

( Translation )

**LegCo's Special Finance Committee Meeting on 19 March 2007**

**Speaking Note for the Secretary for Commerce, Industry and Technology**

Chairman,

I would like to introduce briefly the key areas of the work of the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau in the new financial year.

**Negotiations under Doha Development Agenda**

2. Through the efforts of major World Trade Organizations (WTO) Members including Hong Kong, China, the Doha Development Agenda (DDA) negotiations eventually resumed in full in February this year. We will continue to work with WTO Members to bring the negotiations to an early conclusion, with a view to securing better market opportunities and a more predictable international trading environment for Hong Kong goods and services.

3. We will also continue to participate actively in the WTO negotiations on rules, to clarify and improve the rules concerned, as so to ensure that the multilateral trading system will not be eroded by the abusive use of protectionist measures.

## **Deepening the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**

4. CEPA is operating smoothly and we have started consultations with the Mainland on further liberalization with a view to reaching consensus in mid 2007. We will also hold the first CEPA consultative forum on 30 March to gather views from the trade on CEPA implementation and liberalization, and to jointly explore with them on how to fully develop the potentials of CEPA.

## **Maintaining Close Cooperation and Liaison with the Mainland**

5. The Government will continue to promote trade and economic cooperation with the Mainland. The setting up of the Economic and Trade Offices in Chengdu and Shanghai will facilitate closer liaison with Mainland provinces on trade and economic matters. At the same time, this also enables us to provide better support to Hong Kong businessmen in the Mainland. In addition, the Government or the Hong Kong Trade Development Council (TDC) will continue to organise trade delegations to the Mainland to foster communication and to enhance Hong Kong businessmen's understanding of the market opportunities in the Mainland. In the past year, the Chief Executive has led delegations to Guangxi, Yunnan, Hunan, Guizhou and Jiangxi Provinces. I also led a delegation of the Federation of Hong Kong Industries on a visit to East Guangdong just last week.

## **Promotion of Inward Investment**

6. We will continue to reinforce Hong Kong's position as a preferred destination for foreign direct investment. In 2006, a record number of 3 845 regional headquarters and regional offices represented foreign companies in Hong Kong. We will continue to step up our investment promotion both overseas and in the Mainland and increase joint overseas marketing activities with cities in the Pearl River Delta to promote Hong Kong's unique position as a two-way business platform between Mainland and the rest of the world.

7. The Government is preparing to commission a consultancy study to review the current strategy for promotion of inward investment, in particular to review the role and mission of Invest Hong Kong and the relevance of its existing nine priority sectors in the context of Hong Kong's overall economic development.

## **Promotion of HK Brand**

8. Hong Kong has long been recognised as a brand in itself with great potential which can be well utilised. We would consider injecting new impetus to the "Brand Hong Kong" programme, including strategic proposals relating to this put forward by the Focus Group on Trade and Business formed pursuant to the Economic Summit on "China's 11<sup>th</sup> Five-Year Plan and the Development of Hong Kong", and leverage on the celebration activities of the 10<sup>th</sup> Anniversary of the HKSAR Establishment to actively promote Hong Kong. We will also continue to cooperate with relevant organisations, such as TDC and the Hong

Kong Design Centre to promote Hong Kong brand products and services, and encourage the application of design among businesses.

### **Convention and Exhibition Industry**

9. The Government has been closely monitoring the intensifying regional competition in the convention and exhibition industry and the possible risk of Hong Kong's role as an international trade fair capital being marginalized. We will continue to take appropriate measures to enhance Hong Kong's advantages in this regard. We are stepping up our promotional efforts to promote Hong Kong as the world's events capital, and will liaise closely with the Central People's Government, other policy bureaux, Economic and Trade Offices of the HKSAR, trade associations and chambers of commerce, etc. to identify opportunities for hosting large-scale international conventions and exhibitions in Hong Kong. We are also actively pursuing the development of additional convention and exhibition facilities to meet the growing demand. For example, we are now discussing with the AsiaWorld Expo (AWE) for an early commencement of the AWE Phase 2 expansion project, while the TDC is also actively pursuing development of the Hong Kong Convention and Exhibition Centre Phase 3 in Wanchai.

### **Support for Small and Medium Enterprises (SMEs)**

10. The Government attaches great importance to small and medium enterprises (SMEs) and provides them with the necessary support. We have implemented various funding schemes, including the SME Funding Schemes,

the Innovation and Technology Fund and the Design Support Programme. Since the launch of the SME Funding Schemes, more than 48 000 SMEs have benefited from the Schemes, involving a total loan guarantee or grant of more than \$9.6 billion. Through the Innovation and Technology Fund, total funding support of \$250 million has also been provided to upgrade the technological level of small enterprises and increase the competitiveness of their products. In addition, we provide SMEs with information and advisory services, support in expanding markets as well as infrastructure, design and one-stop technical support services. We will consider how to assist Hong Kong-owned SMEs with business in the Mainland to cope with the challenges brought about by the 11<sup>th</sup> Five Year Plan, including providing technical and other support to help them upgrade their operations to meet the environmental standards.

### **Intellectual Property Protection**

11. We are committed to maintaining a robust intellectual property protection regime for the sustainable development of our economy. On the legislative front, we are tendering our full assistance to facilitate the work of the Legislative Council with a view to securing passage of the Copyright (Amendment) Bill 2006 within the current legislative year. In parallel, we are consulting the public on copyright protection in the digital environment. The public consultation period will last until end-April. We will soon submit to the Legislative Council our proposed amendments to the Patents Ordinance for the purpose of implementing a WTO Protocol that facilitates access to pharmaceutical products for addressing public health problems.

12. On the enforcement front, the Customs and Excise Department will continue to combat intellectual property-related offences vigorously. The Intellectual Property Department will continue to conduct public education activities to promote respect for intellectual property rights in the community.

### **Facilitating Trade**

13. We are committed to maintaining Hong Kong's competitiveness as an international trade centre. Having regard to recent developments in securing and facilitating trade, we intend to upgrade our customs infrastructure by funding the implementation of an electronic customs clearance system for road cargoes. We are preparing legislative amendments to provide the legal basis required for implementing the proposed electronic system. We will soon submit the amendment bill to the Legislative Council.

14. Thank you.