

立法會
Legislative Council

LC Paper No. CB(1)905/05-06
(These minutes have been
seen by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 17 January 2006, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP (Chairman)
Hon Vincent FANG Kang, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
Hon CHIM Pui-chung
- Members absent** : Dr Hon LUI Ming-wah, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
- Public officers attending** : Agenda Item IV

Miss Denise YUE
Permanent Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Miss Janet WONG Wing-chen
Head, Ministerial Conference Co-ordination Office
Trade and Industry Department

Ms Carol YIP
Deputy Director-General of Trade and Industry

Mr Bill SUEN
Commandant, Police Tactical Unit
Hong Kong Police Force

Mr Albert SU
Principal Transport Officer

Agenda Item V

Miss Denise YUE
Permanent Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Ms Carol YIP
Deputy Director-General of Trade and Industry

Agenda Item VI

Mr David LEUNG
Principal Assistant Secretary for Commerce,
Industry and Technology (Commerce and Industry)

Mrs Margaret CHAN
Chief Executive Officer,
Commerce, Industry and Technology Bureau

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

Staff in attendance : Mr Paul WOO
Senior Council Secretary (1)3

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I. Confirmation of minutes and matters arising

(LC Paper No. CB(1)499/05-06 -- Minutes of meeting held on
15 November 2005)

The minutes of the meeting held on 15 November 2005 were confirmed.

II. Papers issued since last meeting

(LC Paper No. CB(1)537/05-06(01) -- Financial position of the Applied Research Fund for the period of 1 September 2005 to 30 November 2005)

2. Members noted that the above papers had been issued for the Panel's information.

III. Date and items for discussion for next meeting

(LC Paper No. CB(1)683/05-06(01) -- List of outstanding items for discussion

LC Paper No. CB(1)683/05-06(02) -- List of follow-up actions)

3. Members noted a letter dated 10 January 2006 from Mr SIN Chung-kai (tabled at the meeting and issued to members vide LC Paper No. CB(1)752/05-06(01) on 19 January 2006) suggesting that the Panel discuss matters relating to the establishment of a Research & Development Centre on Information and Communications Technologies at its meeting in February 2006.

4. Members agreed that the Panel would discuss the following items at the next meeting to be held on 21 February 2006 –

- (a) Proposed amendments to Trade Marks Rules (Cap.559A);
- (b) Establishment of a new Economic and Trade Office in Europe; and
- (c) Proposed Research & Development Centre on Information and Communications Technologies.

IV. Report on the Sixth Ministerial Conference of the World Trade Organization

(CR WT 204/2/9/2 -- Legislative Council brief on "Outcome of the Hong Kong Ministerial Conference – the substance front" provided by Trade and Industry Department

LC Paper No. CB(1)683/05-06(03) -- Information paper provided by the Administration

LC Paper No. CB(1)682/05-06

-- Background brief on Hong Kong's hosting of the Sixth Ministerial Conference of the World Trade Organization prepared by the Secretariat)

5. At the invitation of the Chairman, the Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) briefed members on the review of the logistics aspect of the Sixth Ministerial Conference (MC6) of the World Trade Organization (WTO) and the assessment of the results of MC6 in the major negotiating areas. She highlighted that MC6 had successfully achieved its mission, with the adoption of the Hong Kong Ministerial Declaration (HKMD) by the 150 WTO Members which set out a series of agreements in the major areas of negotiations and a clear timeframe to bring the next and final phase of the multilateral trade negotiations under the Doha Development Agenda (DDA) to a conclusion by the end of 2006. PSCI said that Hong Kong, as a separate member of WTO and benefiting from free trade and global economic development, was proud to have hosted MC6 and contributed to its successful conclusion.

6. PSCI further said that the good organization of MC6 was commended by the Director-General of WTO and all the representatives of non-governmental organizations (NGOs) and the global media that attended MC6. The successful hosting of MC6 had helped enhance Hong Kong's image as an international conference hub and its strengths in the tourism sector and in the international trade and business arena. She added that the successful organization of MC6 was attributed to the huge efforts put in by the concerned bureaux and departments and to the full support of the community. She took the opportunity to extend the Government's gratitude to all concerned.

Organization of MC6

7. Mr CHAN Kam-lam, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong and Mr Vincent FANG shared the view that MC6 had been successfully concluded and the adoption of HKMD was evidently a great achievement for Hong Kong. It was gratifying to note that the good organization and smooth conduct of the Conference had also won acclaims from the WTO and the MC6 participants. They also expressed appreciation to the Police for demonstrating a high level of professionalism in maintaining law and order, while at the same time giving protesters opportunities to express their views. The members noted that after the event, even the representatives of the South Korean farmer protesters had applauded the Hong Kong Police for the restraint it had exercised in handling the confrontations, and had hailed Hong Kong as a free and just society. The members also considered that the relevant bureaux and enforcement agencies deserved to be commended for their good work. At the suggestion of Mr Jeffrey LAM, members agreed that the Chairman should issue a letter to the Administration on behalf of the Panel to

express the Panel's appreciation of the Administration's efforts in making MC6 a success.

(Post-meeting note : The Chairman's letter was issued to the Administration on 27 January 2006 after being circulated for Panel members' consideration, and copied to the Chief Secretary for Administration and the former Secretary for Commerce, Industry and Technology, who were responsible for the organization of MC6.)

8. Mr Jeffrey LAM said that the smooth conduct of MC6 underlined the fact that Hong Kong had the capability to organize large-scale international events successfully. He recalled that prior to the Conference, protesting bodies had given the assurance that they would conduct their demonstrations in a peaceful manner. However, what had actually happened were violent confrontations. Mr LAM said that he had previously highlighted the need for the Police to maintain vigilance at all times. He stressed that the events surrounding MC6 had demonstrated amply the need for the Administration to be on the full alert and avoid being misled by unreliable intelligence. He reiterated his high regard for the work of the Police and enquired whether the Administration had completed a thorough review after the conclusion of MC6.

9. PSCI thanked members for their appreciation. She said that thorough planning in advance and preparation to cater for every possible scenario had contributed to the successful organization of MC6. She informed members that the Administration was in the course of conducting a comprehensive review on MC6, covering major areas such as security, transport and other logistical arrangements etc. The review, expected to be completed in a few months, would serve as useful documented reference for the future organization of major international events by the Government.

10. Mr Jeffrey LAM commented that the use of sea-borne transport service as a contingency measure on 17 December 2005 when the confrontations had paralysed traffic in Wan Chai and Causeway Bay was very effective.

11. Mr Vincent FANG said that the disturbances which occurred in Wan Chai and Causeway Bay during the MC6 period had caused business loss to operators in the areas, particularly those in the retail sector. Nevertheless, he said that the vast majority of them appreciated the importance of MC6 for Hong Kong and the onerous task undertaken by the enforcement staff. Mr FANG remarked that in general, the affected operators had cooperated readily with the authorities in their handling of the demonstration activities despite the inconvenience caused to their normal business activities.

12. PSCI, Head, Ministerial Conference Co-ordination Office, and Commandant, Police Tactical Unit expressed their thanks to all sectors of the community for their understanding, support and tolerance. PSCI further advised members that according to the findings of opinion surveys conducted on MC6, the vast majority of the respondents were in support of MC6 and considered that

it would bring about long-term economic benefits for Hong Kong. According to the latest figures, the total number of visitor arrivals to Hong Kong decreased by about 0.5% for the period 11-20 December 2005 as compared with the same period in 2004, while the total arrivals for the month of December 2005 rose by 5.5% as compared with the same period in 2004.

WTO negotiations

13. Mr Andrew LEUNG said that some sectors in Hong Kong had not been able to capitalize on the benefits of trade liberalization. He remarked that the spectre of protectionism was still lingering in places like the United States (US) and some European countries. Hong Kong's textiles and garment industries had been victims of quota restrictions. Despite the elimination of such quotas with effect from 1 January 2005, Hong Kong's textile and clothing products were still subject to anti-dumping measures imposed by other trading partners. Referring to the achievements of MC6 in the area of agriculture, Mr LEUNG said that he supported the removal of all forms of export subsidies by 2013 and hoped that at least half of the targets for elimination could be realized early in the run-up to 2013.

14. In response, PSCI said that Hong Kong was not a sovereign state with political influence. It had been a member of WTO (and WTO's predecessor, the General Agreement on Tariffs and Trade) on its own standing for 20 years and would continue to participate actively as a staunch supporter of free trade. She cited the example of the Agreement on Textiles and Clothing which had been reached after lengthy negotiation to phase out discriminatory quantitative restrictions on textiles and clothing products which had been imposed on Hong Kong's textiles and clothing exports since the 1960s. In the final round of the DDA negotiations, Hong Kong would continue to press for a substantial reduction in customs tariffs imposed by those WTO members which were our major importing markets and on those goods which were made by our manufacturing sector, such as textiles and clothing products. PSCI believed that the successful achievement of this objective would greatly increase the competitiveness of Hong Kong's domestic exports. It was estimated that if a reduction in tariffs of, say, 50% could be agreed by WTO members in the final phase of DDA negotiations, as much as HK\$3.8 billion per year in tariff payments could be saved in respect of Hong Kong's 10 major domestic export items. This would have multiplying beneficial effect for business and employment opportunities.

15. On anti-dumping, PSCI advised that Hong Kong was not a major target of anti-dumping practices adopted by overseas countries, nor had Hong Kong used such measures against its trading partners. Currently, six export items from Hong Kong were subject to anti-dumping measures imposed by the European Commission, India and Mexico. The Hong Kong Government's stance was that these measures were not warranted as industries in Hong Kong had not received any form of government subsidies. She further pointed out that the Mainland was a major target of anti-dumping measures by some WTO members, and that

this had consequential negative impact for Hong Kong as Hong Kong was a major re-export centre with close economic ties with the Mainland. PSCI noted that although trade in agricultural goods had little economic significance for Hong Kong, the Administration would continue to work closely with other WTO members to pursue greater market liberalization in this key component in the DDA work programme.

16. The Deputy Director-General of Trade and Industry (DDGTI) affirmed that Hong Kong was at present the target of six anti-dumping measures. She pointed out that the trend of anti-dumping measures undertaken by trading partners had been on the increase during the past 10 years. In 2004, WTO members had conducted a total of 212 anti-dumping investigations. These measures had a negative impact on sectors subject to investigations, as well as local businessmen with investments worldwide. The Trade and Industry Department therefore placed much emphasis on the work to improve and clarify the trade rules among all WTO members so as to guard against abuse of the use of anti-dumping measures by other trading partners. DDGTI stressed that Hong Kong would be at the forefront of promoting work in this direction. She further informed members that currently, more than 100 recommendations relating to rules negotiations under the DDA had been made. The Ministers taking part in MC6 had agreed that negotiators should accelerate the negotiating process and move into text-based negotiations on these areas in the final stage of negotiations after MC6 so as to ensure that appropriate outcomes could be achieved by end 2006.

Participation in MC6

17. Mr SIN Chung-kai observed that members of parliaments (MPs)/ legislators had the opportunity to participate in MC6 while LegCo Members of the Hong Kong Special Administrative Region (HKSAR) had only been invited to attend a dinner hosted by the Financial Secretary (FS) but had no participation in the Conference as their counterparts of other WTO members.

18. On the protocol on participation, PSCI provided the following information :

- (a) All WTO members, including the Conference host, were not free to decide who could take part in the Conference. Accreditation had first to be sought from the WTO Secretariat for participation. As far as NGOs were concerned, the maximum number of representatives from an accredited organization could not exceed three;
- (b) The composition of the delegation to WTO Ministerial Conferences varied among different members. For most WTO members, the composition of their delegations consisted solely of government officials. A limited number of delegations included, in addition to government officials, MPs/legislators and NGO representatives.

- (c) The core negotiations in WTO Ministerial Conferences were conducted through the “Green Room” (or re-titled as the “Chairman’s Consultative Groups” for the Hong Kong Ministerial Conference) process. In such negotiations, only the government officials of the WTO members participated; and
- (d) The long-established practice adopted for Hong Kong was that only government officials were included in the Hong Kong delegation to WTO Ministerial Conferences and only government officials took part in the substantive negotiations of WTO. This, however, should not give rise to concerns about lack of transparency, as extensive consultations had taken place from time to time since 2001 when the Doha round of negotiations started. Other communication channels also existed through which the public could get information and give views on matters of concern, including a dedicated website maintained by the Trade and Industry Department. The Administration would take follow-up actions on the views received.

19. In response to Mr Andrew LEUNG’s enquiry, PSCI explained that during the MC6 period, another conference organized by the International Parliamentary Union (IPU) took place in a hotel in Hung Hom. This followed the practice adopted by IPU in recent years, namely, IPU would organize a conference in the city hosting a WTO Ministerial Conference and during the same time of the WTO Conference. However, the IPU-organized conferences were not part of the WTO Ministerial Conferences. In addition, the IPU-organized conferences were limited to legislators from sovereign states only. Therefore, legislators from Hong Kong did not participate in the IPU conference.

Publicity on the outcomes of MC6

20. Mr CHAN Kam-lam and Mr WONG Ting-kwong pointed out that the importance of MC6 to global economic development, the positive sides of MC6 and the implications of the results achieved had not been given sufficient coverage by the media and the press. Instead, media reports had focused predominantly on the mass demonstrations and confrontations. They urged the Administration to strengthen publicity efforts, through various channels and activities, to enhance public understanding of –

- (a) the importance of WTO and the results achieved in the MC6 negotiations as reflected in the HKMD and its impact on global economic development; and
- (b) how Hong Kong, as a free economy and a member of WTO, had benefited from free trade and would continue to play an active role in the work of WTO.

21. PSCI acknowledged members' views and confirmed that the Administration would take on board members' proposals. She informed members that after the conclusion of MC6, the Administration had arranged a series of media programmes on WTO-related matters. The Administration would continue to publicize the positive outcomes achieved. For instance, in the coming week, the Administration would speak to members of the chambers of commerce at a seminar to explain the contents of HKMD and the final round of DDA negotiations. Other PR activities in the pipeline included an experience sharing session with the media on the organization of MC6, and another seminar with tertiary educational institutions on WTO and Hong Kong's participation in WTO. PSCI nevertheless remarked that whether such activities would be widely reported had yet to be seen, as past experience had shown that the media might not have a keen interest in the practical aspects of the work of WTO and the substance of the negotiations.

22. The Chairman opined that the Administration should arrange suitable publicity for the seminars and discussion sessions to be held so as to encourage participation.

V. Hong Kong's participation in the World Trade Organization

(LC Paper No. CB(1)305/05-06 -- Letter dated 11 November 2005 from Hon SIN Chung-kai proposing an item on "Hong Kong's participation in the World Trade Organization" (Chinese version only)

LC Paper No. CB(1)683/05-06(04) -- Information paper provided by the Administration)

23. At the invitation of the Chairman, PSCI briefed members on the Administration's paper on Hong Kong's participation in the agreements of WTO, the details of these agreements, and the implications of such agreements on Hong Kong. She highlighted the following for members' information :

- (a) It was beneficial for Hong Kong, as an economic entity with no political influence, to maintain the status as a separate contracting party to WTO and subscribe to the WTO agreements for the promotion and protection of its trade interests;
- (b) The WTO agreements currently applicable to Hong Kong were signed as Hong Kong's acceptance of the overall results of the Uruguay Round of multilateral trade negotiations (which were launched in 1986 and completed in 1994) and the subsequent negotiations of WTO Members. The Uruguay Round agreements were accepted under a "single-undertaking", meaning that each

participating party was allowed either total acceptance or rejection of the Uruguay Round agreements but not selective acceptance of specific agreements. Hong Kong accepted the Uruguay Round outcomes and the subsequent agreements as they contained commitments and concessions to market liberalization which were of benefit to Hong Kong;

- (c) The WTO agreements were legally binding on all members except for a few plurilateral agreements signed by a smaller group of members. An example of these plurilateral agreements was the Agreement on Government Procurement (GPA), which Hong Kong had acceded to in May 1997. The GPA aimed at ensuring that its contracting parties conduct government procurement in accordance with the two major principles of “non-discrimination” and “transparency” so as to obtain the best value for money. It was fully consistent with the Government’s procurement policy; and
- (d) As a bastion of free trade, Hong Kong was now the 11th largest trading entity of the world in trade in goods and the 15th largest trading entity in services trade. The benefits of Hong Kong’s accession to WTO agreements outweighed its disadvantages.

24. The Chairman informed members that the Panel on Manpower had discussed the implications of GPA on local employment at its meeting on 17 November 2005.

Compliance with WTO agreements

25. Referring to PSCI’s remark that the benefits derived from Hong Kong’s accession to the WTO agreements outweighed the disadvantages, Mr CHAN Kam-lam enquired about the disadvantages of accession. In response, PSCI explained that the major disadvantage was the restriction on a WTO member’s autonomy of governance. Hypothetically, for instance, a WTO member might wish to impose very high tariffs on imports of automobiles in order to protect its own domestic automobile manufacturing industry. However, this WTO member would not be able to do so if it had committed in the WTO to imposing low tariffs or no tariff on automobile imports. Another example was the current negotiations on removal of agricultural export subsidies which, if successfully concluded upon the completion of the DDA, would practically limit the ability of the governments of the European Union member states to continue to grant subsidies to their local farmers.

26. Commenting that there were instances of major economic powers taking measures to circumvent WTO agreements on free trade and market liberalization, Mr CHAN Kam-lam said that Hong Kong should continue to comply with the WTO agreements and strive to promote fair and free trade.

27. Regarding compliance with GPA, Mr SIN Chung-kai remarked that Singapore had adopted measures which circumvented WTO Agreements, including the GPA. In order that the community at large would be in a better position to understand Hong Kong's position in WTO agreements vis a vis that of other WTO members, Mr SIN considered that the Administration should provide more information on the different levels of compliance and explain why discrepancies existed among WTO members. PSCI responded that the Administration welcomed feedbacks on any circumvention or suspected circumvention by other WTO members. However, she cautioned that it was necessary to clarify in the first place whether the specific matters of concern were within the ambit of WTO, and if yes, what commitments the concerned WTO member had made in the WTO.

Impact on services provided by the Government

28. Mr SIN Chung-kai said that there had been concerns expressed by NGOs and the labour sector that the WTO negotiations and agreements on opening up of trade in services had serious repercussions on the provision of government services. They were particularly concerned about the possibility of outsourcing of government services such as postal services, thereby affecting the job security and livelihood of serving civil servants or employees engaged for the provision of such services. He sought the Administration's response in this regard.

29. DDGTI responded that the Administration was aware of the concerns highlighted by Mr SIN. The Administration had in the past explained to trade unions and concerned organizations that negotiations in the WTO on trade in services only covered services provided on a commercial basis and not services provided by the Government. More specifically, the WTO agreements had not stipulated any requirements on outsourcing or privatization of government services. The Government's policy on procurement, outsourcing and privatization were not affected by Hong Kong's obligations under the WTO agreements. She further explained that the Administration had not made any liberalisation or commitment on government postal services in the current round of negotiations.

30. In response to Mr SIN Chung-kai's request for a handy note setting out the Administration's stance on liberalization of services to help allay concerns about its impact on provision of government services and local employment, PSCI recalled that government officials had made relevant statements and clarifications on past occasions. She undertook to collate such information and forward it to the Panel.

VI. End date of the transitional period during which ocean and river cargo manifests may be submitted in either paper or electronic form

(LC Paper No. CB(1)683/05-06(05) -- Information paper provided by the Administration)

31. The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PASCIT(CI)) briefed members on the Administration's proposal to mandate the electronic submission of manifests (EMAN services) in respect of ocean and river cargoes by ending the transitional period for the submission of these manifests in paper form in June 2006.

32. PASCIT(CI) supplemented that since 2001, there had been changes in the international trading environment with a growing emphasis on the need to safeguard international cargo movements against possible terrorist attacks. Among these safeguard measures was the requirement for electronic submission of cargo data in advance for adequate risk profiling by customs authorities. For example, the US had implemented the Container Security Initiative (CSI) at more than 40 major ports around the world, including Hong Kong, to enhance the security of US-bound containers. The CSI required carriers to submit electronic cargo information to the US customs authorities for pre-screening. The relevant Canadian authorities had also imposed similar requirements on Canada-bound cargoes. Apart from the customs authorities of individual countries that had implemented such requirements, the World Customs Organization (WCO) was proactively encouraging the adoption of a Framework of Standards to Secure and Facilitate Global Trade (the Framework) in the international arena. Electronic submission of cargo data was one of the core elements of the Framework. At present, over 70% of the 169 members of WCO had indicated that they would actively adopt the Framework. Some of these WCO members were Hong Kong's major trading partners and competitors, including the Mainland, the US, the 25 member states of the European Union, Australia, Japan and Singapore. As a major international trading centre and logistics hub, Hong Kong had to keep abreast with the international trend and to maintain its trading partners' confidence in the security of the cargoes exported from or transhipped through Hong Kong.

33. In response to Mr CHAN Kam-lam's enquiry about the implications of mandating the use of EMAN services on the industry, PASCIT(CI) provided the following information –

- (a) In 2004, about 300 000 ocean and river cargo manifests were submitted, involving millions of pages of paper manifests; and
- (b) To facilitate integration of manifest submission to the customs authorities of Hong Kong and the Mainland, the service providers of the two sides had jointly developed an information technology (IT) solution through which river carriers could download most of the data from one cargo manifest for preparation of another one,

thereby significantly reducing duplicated efforts in inputting data which was substantially the same for the purpose of reporting to the customs authorities on both sides of the border.

34. In response to Mr Vincent FANG's enquiry on how carriers could seek assistance in electronic submission of manifests, the Chief Executive Officer, Commerce, Industry and Technology Bureau said that the service provider would provide technical assistance on installation and computer software applications to carriers who had registered for the use of EMAN services or assist them to modify their existing in-house systems for the electronic submission of cargo manifests. Carriers could also use the service provided by the service provider at the service centre, which helped convert paper manifests into electronic submission.

35. The Chairman enquired about the cost implications of the mandatory use of EMAN services for the industry. PASCIT(CI) replied that funding approval of about \$170 million had previously been sought from the Finance Committee for the setting up of the required systems in the relevant government departments. The Administration had decided that it would not recover the system costs through charging fees on the industry. Carriers would only need to pay the service fees charged by the service provider for using EMAN service. The standard service fees were set at \$14.30 for each river cargo manifest and \$28.6 for each ocean cargo manifest. The service fees were calculated on a per voyage basis (i.e. a carrier only needed to submit one manifest for cargoes on board the vessel irrespective of the volume of the cargoes). The actual service fees payable by individual carriers would depend on the number of the manifests lodged. He added that upon full migration to the use of EMAN service, the industry should achieve efficiency gains as the carriers concerned would no longer need to deliver three sets of paper manifests to three different government departments.

36. Noting that the Administration had consulted ocean and river cargo carriers on the timeframe of mandating the use of EMAN services and their readiness for full migration, the Chairman requested the Administration to provide more detailed information on the consultation process with the industry. PASCIT(CI) undertook to give a written reply after the meeting.

(Post-meeting note : The Administration's reply was circulated vide LC Paper No. CB(1)770/05-06(01) on 23 January 2006.)

VII. Any other business

37. There being no other business, the meeting ended at 4:04 pm.