through CEPA in 2006-07 so as to promote Hong Kong as a trendsetter of style and fashion? What are the specific contents of the activities? Please illustrate.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

As a popular cultural centre, Hong Kong has a profound impact on the style and fashion of Asia. The Hong Kong Trade Development Council (HKTDC) intends to extend this influence to other well-to-do areas of the Mainland by promoting local brand names through our "Style Hong Kong" series promotion programmes. Details of HKTDC's activities in 2006-07 are as follows:

- To organise Style Hong Kong Expo in major cities, such as the Style Hong Kong Expo in Beijing in March this year.
- To organise smaller scale promotion for brand names of specific industry (such as watch and toys) and promotion in department stores in second tier cities. This year, we shall focus on cities in the Yangtze River Delta and in the central region with strong consumption potential.
- To establish "Style Hong Kong Gallery" in Mainland cities. The gallery will be similar to our "Design Gallery" in Hong Kong, and will serve as a showcase for Hong Kong's design and brand name products. We plan to open the first gallery in Chengdu in the third quarter.

HKTDC will also set up brand name/design galleries in its mega trade fairs in Hong Kong to promote local brand names and attract Mainland buyers. These fairs include the Jewellery Fair, Watch and Clock Fair and Fashion Week.

HKTDC will organise the second Innovation and Design Expo in Hong Kong in late 2006. The Expo will showcase Hong Kong's strength in design to visitors from around the world, including entrepreneurs from the Mainland.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)005**

Question Serial No.

0807

Head: 152 Government Secretariat: Subhead (No. & title):  
Commerce, Industry and Technology  
Bureau (Commerce and Industry  
Branch)

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:

“Providing support to local businesses operating in the Mainland” is one of the main responsibilities of the Commerce and Industry Branch. Please list out:

- (a) the support provided to local businesses operating in the Mainland in 2005-06, the expenditure involved and the total number of local businesses operating in the Mainland that have been benefited; and
- (b) the estimated expenditure involved in the work mentioned in item (a) in 2006-07 and the number of local businesses operating in the Mainland that are expected to be benefited.

Asked by: Hon. SIN Chung-kai

Reply:

The Commerce and Industry Branch provides support to Hong Kong businesses operating in the Mainland through the Trade and Industry Department (TID), the Office of the HKSARG in Beijing (Beijing Office) and the Hong Kong Economic and Trade Office in Guangdong (GDETO). The support includes:

- (i) providing, through TID, free information and one-stop advisory services to the public, by which up-to-date information on CEPA can be obtained through telephone enquiry hotlines, e-mail service and a designated CEPA website, thus facilitating Hong Kong enterprises to set up and develop their business in the Mainland;
- (ii) communicating, through the Beijing Office and the GDETO, with Hong Kong businessmen having business operations in the Mainland, so as to help them establish linkage with relevant Mainland officials responsible for commerce and trade, enhance understanding of the local investment environment and relevant policies and regulations, as well as to expand opportunities for cooperation in business;

- (iii) collecting, through the Beijing Office and the GDETO, up-to-date information on the trade and economic policies, laws and regulations, as well as economic development of the Mainland and maintaining liaison with the Mainland authorities at central, provincial and municipal levels to reflect to them problems frequently encountered by Hong Kong businesses operating in the Mainland;
- (iv) participating actively, through TID, in the work of the Guangzhou-Hong Kong CEPA Market Entry Facilitation Group, with a view to providing assistance to Hong Kong businessmen who have encountered difficulties in starting business or setting up individually owned stores in Guangzhou under CEPA; and
- (v) encouraging and facilitating Hong Kong businessmen to strengthen liaison and step up exchanges with the departments responsible for economic and trade, as well as enterprises in the Mainland by means of active participation in events like the Pan-Pearl River Delta Regional Economic and Trade Co-operation Fair, thus providing a platform for Hong Kong businesses to tap new opportunities.

It is not possible to identify the provision devoted to this task alone as it is undertaken in the overall context of the work under Programme (2) of the Commerce, Industry and Technology Bureau (Commerce and Industry Branch). We do not have specific figures of the beneficiaries.

Signature \_\_\_\_\_

Name in block  
letters \_\_\_\_\_ PHILIP YUNG \_\_\_\_\_

Post Title \_\_\_\_\_ Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry) (Ag.) \_\_\_\_\_

Date \_\_\_\_\_ 9.3.2006 \_\_\_\_\_

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead  
Commerce, Industry and Technology Bureau (No. & title) :  
(Commerce and Industry Branch)

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 :

Regarding trade and services promotion events, please advise on the following with respect to 2004-05, 2005-06 and the projection for 2006-07:

- (a) How many events are related to the promotion of services provided by the local information and technology sector? Who are the major targets?
- (b) How many cases handled by the Business Matching Service are related to the information and technology industry? What are the sizes of the local information and technology enterprises being matched? What are the major regions and markets involved?
- (c) What is the amount of resources allocated for promoting the local information and technology industry?
- (d) In 2006-07, what measures will the Administration introduce to promote the local information and technology industry to overseas countries? What are the details of such measures and the expenses involved?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) The Hong Kong Trade Development Council (HKTDC) organised more than 20 activities annually in 2004-05 and 2005-06 to promote Hong Kong's information, communication and technology (ICT) industries. HKTDC plans to organise around 20 similar activities in 2006-07. These activities serve mainly to help local ICT companies promote their services to potential clients from around the world.
- (b) HKTDC organised more than 200 ICT related business-matching activities annually in 2004-05 and 2005-06. A comparable number of ICT related business-matching activities will be organised in 2006-07.

Most of the companies participated in the business matching activities are small and medium enterprises. These business matching activities facilitate local firms to gain access to the global market. Areas in focus are as follows:

- Americas – the United States and Canada;
  - Europe – Western Europe, the United Kingdom and Ireland etc.;
  - Asia – Korea, Japan and Israel etc.; and
  - the Mainland.
- (c) The amount of resources allocated for promoting the local information and technology industry is around \$4 million annually for 2004-05, 2005-06 and 2006-07.
- (d) In 2006-07, HKTDC will organise thematic seminars/forums, sector-specific ICT missions, video conferences, business matchings, ICT vertical portal and the ICT Pavilion to promote local ICT industries. The amount of expenses involved is around \$4 million.

Signature	_____
Name in block letters	_____ PHILIP YUNG _____
Post Title	_____ Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.) _____
Date	_____ 9.3.2006 _____

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)007**

2057

Head : 152 Government Secretariat: Subhead  
Commerce, Industry and Technology Bureau (No. & title) :  
(Commerce and Industry Branch)

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 :

According to the Notes to the Accounts of the Finances in the Hong Kong Trade Development Council (TDC) Annual Report 2004/05, of the total Government's appropriation to the TDC, \$17.98 million was used to "fund trade-related activities, such as the Hong Kong Shippers' Council, the Hong Kong/Japan Business Co-operation Committee and the Governmental Relations Service". In this connection, please advise this Committee of the following:

- (a) What were the TDC's expenses on the respective items in 2004-05?
- (b) Regarding the Governmental Relations Service, what were the issues for which lobbyists were engaged by the TDC?
- (c) Regarding the funding for the Hong Kong Shippers' Council and the Hong Kong/Japan Business Co-operation Committee, what are the TDC's justifications and reasons for subsidizing them every year? How does the TDC determine the amount of funding provided to them? How does the TDC decide whether trade organizations of similar nature should be subsidised?
- (d) What is the TDC's estimated provision for the respective items in 2006-07?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) In 2004-05, subsidies from Hong Kong Trade Development Council (HKTDC) to Hong Kong Shippers' Council (HKSC), Hong Kong/Japan Business Cooperation Committee (HK/JBCC) and the commissioning of trade consultants was \$5.165 million, \$0.213 million and \$12.6 million respectively.
- (b) 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.

- (c) In order to promote the interests of Hong Kong exporters and importers in matters relating to the transportation of merchandise, HKTDC provides financial assistance to HKSC in accordance with the administrative and operation expenditure of HKSC.

In respect of HK/JBCC, the provision of funding aims at fostering friendship and understanding between the business communities of Hong Kong Hong Kong and Japan, and promoting trade, investment and economic co-operation between the two places. Part of the Committee's funding is subvented by the Government while the balance is financed by HKTDC.

When HKTDC co-organises special programmes with trade-related bodies or bilateral trade organisations, it will provide funding based on actual expenditure required, and discussion with these organisations.

- (d) In 2006-07, HKTDC's estimated provision for HKSC, HK/JBCC and trade consultants is \$5.059 million, \$0.263 million and \$12.785 million respectively.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)008**

0341

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 provision under Programme (2) is to be increased substantially by 18.2%. This is due to the redeployment of resources and pursuit of new initiatives as stated in the Estimates. Will the Administration provide more details in this regard?

Asked by : Hon. TAM Heung-man

Reply :

The provision under Programme (2) for 2006-07 is higher than the revised estimate for 2005-06. This is mainly due to our pooling of some of the resources for internal redeployment among the Commerce and Industry Branch and departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities as necessary. In this regard, we are looking into the funding requirements of 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 keep under review the need for undertaking suitable activities.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

PHILIP YUNG

Post Title \_\_\_\_\_

Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)009**

0342

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 :

It is stated in Programme (3) that the funding arrangement agreed with HKTDC was adjusted as a result of budgetary constraints. Will the Administration adjust the arrangement again in view of the improving financial situation?

Asked by : Hon. TAM Heung-man

Reply :

The Government agreed with Hong Kong Trade Development Council (HKTDC) in 2001 the funding arrangement under which annual subvention for HKTDC is set at 60% of the total amount of trade declaration charges (TDEC) on imports, domestic exports and re-exports received in the preceding financial year. In view of budgetary constraints, the Government agreed with HKTDC in 2002 to suspend the funding arrangement.

Government subvention to HKTDC for 2006-07 is \$341.2 million. This is the same as the revised estimate for 2005-06. Notwithstanding the recovery in our economy and the Government's improved financial position, we should continue to maintain strict fiscal discipline and manage public finances prudently. The Government would not revise the amount of subvention to be allocated to HKTDC for 2006-07.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

**PHILIP YUNG**

Post Title \_\_\_\_\_

Permanent Secretary for  
Commerce, Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)010**

0343

Head : 152 Government Secretariat:  
Commerce, Industry and Technology Bureau  
(Commerce and Industry Branch)

Subhead (No. & title) : 000  
Operational  
expenses

Programme : -

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology  
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The provision for "General departmental expenses" under Subhead 000 Operational expenses is to be increased substantially. Will the Administration explain why?

Asked by : Hon. TAM Heung-man

Reply :

The provision for General departmental expenses under Subhead 000 Operational expenses for 2006-07 is higher than the revised estimate for 2005-06. This is mainly due to our pooling of some of the resources for internal redeployment among the Commerce and Industry Branch and departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities as necessary. In this regard, we are looking into the funding requirements of 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 keep under review the need for undertaking suitable activities.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

PHILIP YUNG

Post Title \_\_\_\_\_

Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)011**

0177

Head : 152 Government Secretariat : Subhead (No. & title) : 000 Operational expenses  
Commerce, Industry and  
Technology Bureau  
(Commerce and Industry  
Branch)

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 :

Please advise on the estimated expenditure and work plan for 2006-07 with respect to the consultation on the effective protection of copyright in the digital environment.

Asked by : Hon. TONG Ka-wah

Reply :

We will consult the public on whether and how the Copyright Ordinance (Cap. 528) should be amended for more effective copyright protection in the digital environment. Major issues to be covered in the consultation exercise will include whether a technologically neutral right of communication should be introduced for copyright owners, how to facilitate copyright owners to take civil actions against infringing activities on the Internet, whether statutory damages for civil infringements should be introduced and the role of Internet Service Providers (ISPs) in the fight against Internet piracy. In this connection, we have started an internal study of the issues through inviting copyright owners and ISPs to let us have their initial views and studying relevant overseas legislation. We plan to conduct the public consultation exercise within this year after we have completed our internal study. The manpower and departmental expenditure required for the consultation will be absorbed within existing resources.

Signature

Name in block letters

Post Title

Date

PHILIP YUNG

Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry)(Ag.)

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CD)012**

0770

Head : 152 Government Secretariat: Subhead (No. & title) :  
Commerce, Industry and  
Technology Bureau  
(Commerce and Industry  
Branch)

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 :

What policies have been formulated in 2005-06 for attracting more external investment to Hong Kong? What are the outcomes? Will these policies continue to be implemented? Will there be any new policies for attracting more investment in 2006-07? What is the estimated amount of resources required for implementing the policies?

Asked by : Hon. WONG Ting-kwong

Reply :

In order to maintain and develop Hong Kong as the leading international business centre in Asia, our policy is to proactively attract and retain in Hong Kong direct investment from overseas and the Mainland. Invest Hong Kong (InvestHK) is responsible for spearheading Hong Kong's efforts to attract foreign direct investment.

In 2005, InvestHK has, in implementing the above policy,

- (i) broadened external representation to cover new markets;
- (ii) strengthened the representation in markets already covered;
- (iii) enhanced the Mainland Investment Promotion Units (IPUs) and services offered to Mainland investors;
- (iv) commissioned a new TV commercial and arranged for its screening in major worldwide markets; and
- (v) continued its on-going promotional efforts.

With all these efforts, the department successfully assisted 232 foreign and Mainland companies to set up or expand operations in Hong Kong, representing an increase of 13% over the result in 2004. These projects led to the immediate creation of more than 2 500 jobs and the same companies plan to create an additional 5 400 jobs in Hong Kong in the next two years. Over HK\$8.9 billion was invested.

In 2006-07, we will continue to promote investment in Hong Kong. Moreover, InvestHK will continue to strengthen its coverage in the Mainland market in order to attract more enterprises to invest in Hong Kong. IPU will be set up in the Beijing Office and the new Economic and Trade Offices (ETOs) in Chengdu and Shanghai. InvestHK will expand its presence in the Guangzhou ETO as well.

Investment promotion is an on-going task. It is part of our existing activities under Programme (2): Commerce and Industry of CITB(CIB) which are undertaken by a number of departments. The provision to InvestHK for investment promotion work in 2006-07 is \$106.1 million.

Signature	_____
Name in block letters	Philip YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)013**

0771

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 :

In view of the competition with our neighbouring regions on cross-border freight, the Administration implements measures to facilitate cross-border traffic as far as practicable. Will the Administration undertake preparatory work to bring forward electronic submission of advance cargo information for cargoes carried by the road mode of transport across the land boundary? If yes, when is the earliest time expected for the project to be carried out? What are the resources involved? How many benefits will the project be expected to bring to the trade?

Asked by : Hon. WONG Ting-kwong

Reply :

To improve the efficiency of customs clearance at land boundary control points (LBCPs), the Government has been developing a proposal to establish an electronic advance road cargo information system. The system would enable Customs to receive cargo information and perform risk profiling before trucks arrive at LBCPs. This would reduce the chance of legitimate shipments being stopped for inspection and enable trucks not identified for inspection to proceed through LBCPs smoothly and speedily. The system would also provide the necessary infrastructure for Customs to develop one-stop customs clearance services to facilitate inter-modal cargo movements.

We have been consulting stakeholders on the proposal and have been revising the operational aspects taking into account stakeholders' views. We are now collecting feedback from the major stakeholders on the latest revisions.

If the proposal is supported by the major stakeholders, we will work out an implementation timetable and proceed with the necessary preparatory work to bring forward the project, including the necessary legislative amendments, applying for funds and developing the IT infrastructure.

As the proposal is still being formulated, the Government has not set aside a specific amount of resources for system development and implementation in 2006-07. All preparatory and planning work in relation to this proposal will be funded by existing resources under Policy Area 6 (Commerce and Industry).

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)014**

0772

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 Chief Executive has indicated in the Policy Address for 2005-06 that the promotion of Hong Kong's services industries in the Mainland will be strengthened. What are the new policies on promoting the services industries in 2005-06 and what is the expected outcome? Which policies will continue to be implemented? What is the estimated amount of resources required for the implementation?

Asked by : Hon. WONG Ting-kwong

Reply :

The \$100 million Professional Services Development Assistance Scheme was launched in February 2002 to provide financial support for projects aimed at increasing the competitiveness of Hong Kong's professional service sectors (e.g. accounting, legal, engineering, medical services, etc.) in external markets including the Mainland market. As at end February 2006, 132 projects with a total grant of \$50.78 million have been approved. Among these approved projects, 21 projects, involving a total grant of \$10.11 million, aim to promote the professional services of Hong Kong in the Mainland market.

With the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) I, II and III, the Mainland market has been further liberalized for Hong Kong's services industries. In 2006-07, Hong Kong Trade Development Council (HKTDC) will help Hong Kong's service providers penetrate new niches in the Mainland market through the following promotion strategy and projects:

- CEPA has opened up new possibilities for Hong Kong firms, particularly those involved in logistics, distribution, financial services and real-estate services. This year, HKTDC will organise sector-specific missions, road shows and dedicated trade expos to promote these services in the Mainland.
- Flagship projects in 2006-07 will include the CFO Forum, the CEO Forum, the Hong Kong Real Estate Service and City Development Expo and the Logistics Road Shows in major Mainland cities, with rotational targeting among cities in the Pearl River Delta and Yangtze River Delta where demand for Hong Kong's services is great.

- HKTDC will leverage on its FILMART, Innovation and Design Expo and “Style Hong Kong” series to promote services of Hong Kong’s creative industries, such as film and design, in the Mainland.

By launching these projects, HKTDC aims to achieve the objective of raising the profile of Hong Kong’s services industries in the Mainland, and providing a platform for Hong Kong service providers to meet their potential customers for business cooperation. The total estimated expenditure of HKTDC on the promotion of Hong Kong’s services will be around \$92 million for 2006-07.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)015**

Question Serial No.

0783

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 estimated increase of \$23m in the provision for 2006-07 is mainly due to the pooling of resources for internal redeployment. What are the specific arrangements for the redeployment? Is the redeployment expected to be completed in 2006-07? Will it involve any change in manpower? What is the increase in salary provision arising from staff changes? What are the reasons?

Asked by : Hon. WONG Tin-kwong

Reply :

The provision under Programme (2) for 2006-07 is higher than the revised estimate for 2005-06. This is mainly due to our pooling of some of the resources for internal redeployment among the Commerce and Industry Branch and departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities as necessary. In this regard, we are looking into the funding requirements of 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. The resources will meet only one-off provision within 2006-07 without involving any change in manpower and incurring any recurrent consequences. We will keep under review the need for undertaking suitable activities.

2. The increased salary provision arising from staff changes for 2006-07 over the 2005-06 revised estimate under Programme (2) is \$2.33 million. This is mainly to meet the required provision arising from staff movement, filling of vacant posts and salary increments.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

PHILIP YUNG

Post Title \_\_\_\_\_

Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead  
Commerce, Industry and Technology Bureau (No. & title) :  
(Commerce and Industry Branch)

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 :

As mentioned, Hong Kong Trade Development Council will transform its largest trade fairs into global leaders and introduce eight new fairs during 2006-07. Please provide a breakdown of the new fairs specifying the details, resources and expenses incurred.

Asked by : Hon. YOUNG Howard

Reply :

The Hong Kong Trade Development Council is partnering with Hong Kong exhibition organisers to launch a number of new international trade fairs in Hong Kong from 2006. The new fairs will be held at the AsiaWorld-Expo (AWE) at the Hong Kong International Airport and the Hong Kong Convention and Exhibition Centre (HKCEC) in Wanchai.

The fairs will carry the following themes:

- Printing & Packaging (8-11 April 2006 at AWE);
- Autoparts (8-11 April 2006 at AWE);
- Auto & Boat & Leisure (at AWE and date yet to be fixed);
- Building Materials & Construction Equipment (27-30 October 2006 at AWE);
- Furniture (27-30 October 2006 at AWE);
- Environmental Protection Products & Technologies (27-30 October 2006 at AWE);
- Textile and Garment Machinery & Technology (at HKCEC and date yet to be fixed); and
- Medical and Health Care (17-21 August 2006 at HKCEC).

The fairs will further strengthen Hong Kong as Asia's trade fair capital and generate more business opportunities for the local exhibition industry and related sectors.

As investment in these fairs will be shared by HKTDC and co-organisers, the resources involved and expenditure incurred will depend on the size of the fairs. Exact figures are not available at this stage.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)017**

0274

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 :

The financial provision under Programme "Commercial Relations" for 2006 will have an increase of 21.7% over that for 2005-06. However, the numbers of meetings on the trade-related matters attended, visits to host governments and trade organisations, as well as seminars, exhibitions and workshops organised and participated will be smaller than last year. What is the reason for that? Will the number of these activities be increased so that Hong Kong's trade and economic interests can be further promoted?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The financial provision under Programme 1 for 2006-07 is higher than the revised estimate for 2005-06 mainly due to the setting up costs and the operating expenses for the new Economic and Trade Office (ETO) to be established in Berlin and increased requirements for departmental expenses.

2. The estimated number of meetings on trade-related matters attended, visits to host governments and trade organization, as well as seminars, exhibitions and workshops organised and participated under Programme 1 for 2006 is lower than the actual performance in 2005. This is mainly because the number of meetings attended by the Geneva ETO in connection with the hosting of the 6<sup>th</sup> World Trade Organization Ministerial Conference (MC6) by Hong Kong had greatly increased last year. Some ETOs had also organised and participated in more activities in promoting commercial relations to further the economic interests of Hong Kong. Although the 2006 figures are expected to return to a lower level with the completion of MC6, this will not affect the ongoing work of ETOs in promoting Hong Kong's trade and economic interests.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

**PHILIP YUNG**

Post Title \_\_\_\_\_

Permanent Secretary for Commerce,  
Industry and Technology  
(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)018**

0867

Head : 96 Government Secretariat:  
Overseas Economic and Trade Offices

Subhead (No. & title) : -

Programme : (1) Commercial Relations (2) Public Relations (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 :

The additional provision of \$54.1 million under Programme (1), (2) and (3) is mainly due to the setting up cost and the operating expenses for the new Economic and Trade Office (ETO) to be set up in Europe and increased requirements for departmental expenses. Please give a detailed account of the expenditure involved and how the Administration can ensure that the new ETO is beneficial to the promotion of Hong Kong's trade and commerce.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The provision under Programme (1), (2) and (3) for 2006-07 is higher than the revised estimate for 2005-06. This is mainly due to the expenditure required for establishing a new Economic and Trade Office (ETO) in Berlin, for which we have been allocated \$9.5 million and \$22 million for the setting up costs and recurrent operating expenses respectively. The increase of expenditure is also attributed to the increased requirements for departmental operating expenses of \$22.6 million to cope with the inflationary changes in prices in most of the host cities of the ETOs, the salary revision of the locally recruited staff, the required provision arising from staff movement, filling of vacant posts, salary increments as well as replacement of office equipment.

Currently, the European Union (EU) is Hong Kong's third largest trading partner. The geo-political and economic developments in Europe following the enlargement of the EU in May 2004 have brought about substantial business and trade opportunities for Hong Kong. The new ETO in Berlin will be responsible for promoting economic and trade relations in the eastern part of Europe, as well as to assist Hong Kong businessmen in capitalising on these opportunities. Similar to other ETOs, the Berlin ETO will seek to promote Hong Kong's economic and trade interests by enhancing understanding of the HKSAR among decision-makers and opinion-formers; monitor developments that may affect Hong Kong; and liaise with the business and commercial sectors in the eight countries under its purview. It will also organise events to promote the overall image of Hong Kong and will seek to attract direct investment into Hong Kong.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

**PHILIP YUNG**

Permanent Secretary for Commerce,  
Industry and Technology

Post Title \_\_\_\_\_

(Commerce and Industry) (Ag.)

Date \_\_\_\_\_

9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Head : 96 Government Secretariat: Subhead (No. & title) :  
Overseas Economic and  
Trade Offices

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 :

The number of investment projects completed with the assistance of the overseas Economic and Trade Offices (ETOs) resulting in foreign companies setting up and expanding their business here was 144 and 126 respectively in 2004 and 2005, while the number of projects expected to be completed in 2006 is 110. These figures only account for 70.24%, 54.31% and 45.8% of the "projects completed" by Invest Hong Kong, and that reflects the diminished significance of the overseas ETOs in investment promotion. However, the estimated expenditure for the overseas ETOs has not decreased but increased. What are the reasons? In this connection, will the Administration consider transferring the function of investment promotion from the overseas ETOs to Invest Hong Kong so as to avoid duplication of resources and work. If not, what measures do the overseas ETOs have to improve the work on investment promotion in order to enhance its cost-effectiveness?

Asked by : Hon. SIN Chung-kai

Reply :

Attracting foreign direct investment to Hong Kong is one of the major functions of the overseas Economic and Trade Offices (ETOs). It is carried out by the seven Investment Promotion Units (IPUs) located in the ETOs (namely in New York, San Francisco, Toronto, Brussels, London, Sydney and Tokyo). Staff of the IPU work with the Head Office of Invest Hong Kong (InvestHK) to maintain close contact with potential investors in their local markets. The work of ETOs and IPUs is an integral part of our efforts in respect of inward investment promotion.

Since 2003, InvestHK has been employing consultancy companies specialising in investment promotion to boost efforts in existing and new markets. In 2004, the consultants in countries covered by ETOs were supervised by the IPUs, and for the purpose of calculating the number of completed projects, achievements of the consultants were credited to the ETOs concerned. With the passage of time, the supervisory role of the IPUs has decreased and the project delivered with the assistance of consultants are no longer credited to the ETOs concerned. This explains the fall in the number of successful projects directly achieved by the ETOs in 2005. However, the IPUs continue to monitor the work of the consultants within the jurisdiction of the ETOs, and carry out investment promotion work in their own right. Excluding projects completed by the external consultants, the number of projects delivered by the IPUs alone in 2004 and 2005 should be 107 and 126 respectively. There was an increase of 19 completed projects in 2005 over 2004. The target for 2006 has been set at a level having regard to market conditions of the home countries where the ETOs are located and known factors which may impact the staffing and performance of these ETOs.



In 2006-07, the financial provision under Programme (3) has increased mainly due to the setting up of a new ETO in Berlin and the increased requirements for departmental expenses.

Successful capture of investment projects requires support in the home markets of the companies concerned, which is provided by the IPU's, and in Hong Kong which is provided by the relevant sector teams of the InvestHK head office. Their work is coordinated to minimize duplication of resources. ETOs will continue to review the promotion work of the IPU's with a view to enhancing their cost-effectiveness.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

Regarding the new Economic and Trade Office (ETO) to be set up in Europe, please inform this Council of:

- (a) the expenditure to be incurred, the respective proportions of the setting up cost and the operating expenses, and the estimated recurrent expenditure; and
- (b) the reasons for setting up a new ETO in Europe. Is it that the work in Europe is significantly inadequate?

Asked by : Hon. TAM Heung-man

Reply :

- (a) The setting up cost of the new ETO in Berlin is estimated to be \$9.5 million. The annual recurrent cost of Berlin ETO is estimated at \$22 million.
- (b) Currently, the European Union (EU) is Hong Kong's third largest trading partner. The geo-political and economic developments in Europe following the enlargement of the EU in May 2004 have brought about substantial business and trade opportunities for Hong Kong. We will establish a new Economic and Trade Office (ETO) in Berlin to be responsible for promoting economic and trade relations in the eastern part of Europe in the third quarter this year, as well as to assist Hong Kong businessmen in capitalising on these opportunities. Hong Kong's representation work in Europe is currently undertaken by the two ETOs in Brussels and London. The Brussels ETO is responsible for representing Hong Kong's economic and trade interests in the EU, European Commission and European Parliament; and for the bilateral economic and trade relations with 14 countries. The London ETO is responsible for promoting Hong Kong's bilateral economic and trade interests with 17 countries. To tap the new business and trade potential in the European market following the expansion of the EU, we propose to reorganise our representation in Europe by transforming the Brussels ETO into the 'head' ETO for Europe, supported by a re-structured ETO in London and the new Berlin ETO to serve the eastern part of Europe. We consider the revised structure will strengthen Hong Kong's presence and representation in some 30 European countries, with each of the three ETOs responsible for the bilateral economic and trade

relationships with a number of these countries. In addition, the revised structure will enhance co-ordination and effectiveness of the operations of the ETOs in Europe, and afford optimal deployment of resources through some organisational changes.

Signature	_____
Name in block letters	PHILIP YUNG
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (Ag.)
Date	9.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

The third phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA III) came into operation on 1 January 2006. The Customs and Excise Department has assumed additional enforcement responsibility arising from the implementation of zero tariff for trade in goods under the CEPA III. As far as this is concerned, would the Government inform this Council:

- a. Is there a need to increase manpower for assuming this additional enforcement responsibility? If so, please provide the details; if not, please explain.
- b. CEPA II and III have been implemented consecutively. However, the number of factory and consignment inspections will reduce from 78 850 in 2005 to 68 800 estimated for 2006. Why?
- c. CEPA II and III have been implemented consecutively. However, the number of factory audit checks will reduce from 240 in 2005 to 190 estimated for 2006. Why?

Asked by : Hon. CHAN Yuen-han

Reply :

- (a) The C&ED has a dedicated team of 52 officers to undertake enforcement duties pertaining to trade in goods under CEPA. The products eligible for zero tariff covered in the first two phases of CEPA account for about 95% of the domestic exports of Hong Kong manufactured goods to the Mainland. The additional items under phase III of CEPA represent less than 5% of our domestic exports to the Mainland. The Department will cope with the increase in workload arising from the additional enforcement responsibility through more effective deployment of existing manpower resources.
- (b) The Department's original target for factory and consignment inspections for 2005 was 68 800. We ended up completing 78 850 factory and consignment inspections in 2005 through more effective redeployment of existing manpower, so as to step-up enforcement against illegal transshipment that might be triggered by the restrictive measures against Chinese textiles exports imposed by the United States (US) and the European Union (EU) in 2005. With the China/US and China/EU textiles agreements coming into force on 1 January 2006, the textiles trading environment has become more stable. It is therefore considered appropriate to retain the planned number of inspections for 2006 at 68 800.

(c) The Department's original target for factory audit checks (FAC) for 2005 was 190. We ended up completing 240 FACs through more effective redeployment of existing manpower, so as to step-up enforcement against illegal transshipment that might be triggered by the restrictive measures against Chinese textiles exports imposed by the US and the EU in 2005. With the China/US and China/EU textiles agreements coming into force on 1 January 2006, the textiles trading environment has become more stable. It is therefore considered appropriate to retain the planned number of FACs for 2006 at 190.

Signature	_____
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)022**

0318

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 :

In 2006-07, the Customs and Excise Department will prepare for trade controls measures to be enforced at the new control point for the Hong Kong–Shenzhen Western Corridor. As far as this is concerned, would the Government inform this Council whether additional manpower is necessary for this new duty? If so, please provide the details; if not, please state the reasons.

Asked by : Hon. CHAN Yuen-han

Reply :

Additional manpower is required for trade controls enforcement at the new control point for the Hong Kong – Shenzhen Western Corridor (i.e. Shenzhen Bay Port). Policy support has been obtained for the creation of 12 additional posts in the Trade Controls Officer Grade for the new control point.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)023**

0319

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 :

Regarding the creation of 12 posts to strengthen the trade controls measures at the Shenzhen Bay Port, the increased expenses will partly be offset by the deletion of ten posts. As far as this is concerned, please advise this Council on

- (a) the titles and ranks of the 12 posts to be created as well as their annual salary provision;
- (b) the titles and ranks of the 10 posts to be deleted as well as their salary provision to be saved annually.

Asked by : Hon. CHAN Yuen-han

Reply :

- (a) The 12 posts to be created for strengthening the trade controls measures at the new control point for the Shenzhen Bay Port include 3 Senior Trade Controls Officer (STCO) posts, 6 Trade Controls Officer (TCO) posts and 3 Assistant Trade Controls Officer (ATCO) posts. The annual salary provision for these posts is about \$4.3 million.
- (b) The ten posts to be deleted in 2006-07 at other formations within the Trade Controls Branch of the Department, include 2 STCO posts, 3 TCO posts and 5 ATCO posts. The annual savings will amount to about \$3.2 million.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)024**

1166

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 :

Among the 11 865 cases of intellectual property rights investigations conducted in 2005, what are the numbers of cases related to illegal activities concerning copyright infringement, forgery of trade marks, false trade descriptions and misrepresentation of goods respectively?

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

Among the 11 865 cases of intellectual property rights investigations conducted in 2005, approximately 10 150 cases (85%) were related to copyright infringement; approximately 1 700 cases (14%) were related to forged trade marks; and about 100 cases (below 1%) were related to false trade descriptions and misrepresentation of goods. The sum total of the three numbers slightly exceeds 11 865 as some investigations were conducted in respect of more than one offence.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CD)025**

1194

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 :

In respect of “conducting investigations and taking enforcement actions against persons and syndicates suspected of committing offences relating to infringement of intellectual property rights”, please advise this Committee on

- (a) In 2005, how many freight forwarders and company directors were suspected of committing related offences?
- (b) Among those, how many freight forwarders and company directors were prosecuted? and
- (c) How many freight forwarders and company directors were convicted eventually?

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

In 2005, some 12 000 investigations were conducted into suspected intellectual property rights (IPR) infringement offences. A total of 1 680 persons were arrested by the Customs and Excise Department in relation to such offences. 1 497 persons were prosecuted during the year, including persons involved in cases detected in previous years, resulting in 1 292 persons convicted. There is no readily available breakdown of statistics of such persons by trade or occupation. Compiling the information requested will necessitate the deployment of very substantial resources to go through all the case files. Nevertheless, the numbers of freight forwarders and directors of companies involved in IPR offences are estimated to be very moderate. Respectively, they are unlikely to account for more than 1 or 2 % of the numbers of persons arrested, charged or convicted in 2005.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CD)026**

1826

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 :

How many pirated optical discs were seized by the Customs and Excise Department in 2005? How many of them were imported from the Mainland? How many of them were manufactured without authorization by local factories to which Licences for Manufacture of Optical Disc were granted? And how many of them were manufactured without authorization by unlicensed local factories/persons?

Asked by : Hon. SIN Chung-kai

Reply :

In 2005, the Customs and Excise Department seized a total of 3.79 million pirated optical discs, of which 0.3 million were seized at boundary control points as smuggled items from the Mainland. For those discs seized inland, it is very difficult to distinguish their origin. That said, based on operational experience, pirated discs produced by injection moulding (representing about 60% of the discs seized inland in 2005) are mostly imported and pirated discs produced by disc-writers (representing about 40% of the discs seized inland in 2005) are usually locally made.

Of the pirated optical discs seized in 2005, 484 discs were seized from five licensed factories, 5 490 discs were seized from one unlicensed factory and about 270 000 discs were seized from small-scale underground copying workshops.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

In respect of spot checks on licensed optical disc mastering and replication factories, please advise this Committee on the following:

- (a) how many officers of Customs and Excise Department are responsible for carrying out spot checks on optical disc factories at present?
- (b) how many licensed optical disc manufacturers are there in Hong Kong at present? and
- (c) why the estimated number of spot checks on optical disc factories will be decreased in 2006/07?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) Inspection of optical disc factories is currently undertaken by 2 Factory Inspection Teams each comprising 1 Senior Inspector, 1 Senior Customs Officer and 2 Customs Officers.
- (b) There are at present 102 licensed optical disc manufacturers in Hong Kong.
- (c) The annual target for inspection of optical disc factories has been set at 300 since the establishment of our Factory Inspection Teams. We performed 313 inspections in 2005 which slightly exceeded the planned target. Maintaining the planned target of 300 for 2006 is considered appropriate having regard to projected operational needs.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

Please provide the following information:

- (a) What measures will be taken in 2006-07 to promote public / traders' awareness of intellectual property rights and consumer protection legislation? Which of these measures are implemented for dealing with the problem of pirated software?
- (b) What are the expenditures involved in the various items?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) Publicity and education work in relation to intellectual property rights is primarily the responsibility of the Intellectual Property Department (IPD). The Customs & Excise Department (C&ED) is responsible for law enforcement, but also participates in individual publicity and education programmes. One major anti-piracy event being organized for 2006-07 is a campaign jointly organized by C&ED, IPD, the copyright industry and 11 youth uniformed organizations to mobilize youngsters to combat the sharing of copyright-infringing movies and music through peer-to-peer software on the Internet.

We will continue to publicize significant results of our enforcement work through press conferences or media interviews so as to increase the public awareness of intellectual property rights protection and the consequences of copyright infringement under the law. We will also promote public education through the website of the Intellectual Property Rights Protection Alliance (i.e., an alliance formed with intellectual property right owners in 2004). These publicity measures cover all copyright works, including software.

- (b) The estimated budget for the youth campaign is about \$0.5 million. There is no specific budget set for other activities, as resources will be deployed flexibly to cover any of such if necessary.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)029**

1841

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 :

On the point that the department will continue to “tackle internet piracy and other computer crime problems relating to infringement of intellectual property rights”, please advise on the following:

- (a) What was the actual expenditure that the Government spent in 2005-06 on dealing with internet piracy problem?
- (b) What measures will be taken by the Government in 2006-07 to deal with the internet piracy problem? Which measures among those will be taken by the Government in co-operation with the organisations within the sector concerned/copyright holders? What is the expenditure involved in each of the measures?

Asked by : Hon. Sin Chung-kai

Reply :

- (a) The Customs and Excise Department (C&ED) has two “Anti-Internet Piracy Teams” to combat piracy and counterfeiting activities on the Internet. Each team comprises 1 Senior Inspector, 1 Chief Customs Officer and 5 Customs Officers. The estimated expenditure on salary provision for the two teams in 2005-06 is \$3.63 million.
- (b) In 2006-07, we will continue our stringent enforcement actions against infringing activities on the Internet. We will launch a joint campaign with the Intellectual Property Department, copyright industry and 11 youth uniformed organizations to mobilize youngsters to combat the sharing of copyright-infringing movies and music through peer-to-peer software on the Internet. The estimated budget for the campaign is \$0.5 million.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)030**

0774

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 :

Since Hong Kong is a cosmopolitan city with the reputation of shopping paradise, the Government of the Special Administrative Region puts special emphasis on the protection of intellectual property rights. In this regard, the Government released a consultation paper on the Copyright Ordinance and has proactively combated internet piracy activities recently. However, there is only a slight increase of \$500,000 in the provision in 2006-07 for such enforcement activities. Will the authorities concerned specify the amount of public funds allocated in 2006-07 for fighting against internet piracy and other computer crimes in which infringement of intellectual property rights is involved? And what is the budget for publicity and education?

Asked by : Hon. WONG Ting-kwong

Reply :

The Customs and Excise Department (C&ED) established two Anti-Internet Piracy Teams (AIPT), one in April 2000 to combat Internet piracy and the second one in April 2005 to strengthen enforcement actions against the sale of counterfeiting goods on the Internet. Both teams were established through effective internal redeployment of staff. The estimated expenditure on salary provision for the two teams in 2006-07 is about \$3.63 million. The Department will continue to deploy the existing resources flexibly according to operational needs in combating infringing activities on the Internet.

Publicity and education work in relation to intellectual property rights is primarily the responsibility of the Intellectual Property Department (IPD). C&ED also participates in individual publicity and education programmes. There is no separate allocation of funds for such purpose. During the past three years, C&ED spent about \$0.89 million on such publicity and education. In 2006-07, the Department will launch a joint campaign with IPD, the copyright industry and 11 youth uniformed organizations to mobilize youngsters to combat infringing activities on the internet. The estimated expenditure is \$0.5 million.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CD)031**

0776

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 :

The estimate of expenditure for 2006-07 is higher than the revised estimate for 2005-06 by \$2.9 million which will be spent on creating 12 posts to strengthen the trade controls measures at the Shenzhen Bay Port and covering the increased operating expenses. However, why does the estimated number of blitz checks on consignments at entry and exit points reduce by 8000-odd times?

Asked by : Hon. WONG Ting-kwong

Reply :

The Department's original target for blitz checks for 2005 was 25 000. We ended up completing 36 637 checks through temporary internal redeployment of existing manpower. The purpose was to step-up enforcement against illegal textiles transshipment that might be triggered by the restrictive measures against Chinese textiles exports imposed by the United States (US) and the European Union (EU) in 2005. With the China/US and China/EU textiles agreements coming into force on 1 January 2006, the textiles trading environment has become more stable. The planned number of blitz checks for 2006 is therefore set at 28 000, i.e. 3 000 higher than the original target for 2005 but 8 637 lower than the number of checks actually carried out in that year. This target is considered realistic and the 12 new posts created for strengthening the trade controls measures, including blitz checks, at the Shenzhen Bay Control Point will provide sufficient strength for implementation.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)032**

0777

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 :

For the ten posts to be deleted due to cost-saving, what posts are mainly involved? Is the reduction in manpower and resources the reason for the decrease in the number of factory inspections by 10 000 in 2006-07 estimates?

Asked by : Hon. WONG Ting-kwong

Reply :

The ten posts identified for deletion in 2006/07, which involve Trade Controls Officer Grade posts, are vacant posts arising from natural wastage of staff.

The Department's original target for factory and consignment inspections for 2005 was 68 800. We ended up completing 78 850 factory and consignment inspections in 2005 through temporary internal redeployment of existing manpower, so as to step-up enforcement against illegal textiles transshipment that might be triggered by the restrictive measures against Chinese textiles exports imposed by the United States (US) and the European Union (EU) in 2005. With the China/US and China/EU textiles agreements coming into force on 1 January 2006, the textiles trading environment has become more stable. It is therefore considered appropriate to retain the planned number of inspections for 2006 at 68 800.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

TIMOTHY H M TONG

Post Title \_\_\_\_\_

Commissioner of Customs and Excise

Date \_\_\_\_\_

9 March 2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

What are the specific measures or deployment by the Customs and Excise Department in combating piracy and counterfeiting activities? Will additional manpower or resources be required to strengthen enforcement action?

Asked by : Hon. WONG Ting-kwong

Reply :

In addition to focused and repeated raids at black spots selling pirated and counterfeit goods, the Customs and Excise Department (C&ED) takes stringent enforcement actions at the manufacturing, storage and import/export levels so as to eliminate the source of infringing goods.

In order to crack down and uproot piracy and counterfeiting syndicates and to achieve a more sustainable deterrent effect, C&ED applies the Organized and Serious Crime Ordinance to confiscate their crime proceeds.

C&ED has also established a strategic partnership with the industry which greatly facilitates the enforcement actions in various respects including information exchange, seizure identification and testimony in courts. In particular, with the cooperation of the "Intellectual Property Rights Protection Alliance" (i.e., an alliance formed with intellectual property right owners in 2004 to further strengthen the cooperation), we have achieved more effective monitoring and cracking down of the infringing activities.

To curb the smuggling of infringing goods, C&ED maintains close liaison with Mainland enforcement agencies such as Guangdong Customs and National Copyright Administration. Through joint operations, regular meetings and intelligence exchange, both sides can proactively curtail cross-boundary infringing activities.

In addition, we actively participate in publicity and education programmes to increase the public's awareness of the importance of intellectual property rights protection. For example, C&ED will launch a joint campaign with the Intellectual Property Department, the copyright industry and 11 youth uniformed organizations to mobilize youngsters to combat the sharing of copyright-infringing movies and music through peer-to-peer software on the Internet. Under the campaign, youngsters will be involved in the fight against Internet piracy directly.

C&ED will flexibly deploy the existing resources for the above activities. No additional manpower or funding is required.

Signature	_____
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

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 :

For the past three years, how much resources were allocated for carrying out publicity and educating the public on intellectual property rights? What was the effectiveness of the relevant work? What are the major publicity programmes in 2006-07?

Asked by : Hon. WONG Ting-kwong

Reply :

Publicity and education work in relation to intellectual property rights (IPR) is primarily the responsibility of the Intellectual Property Department (IPD). Customs and Excise Department (C&ED) also participates in individual publicity and education programmes. There is no separate allocation of funds for this area, but C&ED will redeploy resources flexibly to meet the requirement where necessary. During the past three years, C&ED spent about \$0.89 million on the following publicity and education activities:

Year	Item
2003	➤ Held a large scale anti-piracy campaign in the Golden Arcade in Shamshuipo
2004	<ul style="list-style-type: none"> <li>➤ Co-organized a series of publicity activities under the theme of "Hong Kong - The Real Experience" with IPD and other related organisations.</li> <li>➤ Established the Intellectual Property Rights Protection Alliance (IPRPA) (i.e., an alliance formed with intellectual property right owners) and the alliance website to strengthen the cooperation with the right owners in the fight against piracy and counterfeiting activities.</li> </ul>
2005	<ul style="list-style-type: none"> <li>➤ Delivered talks on peer-to-peer copyright infringing activities to the Parent-Teacher Associations and students, and distributed anti-piracy posters to some 1 300 primary and secondary schools in Hong Kong.</li> <li>➤ Maintenance of the IPRPA website.</li> <li>➤ Introduced "E-auctioning with Integrity" Scheme which aims to promote industry cooperation between intellectual property rights owners and operators of e-auction sites on the Internet in speedy removal of infringing items on local e-auction sites.</li> <li>➤ Held a "Jewellery Integrity Campaign" which aims to build up a self-regulating mechanism within the trade through the adoption of clear trade descriptions for jade and diamond retail products.</li> </ul>

These publicity campaigns were well received by the public and contributed to promoting public awareness of IPR.

Amongst the major publicity programmes to be organised in 2006, C&ED will launch a joint campaign with IPD, the copyright industry and 11 youth uniformed organisations to mobilise youngsters to combat infringing activities on the Internet. It aims to effectively suppress the sharing of infringing movies and music through BitTorrent (BT) on the Internet through the youths' monitoring and reporting, together with the copyright owners' follow-up actions.

Signature \_\_\_\_\_  
Name in block letters TIMOTHY H M TONG  
Post Title Commissioner of Customs and Excise  
Date 9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)035**

Question Serial No.

0568

Head: 78 Intellectual Property Department

Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The Department anticipates that one non-directorate post will be deleted in 2006-07. In this connection, please inform us of:

(a) the scope of responsibilities of that post and the impacts on the operation of the Department.

(b) the savings achieved from the deletion of the post.

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

(a) The Intellectual Property Department will delete one Intellectual Property Examiner II post in 2006-07, responsible for processing applications for trademark registration. As searching can be performed online, time spent by Intellectual Property Examiners in this aspect can be saved. As such, deletion of the post will not have any impact on the day-to-day operation of the Department.

(b) The deletion of the post will result in savings of \$289,620 in terms of notional annual mid-point salary value.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ Stephen SELBY

Post Title \_\_\_\_\_ Director of Intellectual Property

Date \_\_\_\_\_ 8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)036**

Question Serial No.

0884

Head: 78 Intellectual Property Department      Subhead (No. & title):

Programme:            (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The Department stated that with effect from the second half of 2006-07, a six-month provision will be made for continuous outsourcing of the non-core services formerly funded under a non-recurrent subhead. Please provide details of the outsourcing.

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

The Intellectual Property Department launched a pilot scheme to outsource its non-core services in 2001. Funded under a general non-recurrent operating account, the project covers on-going information technology (IT) support and maintenance, new IT application development and office operation services. This 5-year pilot scheme will come to an end on 30 November 2006. The second phase of the outsourcing project will commence in October this year with the ambit similar to that of the first phase. However, as the outsourcing arrangement is to be implemented on an on-going basis, the cost of the second phase of the project will be absorbed by the recurrent expenditure of the Department.

Signature \_\_\_\_\_

Name in block letters      Stephen SELBY

Post Title      Director of Intellectual Property

Date      8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)037**

Question Serial No.

2003

Head: 78 Intellectual Property Department      Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

What are the details of the one permanent post expected to be deleted in 2006-07 and the amount of savings to be achieved?

Asked by: Hon. LEUNG Yiu-chung

Reply:

The Intellectual Property Department will delete an Intellectual Property Examiner II post in 2006-07. The deletion of the post will result in savings of \$289,620 in terms of notional annual mid-point salary value.

Signature \_\_\_\_\_

Name in block letters      Stephen SELBY

Post Title      Director of Intellectual Property

Date      8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)038**

Question Serial No.

0780

Head: 78 Intellectual Property Department      Subhead (No. & title):

Programme:            (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

What specific measures will be introduced to promote e-filing to increase the migration rate to 70% in 2006-07? What is the estimated provision in support of such measures? How does it compare in terms of the amount of increase or decrease with the related provision in the past several years?

Asked by: Hon. WONG Ting-kwong

Reply:

The Intellectual Property Department will continue to promote e-filing by organising road shows and providing technical support and training to users, with a view to achieving the migration rate of 70%. As in previous years, the manpower and funding required for the related promotional activities in 2006-07 will be entirely absorbed by the existing resources of the Department.

Signature \_\_\_\_\_

Name in block letters      Stephen SELBY

Post Title      Director of Intellectual Property

Date      8.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)039**

Question Serial No.

0781

Head: 78 Intellectual Property Department      Subhead (No. & title):

Programme:                    (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

In view of the fact that working procedures will be streamlined and efficiency enhanced with the successive launch of various e-filing services in 2006-07, what are the expected savings in administrative expenses and manpower?

Asked by: Hon. WONG Ting-kwong

Reply:

With the launching of various e-filing services in 2006-07, the working procedures of the Intellectual Property Department will be streamlined and its efficiency enhanced. It is expected that there will be a saving of 2 700 man-hours, which is equivalent to the workload of some 0.5 Intellectual Property Examiner II and 1 Assistant Clerical Officer. The savings in manpower will be deployed to other areas of work such as co-operations with the Mainland on intellectual property protection. As for administrative expenses, it is believed that there will be savings in paper consumption and office accommodation, which, however, cannot be quantified.

Signature \_\_\_\_\_

Name in block letters      Stephen SELBY

Post Title      Director of Intellectual Property

Date      8.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

CITB(CI)041

Question Serial No.

0579

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : Please provide (a) a detailed account of the distribution of foreign investment in Hong Kong and (b) an analysis of the trend of foreign investment in Hong Kong.

Asked by : Hon. CHAN Kam-lam

Reply :

According to statistics published by the Census and Statistics Department (C&SD), the top five sources of foreign investment in terms of the stock of inward direct investment (IDI) at the end of 2004 remained largely unchanged in the order of the British Virgin Islands (HK\$1,029.3 billion), the Mainland (HK\$1,020.1 billion), the Netherlands (HK\$307.2 billion), Bermuda (HK\$272.2 billion) and the USA (HK\$243.5 billion), which account for over 80% of the total IDI (HK\$3,521.9 billion) at the year end position.

Hong Kong has maintained its leading position as a preferred destination for foreign direct investment (FDI). According to the World Investment Report 2005 released by the United Nations Conference on Trade and Development (UNCTAD), Hong Kong has remained the second largest FDI recipient in Asia, after the Mainland. FDI flows to Hong Kong in 2004 reached US\$34.0 billion (HK\$265.1 billion), up 150% from an adjusted US\$13.6 billion (HK\$106.3 billion) in 2003. On a global scale, Hong Kong ranked 7th in FDI inflows in 2004. Preliminary figures of C&SD show a 7.6% increase in the first three quarters of 2005 over the same period in the previous year, reaching US\$26.8 billion (HK\$209 billion).

In 2005, InvestHK assisted 232 companies to set up or expand operations in Hong Kong, representing an increase of 13% over 2004. In terms of place of origin of the 232 companies, the USA remains the largest source of investment (45), followed by the Mainland (38), Japan (34), UK (19) and Australia (13), which account for over 60% of all the projects completed\* in the year. The rest come from other European countries, Canada, the rest of Asia, the Middle East and one case from Argentina.

Inward investment from the Mainland has registered a significant growth in recent years, from five completed projects in 2002 (virtually none prior to that) to 38 in 2005. Other parts in the Asian Pacific region have also tendered substantial growth in terms of completed projects, including Japan,

Australia, Singapore, India and Taiwan. As for Korea, the number also rose from zero in 2002 to eight in 2005.

\* A completed protect refers to an investment project resulting in a foreign/Mainland/Taiwan company setting up or expanding its business in Hong Kong. Only those companies which have acknowledged in writing the assistance rendered by Invest Hong Kong in the investment process are included.

Signature	_____
Name in block letters	Ms Ophelia Tsang
Post Title	Director-General of Investment Promotion (Ag.)
Date	8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)042**

Question Serial No.

0942

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : Regarding the overseas duty visits by the Director-General of Investment Promotion in 2005–06, will the Administration inform this Committee: (a) the number of visits as well as the purpose, duration and nature of each visit; and (b) the total expenditure for each visit, with details of the class of means of transport and accommodation and the respective expenses.

Asked by : Hon. LI Wah-ming, Fred

Reply :

In 2005–06, the Director-General of Investment Promotion (DGIP) conducted a total of 23 duty visits, costing a total of \$646,306. A full list of all the 23 duty visits conducted by DGIP indicating the dates and duration, purpose and nature, and the total expenditure is provided at Annex. Visits to cities in the Pearl River Delta were by rail or by road and the remaining visits by air. For flights, the class of travel was normally business class in accordance with Civil Service Regulations (CSR). Subsistence Allowance which also covered hotel accommodation was payable in accordance with CSRs and where enhancement was necessary on operational grounds, approval was sought.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Ms Ophelia Tsang

Post Title \_\_\_\_\_

Director-General of Investment Promotion (Ag.)

Date \_\_\_\_\_

8.3.2006

**Duty visits conducted by the Director-General of Investment Promotion  
during the period from 1 April 2005 to 31 March 2006**

<b>Dates and Duration</b>	<b>Cities Covered</b>	<b>Purpose and Nature of the Visit</b>	<b>Expenditure (\$) #</b>
6-12 April	Mumbai, Bangalore, Dubai, Abu Dhabi and Cairo	Company visits, speaking engagements and media interviews	34,941
19 April	Guangzhou and Dongguan	Meeting with Guangdong Department of Foreign Trade and Economic Cooperation (DOFTEC), the Vice Mayor of Guangzhou and Mayor of Dongguan	1,878
21-22 April	Shanghai	Company visits, meeting with Shanghai Federation of Commerce and speaking engagements	6,703
27-29 April	Beijing	Speaking engagement organised by the Ministry of Commerce, and meeting with Mainland authorities	9,464
7-15 May	Johannesburg, Durban and Cape Town	Company visits, speaking engagements and media interviews	45,374
20 May	Shenzhen	Meeting with Vice Mayor of Shenzhen	2,348
22 May - 1 June	Eindhoven, Cologne, Dusseldorf, Milan, Paris, London and Ottawa	Company visits, speaking engagements and media interviews	68,136
22-24 June	Beijing and Shijiazhuang	Speaking engagement at Hebei-HK week, meeting mainland officials and media interviews	9,094
27 June - 1 July	Seoul, Tokyo and Osaka	Company visits, hosting reception and media interviews	18,959
10-11 August	Ningbo	Meeting with Ningbo Bureau of Foreign Trade and Economic Cooperation, company visits and speaking engagements	5,980
27 August - 2 September	Sydney, Melbourne, Perth and Singapore	Company visits, speaking engagements, hosting reception and media interviews	44,005
7-9 September	Xiamen	Attending China International Fair for Foreign Investment and Trade, officiating seminar with Ministry of Commerce, meeting with mainland authorities and media interviews	8,463

**Annex to FCQ No. 0942**

<b>Dates and Duration</b>	<b>Cities Covered</b>	<b>Purpose and Nature of the Visit</b>	<b>Expenditure (\$) #</b>
15-16 September	Xian	Hosting seminar and meeting mainland authorities	6,338
23 September	Guangzhou	Speaking engagement at Pearl River Delta Conference and attending event hosted by Vice Governor of Guangdong	380
13-26 October	San Francisco, Philadelphia, Miami, Cleveland, Boise, Toronto and Vancouver	Speaking engagements at joint promotion seminars and other functions, company visits and media interviews	74,280
2-4 November	Jinan and Beijing	Meeting with Shandong DOFTEC, Commission of Foreign Trade and Economic Cooperation of Shandong cities and other mainland authorities	9,542
20-25 November	Moscow, Dusseldorf, Madrid and Athens	Attending joint promotion seminars and company visits	56,600
30 November - 2 December	Wuhan	Speaking engagement at Hubei-HK week, meeting mainland officials and media interviews	7,312
20-27 January	Dubai, Kuwait, Istanbul and Tel Aviv	Company visits, speaking engagements and media interviews	52,322
14 February	Guangzhou	Officiating at the opening ceremony of SGS HK Ltd's new office in Guangzhou	2,000
17-26 February	Chicago, Montreal, Boston, Los Angeles and Honolulu	Company visits, speaking engagements and media interviews	89,142
28 February - 3 March	Changchun and Beijing	Speaking engagements, meeting mainland officials and media interviews	13,354
8-18 March	Stockholm, Newcastle, Cannes, Paris, Munich	Company visits, speaking engagements, media interviews and attending HK-Guangzhou Joint seminar	79,691*
<b>Total Cost</b>			<b>646,306</b>

**Note** # Expenditure by DGIP includes passages, accommodation and subsistence allowance. Visit to Pearl River Delta cities by rail and by vehicle, remaining visits by air. For flights, class of travel normally Business Class when available, as specified in relevant Civil Service Regulation and guidelines.

\* Estimated figure

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)043**

Question Serial No.

0943

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : For Subhead 000, what are the reasons and purposes for the allowances under personal emoluments to increase from the original estimate of \$161,000 to the revised estimates of \$223,000 in 2005-06?

Asked by : Hon. LI Wah-ming, Fred

Reply :

The provision is mainly for payment of overtime work done by junior staff of the department and the acting allowance for officers acting in a higher rank. The difference between the original estimates and revised estimates in 2005-06 was mainly attributable to the payment of acting allowance to an officer transferred to the department in August 2005, after the original estimate was finalised.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Ms Ophelia Tsang

Post Title \_\_\_\_\_

Director-General of Investment Promotion (Ag.)

Date \_\_\_\_\_

8.3.2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

CITB(CI)044

Question Serial No.

2016

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In view of the year-on-year increase of the number of “complete projects” for the last 3 years, has the Department devised plans that aim to strength its work in promotion overseas investment in Hong Kong: if so what will be the specific initiatives for 2006–07, the estimated expenditure and the main target countries?

Asked by : Hon. SIN Chung-kai

Reply :

With a virtually steady budget of \$106.1 million for 2006-07, we have modestly increased our total target of completed projects for 2006 by 9% over the 2005 target, and aim to complete 240 projects this year.

In 2006–07, Invest Hong Kong will strengthen its promotion effort by expanding its coverage in the Mainland market in order to attract enterprises to invest in Hong Kong. The Chief Executive announced in his Policy Address on 12 October 2005, among other things, the setting up of two new Economic and Trade Offices (ETO) in the Mainland (Chengdu and Shanghai), the expanded responsibilities of the Guangzhou ETO and the increase in scope of the Beijing Office (BJO) to include investment promotion. The two new ETOs and BJO will each set up an Investment Promotion Unit (IPU), and InvestHK will also expand its presence in the Guangzhou ETO. To ride on these new developments, InvestHK will increase and redeploy its resources for best results.

On the international front, we will continue our efforts in proactively promoting Hong Kong’s position as a leading international business centre in Asia. We will work closely with the ETOs, our overseas representatives worldwide, and Mainland cities/provinces in conducting investment promotion activities in major overseas cities to attract direct investment to Hong Kong.

In 2006-07 the major investment promotion activities planned and the respective estimated dedicated resource requirements are summarised as follows:

<b>Major IP Activities</b>	<b>Resources (\$m)</b>
(a) Investment Promotion (IP) visits led by head office teams to strategic overseas markets throughout the year. These visits	5.3

will consist of individual company meetings, speaking engagements, attendance at seminars and tradeshows and media opportunities to promote Hong Kong

(b) On-going IP activities to be conducted by overseas IP Units in the Hong Kong Economic and Trade Offices (HKETOs) and external representatives in markets not covered by an IP Unit	7.4
(c) Sponsoring and participating in major international conferences, advertising and general marketing activities throughout the year to strengthen Hong Kong's global exposure and to raise the awareness of Hong Kong among target audiences	11.5
(d) IP activities targeting the Mainland throughout the year including organising and participating in seminars, roadshows and exhibitions, conducting IP visits in the Mainland, organising and receiving incoming delegations from the Mainland, and organising joint overseas promotion activities with Mainland provinces/cities	15.6
(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service	0.2
<b>Total:</b>	<b>40.0</b>

The balance of \$66.1 million is for staff costs and other general departmental expenses spread across the full range of IP activities.

Our major target markets are USA, Europe, Japan and the Mainland.

Signature	_____
Name in block letters	Ms Ophelia Tsang
Post Title	Director-General of Investment Promotion (Ag.)
Date	8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

CITB(CI)045

Question Serial No.

2018

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Of the “number of projects completed” in 2004–05, how many of them belong to each of the targeted sectors (including financial services, consumer, retail, and sourcing, transportation, telecommunications, media and mass media, business and professional services, information technology, technology (especially electronics and biotechnology), and tourism and entertainment)? What is the respective expenditure for each target sector?

Asked by : Hon. SIN Chung-kai

Reply :

InvestHK adopts a targeted approach in its investment promotion strategy in respect of the nine target sectors. In 2005, the department completed 232 projects, the breakdown of which by priority sector is as follows:

Business & Professional Services	25.5*
Consumer, Retail & Sourcing	34
Financial Services	25
Information Technology	22
Technology (especially Electronics and Biotechnology)	25
Telecommunications, Media & Multimedia	24
Tourism & Entertainment	21
Transportation	24.5*
Other special projects	31

\* One investment case was handled jointly by the two teams.

Each team comprises four to five professional staff with extensive market knowledge about their sector. They draw up business plans and carry out investment promotion activities in collaboration with their counterparts in the overseas/Mainland offices (i.e. investment promotion units in designated Hong Kong Economic and Trade Offices (ETOs) and external consultants). They proactively identify potential foreign and Mainland investors, provide them with the information on the investment environment of Hong Kong, facilitate their setting up or expansion in Hong Kong, and provide aftercare services to them once established. This targeted approach is complemented by proactive marketing efforts coordinated by a dedicated team of staff in the Head Office, e.g. sponsoring and/or participating in major international business conferences, building media

relationships, and undertaking advertising campaigns to strengthen Hong Kong's global exposure with a view to generating more potential investment leads, etc.

In the light of the department's operation in a functional matrix, we do not delineate separate budgets to the sector teams, nor do we measure the output in terms of expenditure incurred by the respective sectoral breakdown. With a virtually steady budget of \$106.1 million for 2006-07, we have modestly increased our total target for 2006 by 9% over the 2005 target, and aim to complete 240 projects this year.

Signature	_____
Name in block letters	Ms Ophelia Tsang
Post Title	Director-General of Investment Promotion (Ag.)
Date	8.3.2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)046**

Question Serial No.

1529

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 :

Matters requiring special attention in 2006-07 include “monitor closely and participate actively in discussions on issues mandated by the Doha Work Programme including electronic commerce, trade and environment, as well as trade-related aspects of intellectual property rights to safeguard Hong Kong’s trade and economic interests and to uphold the integrity of the multilateral trading system”. Will the Administration inform this Council:

- (a) the detailed work plan, the expenditure and manpower involved?
- (b) how will it deal with the problem of drug patents arising from intellectual property rights in order to protect the right of the grass-roots to obtain drugs and medical technologies?
- (c) whether it will, together with the Health, Welfare and Food Bureau, discuss the issue with the public and organisations for the chronically ill? If yes, what are the details? If not, for what reasons?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) The work plan for Hong Kong, China’s (HKC) participation in the Doha Development Agenda (DDA) negotiations will be guided by the schedules of negotiations as agreed by WTO Members at the Hong Kong Ministerial Conference and afterwards. Apart from meetings of the WTO in Geneva, we will also attend various Informal Ministerial Meetings and other crucial negotiation-related gatherings held in Geneva or elsewhere from time to time to resolve or give steer to difficult issues in the negotiations.

On manpower and expenditure, there are seven trade representatives in the Hong Kong Economic and Trade Office in Geneva responsible for HKC’s participation in the WTO. In Hong Kong, the subject of multilateral trade negotiations is overseen by the Multilateral Division of the Trade and Industry Department (TID). The Division is headed by an Assistant Director-General (at AOSGC level), and comprises a total of 14 Trade Officer Grade officers. Several other officers in other divisions of TID, as well as in the Commerce, Industry and Technology Bureau, are also involved in providing support to HKC’s participation in the DDA negotiations. Given the involvement of staff in different offices and the range of duties involved, it is not possible to

indicate the exact expenditure for HKC's participation in the DDA negotiations. Any additional financial and staffing implications arising from the negotiations will be absorbed through redeployment of existing resources within TID.

- (b) Because of patent rights, some drugs may become too expensive for certain patients. In this regard, the Standard Drug Formulary of the Hospital Authority (HA) aims to standardise drug utilisation and payment practices across public hospitals and clinics in Hong Kong to ensure patients' equitable access to cost effective drugs of proven efficacy and safety. The Hospital Authority Charitable Foundation also gives funding to the Samaritan Fund to help needy patients to meet medical expenses, including patients who need to cope with difficulties caused by long-term illnesses. Assistance includes providing special drugs that are proven to be of significant benefits but too expensive for the HA to provide as part of its subsidised service.
- (c) It is the goal of the Health, Welfare and Food Bureau (HWFB) and the HA that patients should have access to affordable drugs. The Standard Drug Formulary and funds from the Hospital Authority Charitable Foundation should be able to assist needy patients suffering from long-term illnesses in a meaningful way. The HA also maintains regular dialogue with patients and patient groups on a wide range of issues, including the use of drugs.

Signature	_____
Name in block letters	Raymond YOUNG
Post Title	Director-General of Trade and Industry
Date	9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)047**

Question Serial No.

1530

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 :

Matters requiring special attention in 2006–07 include “participate actively and constructively in the WTO negotiations on services and consult the trade in formulating Hong Kong’s negotiating positions”. Will the Administration inform this Committee:

- (a) the detailed work plan, the expenditure and manpower involved?
- (b) whether it will consider informing the Legislative Council and the public regularly about the latest progress of the negotiations? If no, for what reasons?
- (c) whether it will consider consulting the public, the unions and workers of the services sector in formulating Hong Kong’s negotiation positions to ensure these positions represent the views of Hong Kong people from different sectors of the community?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) Our work plan for Hong Kong, China’s (HKC) participation in the World Trade Organization (WTO) services negotiations in 2006-07 would mainly be guided by the action plans and timelines set out in the Hong Kong Ministerial Declaration (HKMD) adopted by trade ministers in December 2005. In relation to the services negotiations, it is, among others, mandated in the HKMD that:
  - (i) WTO Members (Members) presenting collective requests to other Members should submit such requests by 28 February 2006 or as soon as possible thereafter. Members to whom collective requests have been made have to consider the requests and plurilateral negotiations should be organized for the participation of all Members;
  - (ii) a second round of revised offers shall be submitted by 31 July 2006; and
  - (iii) final draft schedules of commitments shall be submitted by 31 October 2006.

Given the significance of services trade to Hong Kong, the Government attaches great importance to the current round of services negotiations. In consultation with the community and relevant bureaux and departments responsible for the different services sectors, we will actively contribute to the action plans and follow the timelines mandated in the HKMD so as to safeguard the overall interest of Hong Kong.

On manpower and expenditure, there are two trade representatives in the Hong Kong Economic and Trade Office in Geneva responsible for HKC's participation in the services negotiations. In Hong Kong, the subject is overseen by the Multilateral Division of the Trade and Industry Department (TID). The Division is headed by an Assistant Director-General (at AOSGC level), and 4 Trade Officer Grade officers work on the services negotiations full-time. Officers in other Bureaux which oversee specific service sectors are also involved in different junctures of the negotiations. Given the involvement of staff in different offices, it is not possible to indicate the exact expenditure for HKC's participation in the services negotiations. Any additional financial and staffing implications arising from the negotiations will be absorbed through redeployment of existing resources within the TID.

- (b) We will continue to update members of the public on the latest developments of the services negotiations by way of press releases and messages posted at the website of TID. It has been our practice to report to the Legislative Council as and when there are major developments in the negotiations.
- (c) It has been our established practice to conduct public consultation, as required, on HKC's objectives and priorities in the services negotiations. To prepare for the intensified services negotiations in 2006 and to ensure that the prevailing interests of our community are represented, the Government will shortly conduct another round of public consultation to invite inputs from different segments of the society, including the chambers of commerce, business organisations, practitioners, the civil society, and the general public on the objectives and priorities in the negotiations. Labour unions will be among those to be consulted in the exercise.

Signature	_____
Name in block letters	Raymond YOUNG
Post Title	Director-General of Trade and Industry
Date	9 March 2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)048**

Question Serial No.

1531

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 :

Matters requiring special attention in 2006-07 include “participate actively in the WTO negotiations under the Doha Ministerial Declaration. In doing so, Hong Kong will build alliance with like-minded WTO Members to take forward the negotiations while at the same time advancing Hong Kong’s interests, particularly in the areas of market access for non-agricultural products and for services, and in the clarification and improvement of WTO rules to ensure that they remain relevant and conducive to trade and investment”. Will the Administration inform this Committee :

- (a) the detailed work plan, the expenditure and manpower involved?
- (b) what does “like-minded” members refer to? Which are the members that take different position?
- (c) which are the rules that need “clarification and improvement”? For the rules that are in violation of the principles of protection of human rights and freedoms enshrined in the international covenants on human rights, will these rules be included?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) The work plan for Hong Kong, China’s (HKC) participation in the Doha Development Agenda (DDA) negotiations will be guided by the schedules of negotiations as agreed by WTO Members at the Hong Kong Ministerial Conference and afterwards. For instance, Members have already agreed that consolidated texts that will form the basis for the final stage of anti-dumping negotiations should be prepared before August. On market access for non-agricultural products, Members agreed to establish the full modalities by 30 April and to submit comprehensive draft reduction commitments by 31 July. Apart from meetings of the WTO in Geneva, we will also attend various Informal Ministerial Meetings and other crucial negotiation-related gatherings held in Geneva or elsewhere from time to time to resolve or give steer to difficult issues in the negotiations.

On manpower and expenditure, there are seven trade representatives in the Hong Kong Economic and Trade Office in Geneva responsible for HKC’s participation in the WTO. In Hong Kong, the subject of multilateral trade negotiations is overseen by the Multilateral Division of the Trade and Industry Department (TID). The Division is headed by an Assistant Director-General (at

AOSGC level), and comprises a total of 14 Trade Officer Grade officers. Several other officers in other divisions of TID, as well as in the Commerce, Industry and Technology Bureau, are also involved in providing support to HKC's participation in the DDA negotiations. Given the involvement of staff in different offices and the range of duties involved, it is not possible to indicate the exact expenditure for HKC's participation in the DDA negotiations. Any additional financial and staffing implications arising from the negotiations will be absorbed through redeployment of existing resources within TID.

- (b) "Like-minded" WTO Members generally refer to those which take a position similar to that of HKC on a specific area of negotiations. WTO Members taking a similar position to HKC tend to be those which have a relatively liberal trade regime, and which support and promote progressive and meaningful trade liberalisation in the negotiations. For instance, HKC is a member of an informal group which has submitted joint proposals to improve rules on anti-dumping. Membership of the group includes Chile and Norway. The positions of those WTO Members which maintain a relatively restrictive trade regime and support a more conservative approach to trade liberalisation are generally speaking less akin to that of HKC. But given the diversity of negotiation areas and proposals, generalization may not be appropriate.
- (c) In the context of the DDA negotiations, rules that WTO Members agreed to clarify and improve generally cover those in the areas of anti-dumping; subsidies and countervailing measures including fisheries subsidies; and regional trade agreements. As far as we know, the question of consistency with the rules on human rights and freedoms under international human rights covenants has not been a subject of discussions in the DDA negotiations.

Signature	_____
Name in block letters	Raymond YOUNG
Post Title	Director-General of Trade and Industry
Date	9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)049**

Question Serial No.

0270

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : As regards the Mentorship Programme launched in May 2005, how many SME entrepreneurs who are at their early stage of business and "mentors" have participated? How is the effectiveness? Will the Programme carry on? What is the expenditure involved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

145 Small and Medium Enterprises (SMEs) and 113 mentors participated in the 2005-06 SME Mentorship Programme. About 87% (126) of these SMEs have been established for less than 5 years.

Through one-on-one counselling sessions, the Programme provides a useful platform for SME entrepreneurs to benefit from the experience of their mentors in areas such as marketing, customer relations, access to sources of finance, managing growth, and formulation and execution of business plans. Trade and Industry Department (TID) will review the effectiveness of the 2005-06 Programme when it ends in August 2006. Subject to the outcome of the review and the continued support of Programme co-organisers, TID intends to launch another round of the Mentorship Programme in 2006-07.

The expenditure for the Mentorship Programme is estimated to be about \$300,000 in 2005-06. It mainly covers the expenses of publicity and the organisation of Programme activities (e.g. seminars, workshops and company visits).

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

8 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)050**

Question Serial No.

0271

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 : In respect of enhancing liaison with the Mainland authorities to continue discussions on further trade liberalisation and facilitation measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), what will be the new measures? How will the new measures benefit Hong Kong enterprises and which sectors are expected to benefit most?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

New trade liberalisation and facilitation measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) have been introduced since it was first signed in June 2003. CEPA II and III, signed in October 2004 and October 2005 respectively, have provided further impetus in the economic co-operation between the Mainland and Hong Kong.

With the implementation of CEPA III on 1 January 2006, trade in goods between the Mainland and Hong Kong has been fully liberalised. Goods of Hong Kong origin which meet the CEPA rules of origin can be exported to the Mainland tariff free. On trade in services, the Mainland has agreed to introduce liberalisation measures in 27 service areas in which Hong Kong has a competitive edge.

The focus of our work now is to ensure the effective implementation of the measures under the three phases of CEPA, which is an open and evolving framework. We will continue to stay in close touch with the relevant Mainland authorities with a view to further enriching the content of CEPA.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

**Raymond YOUNG**

Post Title \_\_\_\_\_

**Director-General of Trade and Industry**

Date \_\_\_\_\_

**8 March 2006**

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)051**

Question Serial No.

0866

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 :

What resources has the government allocated for maintaining the integrity of the textiles control system? What measures will be taken to promote Hong Kong brands? What is the estimated expenditure involved for the work?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Trade and Industry Department introduced a streamlined licensing and notification system following the global elimination of textile quotas from 1 January 2005, but we continue to implement a credible origin control system to ensure that Hong Kong origin textile & clothing exports can continue to access the world market. In 2005-06, around 100 posts are involved in administering the system and the total cost incurred is around \$26 million in terms of notional annual mid-point salary value.

To promote the development of Hong Kong brands, various Government departments have taken measures to encourage local industries to move towards original design manufacturing and original brand manufacturing. Examples include:

- (i) implementing the DesignSmart Initiative (under Head 155 Innovation and Technology Commission) and the expenditure is estimated to be \$40 million in 2006-07;
- (ii) setting up research and development centres (under Head 111 Innovation and Technology Fund) and the expenditure is estimated to be \$55 million in 2006-07; and
- (iii) promoting Hong Kong brands by the Trade Development Council (TDC) through its Style Hong Kong exhibitions.

Aggregate total for (i) and (ii) above are \$95 million. As for (iii), given that it forms an integral part of TDC's work, it is not possible to specify the exact expenditure.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

<b>CITB(CI)052</b>
--------------------

Question Serial No.
---------------------

1401
------

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The provision for 2006-07 is \$57.1 million higher than the revised estimate for 2005-06. The Department explains that this is mainly due to an increase in cash flow for the SME funding schemes. Please elaborate on the reason for the surge in cash flow. How many applications for the schemes were received in total last year? How many of them have been approved? What is the amount involved?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The reasons for the projected increase in cash flow requirement for the SME funding schemes in 2006-07 are:

For item 520 SME Loan Guarantee Scheme, the cash flow is for payment of compensation to participating lending institutions in connection with default cases under the SME Loan Guarantee Scheme. Following expansion of the scope of the Scheme in March 2003, the amount of active loan guarantees has increased substantially and, taking into account the normal period of the loans, the cash flow demand in respect of default cases is expected to increase in a proportional manner from 2006-07 onwards.

For item 524 SME Training, Export Marketing and Development Funds, the projected increase is mainly attributable to the SME Training Fund (STF) and SME Development Fund (SDF). There was an influx of STF applications before the cessation of the scheme in July 2005. We expect the majority of reimbursement claims would be submitted in 2006-07. With effect from January 2006, SDF applications can be submitted all year round instead of being invited twice a year. We therefore expect to receive and approve more SDF applications in 2006-07.

Statistics for applications of the SME funding schemes in 2005 are as follows:

	Applications Received	Applications Approved	Guarantees/Grants Involved (\$ million)
SME Loan Guarantee Scheme	3 558	3 174	1,907.8 <sup>1</sup>
SME Export Marketing Fund	10 110	7 691	154.7

<sup>1</sup> Amount of loan guaranteed.

	Applications Received	Applications Approved	Guarantees/Grants Involved (\$ million)
SME Training Fund	27 194	19 033	75.2
SME Development Fund	134	12	14.4

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)053**

Question Serial No.

1402

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

As regards the Mentorship Programme launched last year, what is the expenditure involved? How is the effectiveness? How many SME entrepreneurs who are at their early stage of business have benefited from the Programme?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The expenditure for the 2005-06 SME Mentorship Programme is estimated to be about \$300,000. It mainly covers the expenses of publicity and the organisation of Programme activities (e.g. seminars, workshops and company visits).

The Programme provides a useful platform for SME entrepreneurs to benefit from the experience of their mentors in areas such as marketing, customer relations, access to sources of finance, managing growth, and formulation and execution of business plans through one-to-one counselling sessions. Feedback from users of the Programme has so far been very favourable. The Trade and Industry Department will conduct an overall review of the Programme when it ends in August 2006.

145 SME entrepreneurs have participated in the Programme. About 87% (126) of them have established business for less than five years.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

8 March 2006



**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)054**

Question Serial No.

1999

Head : 181 Trade and Industry Department

Subhead (No. & title) :  
000 Operational Expenses

Programme :

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

It is expected that there will be a deletion of two posts in 2006-07. Please provide the details and what will be the resultant savings?

Asked by : Hon. LEUNG Yiu-chung

Reply :

The two posts to be deleted under Head 181 in 2006-07 are one Assistant Clerical Officer and one Supervisor of Typing Services. They are deleted due to streamlining of procedures and reduction in the requirement for administrative support services. The deletion of the two posts will result in the reduction of \$0.45 million in terms of notional annual mid-point salary value.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

8 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)055**

Question Serial No.

2015

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 revised estimate for 2005-06 is 26.7% higher than the original estimate. Please account for the increase in expenditure. Is it due to the implementation of new policies or measures? If yes, please list all the new items and the expenditure involved.

Asked by : Hon. SIN Chung-kai

Reply :

The increase is mainly due to increase in cashflow requirement for hosting the Sixth Ministerial Conference of the World Trade Organization (MC6) in December 2005. Preparation for MC6 began in the financial year 2004-05 and continued in 2005-06. Frequent changes in the logistical planning were necessary during the long period of preparation, and commitment for various items of expenditure could not be finalized until close to the time of the Conference. Certain expenditure items originally planned for 2004-05 were deferred to 2005-06, resulting in a need to adjust the cashflow requirement. This has however not affected the overall budget approved for MC6.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)056**

Question Serial No.

2017

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The revised estimate for 2005-06 is 51.4% higher than the original estimate. Please explain whether the increase in expenditure is due to the implementation of new policies or measures, and list all the new items and the expenditure involved.

Asked by : Hon. SIN Chung-kai

Reply :

This increase is not due to the introduction of any new measure but is attributable to the injection of additional funding as approved by the LegCo Finance Committee in May 2005 to extend the operation of the SME funding schemes under “item 520: SME Loan Guarantee Scheme” and “item 524: SME Training, Export Marketing and Development Funds”. Without the funding injection, the schemes would have had to cease operation in mid-2005.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)057**

Question Serial No.

2350

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 :

Provision for 2006-07 is over \$10 million higher than the revised estimate for 2005-06. This is mainly due to the increase in departmental expenses for improvements to customer service points and enhancement of computer systems. Will the Administration provide details of the expenditure and is the increase necessary? If yes, please provide reasons.

Asked by : Hon. TAM Heung-man

Reply :

The increase in provision under Programme 2 is mainly to meet expenses on enhancement of computer systems and improvements to customer service points.

With the global elimination of textiles quotas starting 1 January 2005, the Department has revised and streamlined the textiles control system. Additional expenditure is required to improve the capture and integration of data submitted by paper and electronic notifications under the modified scope of the Textiles Trader Registration Scheme to facilitate statistical analysis, data compilation, and to improve risk management in respect of textile shipments to sensitive importing markets. This will involve enhancement of existing computer systems and additional resources of about \$3 million for data conversion.

Also, to economise on the use of space and to provide better service to our customers, the Department is planning a major office reshuffling within the TID Tower. We have reserved \$6 million for relocation of certain customer service points and also upgrading of facilities/telecommunication system/equipment in the service centres to better meet the needs of the public. Details of the enhancement works and related expenditure will depend on the results of an overall accommodation review, which is currently underway.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)058**

Question Serial No.

2351

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Provision for 2006-07 is over \$57 million higher than the revised estimate for 2005-06. This is mainly due to an increase in cash flow for the SME funding schemes. Please provide details of the schemes and the expenditure.

Asked by : Hon. TAM Heung-man

Reply :

The reasons for the projected increase in cash flow requirement of the SME funding schemes in 2006-07 are:

For item 520 SME Loan Guarantee Scheme, the cash flow is for payment of compensation to participating lending institutions in connection with default cases under the SME Loan Guarantee Scheme. Following expansion of the scope of the Scheme in March 2003, the amount of active loan guarantees has increased substantially and, taking into account the normal period of the loans, the cash flow demand in respect of default cases is expected to increase in a proportional manner from 2006-07 onwards.

For item 524 SME Training, Export Marketing and Development Funds, the projected increase is mainly attributable to the SME Training Fund (STF) and SME Development Fund (SDF). There was an influx of STF applications before the cessation of the scheme in July 2005. We expect the majority of reimbursement claims would be submitted in 2006-07. With effect from January 2006, SDF applications can be submitted all year round instead of being invited twice a year. We therefore expect to receive and approve more SDF applications in 2006-07.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)059**

Question Serial No.

2107

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 :

In respect of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the number of Certificate of Hong Kong Origin (Closer Economic Partnership Arrangement) (CO(CEPA)) issued is estimated to increase from 439 in 2005 to 700 in 2006. Will the Administration provide details on:

- (a) the criteria used for estimating the increase of CO(CEPA) to 700?
- (b) the reason why the number of factories registered in Hong Kong is decreasing while the number of CO(CEPA) is increasing?

Asked by : Hon. WONG Kwok-hing

Reply :

- (a) The number of Hong Kong origin products that can be exported to the Mainland tariff free has increased significantly after the three phases of CEPA. The number of Certificate of Hong Kong Origin (CEPA) (CO(CEPA)) issued by Trade and Industry Department had increased from 146 in 2004 to 439 in 2005. Based on the number and type of additional products covered under the third phase of CEPA and the assumption that the growth in the number of CO(CEPA) issued would continue, we have estimated that the number of CO(CEPA) to be issued in 2006 as 700.
- (b) Registered factories cover a wide range of manufacturing establishments and are not just confined to beneficiaries of CEPA. A registered factory may increase its exports to the Mainland under CEPA by expanding its production capacity or producing new products without the need to take out a new factory registration. Hence the number of applications for CO(CEPA)

Signature \_\_\_\_\_

Name in block letters      Raymond YOUNG

Post Title      Director-General of Trade and Industry

Date      8 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)060**

Question Serial No.

2108

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 : The Trade and Industry Department said it would continue to closely monitor and review the implementation of the Hong Kong Service Supplier (HKSS) Certification Scheme and liaise with relevant bureaux/departments to facilitate the service suppliers in Hong Kong to gain the greatest benefits under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). When will the Government:

- a. conduct a comprehensive review on the effectiveness of CEPA; and
- b. announce the relevant review results?

Asked by : Hon. WONG Kwok-hing

Reply :

The Government completed an analysis of the economic impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in April 2005. The study covered liberalization measures of CEPA in three main areas: trade in goods, trade in services, and the Individual Visit Scheme. The results indicated that the impact of implementation of the first phase of CEPA is positive and significant. The Legislative Council has been briefed on the findings of the study. The study report and key findings can be found at <http://www.legco.gov.hk/yr04-05/english/panels/ci/papers/ci0419cb1-1259-3e.pdf>.

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 \_\_\_\_\_ 8 March 2006 \_\_\_\_\_

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)061**

Question Serial No.

2109

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 : Until now, Hong Kong and the Mainland have reached agreement on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) rules of origin (ROOs) for 1 370 products. The Budget Speech also revealed that a total of 27 service sectors in Hong Kong are enjoying preferential treatment under CEPA.

- a. Please list out the 27 service sectors in details; and
- b. the number of jobs created in each sector upon the implementation of CEPA.

Asked by : Hon. WONG Kwok-hing

Reply :

Taking the three phases of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) together, the Mainland has agreed to provide preferential treatment to Hong Kong service suppliers in 27 service sectors as follows -

- accounting
- advertising
- air transport
- audiovisual
- banking
- cultural
- convention and exhibition
- distribution
- freight forwarding agency
- individually owned stores
- information technology
- insurance
- job referral agency
- job intermediary
- legal
- logistics
- management consulting
- medical and dental
- patent agency
- professional qualification examinations
- real estate and construction
- storage and warehousing
- securities and futures
- telecommunications
- tourism
- trade mark agency
- transport (including road freight/passenger transportation and maritime transport)



In April 2005, the Government completed a study on the economic impact of CEPA. The study confirmed that the implementation of the first phase of CEPA had brought considerable benefits to both Hong Kong business enterprises and the economy as a whole. About 29 000 new jobs were forecast to be created for Hong Kong during 2004 and 2005, of which 10 153 new jobs were expected to come from the 18 service sectors under the first phase of CEPA. We do not have further breakdown by individual service sectors.

Signature \_\_\_\_\_  
Name in block letters Raymond YOUNG  
Post Title Director-General of Trade and Industry  
Date 9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)062**

Question Serial No.

2110

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 : The Mainland Division has provided one-stop Hong Kong Service Supplier (HKSS) certification services for all service sectors under CEPA I and II since 2 October 2003. In this connection,

- a. How many HKSS certificates have been issued since the implementation of the HKSS certification scheme?
- b. How many enterprises are involved?
- c. How many jobs have been created?

Asked by : Hon. WONG Kwok-hing

Reply :

- a.& b. As of 3 March 2006, a total of 1 582 Hong Kong Service Supplier (HKSS) certificates have been approved. The number of companies involved is 918 (an applicant can apply for a HKSS certificate in more than one service sector).
- c. We do not have the figures of jobs created by the companies granted with HKSS certificates.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

9 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)063**

Question Serial No.

2111

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 : The Trade and Industry Department (TID) have introduced voluntary renewal services for Hong Kong Service Supplier (HKSS) certificates since August 2005 to facilitate eligible HKSSs who are in need of the service. In this connection,

- a. For how long can the validity period be extended?
- b. How many renewal applications have been received and approved since the implementation?

Asked by : Hon. WONG Kwok-hing

Reply :

Each Hong Kong Service Supplier (HKSS) certificate is valid for two years and can be renewed for another two years upon the expiry of the initial two-year period. As of 3 March 2006, a total of 27 renewal applications have been received, of which 26 have been approved.

Signature \_\_\_\_\_

Name in block letters      Raymond YOUNG

Post Title      Director-General of Trade and Industry

Date      8 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)064**

Question Serial No.

2112

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 : In accordance with the Supplement II to CEPA signed in October 2005, the Mainland Division has extended since 12 December 2005 the Hong Kong Service Supplier (HKSS) certification service to the new service liberalisation measures covered under the third phase of CEPA (CEPA III). In this connection,

- a. How many HKSS certificates have been issued since the implementation?
- b. How many enterprises are involved?
- c. How many jobs have been created?

Asked by : Hon. WONG Kwok-hing

Reply :

a.& b. Under the third phase of CEPA, further liberalisation measures have been introduced under 10 service sectors covered in the previous phases of CEPA. Since 12 December 2005, a total of 37 Hong Kong Service Supplier certificates, involving 26 companies, have been issued.

c. We do not have information on the number of jobs created by these companies.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

8 March 2006

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**CITB(CI)065**

Question Serial No.

2161

Head : 181 Trade and Industry Department      Subhead (No. & title) :

Programme : (3) Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Regarding the re-development of the Virtual SME Information Centre, what have been done in 2005-06? How is the effectiveness? What is the work plan for 2006-07? What is the expenditure involved? When will the whole project be completed?

Asked by : Hon. WONG Ting-kwong

Reply :

The Support and Consultation Centre for SMEs of the Trade and Industry Department at present oversees the operation of two websites, namely the Business Licence Information Services (BLIS) and the Virtual SME Information Centre (VSMEIC). A contractor was engaged in May 2005 to re-develop the BLIS and VSMEIC by merging them into a single website with enhanced backend system to provide more comprehensive and reliable services. In end February 2006, the project was in an advanced stage and data in the current system had been converted to the new system for further testing. Around \$2.3 million has been spent in 2005-06 and the total expenditure is estimated to be about \$3 million. Final testing of the new website is scheduled for April 2006. The target completion date of the whole project is July 2006.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Raymond YOUNG

Post Title \_\_\_\_\_

Director-General of Trade and Industry

Date \_\_\_\_\_

8 March 2006