

**Replies to initial written questions raised by Finance  
Committee Members in examining the Estimates of Expenditure 2007-08**

**Director of Bureau : Secretary for Commerce, Industry and Technology  
Session No. : 6**

<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>	0649	FUNG Kin-kee, Frederick	152	Director of Bureau's Office
<a href="#">CITB(CI)002</a>	0650	FUNG Kin-kee, Frederick	152	Commerce and Industry
<a href="#">CITB(CI)003</a>	0651	FUNG Kin-kee, Frederick	152	Commerce and Industry
<a href="#">CITB(CI)004</a>	0276	LAM Kin-fung, Jeffrey	152	Commerce and Industry
<a href="#">CITB(CI)005</a>	0277	LAM Kin-fung, Jeffrey	152	Commerce and Industry
<a href="#">CITB(CI)006</a>	0299	LAM Kin-fung, Jeffrey	152	
<a href="#">CITB(CI)007</a>	0387	LEUNG Kwan-yuen, Andrew	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)008</a>	0579	LEUNG LAU Yau-fun, Sophie	152	Commerce and Industry
<a href="#">CITB(CI)009</a>	2349	SIN Chung-kai	152	Commerce and Industry
<a href="#">CITB(CI)010</a>	2354	SIN Chung-kai	152	Commerce and Industry
<a href="#">CITB(CI)011</a>	0647	TAM Heung-man	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)012</a>	0648	TAM Heung-man	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)013</a>	0441	TONG Ka-wah, Ronny	152	Commerce and Industry
<a href="#">CITB(CI)014</a>	0442	TONG Ka-wah, Ronny	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)015</a>	0443	TONG Ka-wah, Ronny	152	Subvention: Hong Kong Trade Development Council
<a href="#">CITB(CI)016</a>	0889	WONG Ting-kwong	152	Commerce and Industry
<a href="#">CITB(CI)017</a>	0540	HO Chung-tai, Raymond	96	Commercial Relations
<a href="#">CITB(CI)018</a>	0294	LAM Kin-fung, Jeffrey	96	Commercial Relations
<a href="#">CITB(CI)019</a>	0661	LAM Kin-fung, Jeffrey	96	Public Relations
<a href="#">CITB(CI)020</a>	0392	LEUNG Kwan-yuen, Andrew	96	
<a href="#">CITB(CI)021</a>	0658	LEUNG Kwan-yuen, Andrew	96	Public Relations
<a href="#">CITB(CI)022</a>	0659	LEUNG Kwan-yuen, Andrew	96	Investment Promotion
<a href="#">CITB(CI)023</a>	0660	LEUNG Kwan-yuen, Andrew	96	Commercial Relations
<a href="#">CITB(CI)024</a>	2350	SIN Chung-kai	96	Commercial Relations
<a href="#">CITB(CI)025</a>	2356	SIN Chung-kai	96	Investment Promotion
<a href="#">CITB(CI)026</a>	2357	SIN Chung-kai	96	Investment Promotion
<a href="#">CITB(CI)027</a>	2358	SIN Chung-kai	96	Investment Promotion
<a href="#">CITB(CI)028</a>	2359	SIN Chung-kai	96	Investment Promotion
<a href="#">CITB(CI)029</a>	0657	TONG Ka-wah, Ronny	96	Commercial Relations
<a href="#">CITB(CI)030</a>	0656	WONG Ting-kwong	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)031</a>	1968	KWONG Chi-kin	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)032</a>	2691	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)033</a>	0167	TAM Heung-man	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)034</a>	0168	TAM Heung-man	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)035</a>	0333	WONG Ting-kwong	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)036</a>	0334	WONG Ting-kwong	31	Intellectual Property Rights and Consumer Protection
<a href="#">CITB(CI)037</a>	0274	LAM Kin-fung, Jeffrey	78	
<a href="#">CITB(CI)038</a>	0275	LAM Kin-fung, Jeffrey	78	Statutory Functions
<a href="#">CITB(CI)039</a>	0296	LAM Kin-fung, Jeffrey	78	Protection of Intellectual Property
<a href="#">CITB(CI)040</a>	0297	LAM Kin-fung, Jeffrey	78	Protection of Intellectual Property
<a href="#">CITB(CI)041</a>	0359	WONG Ting-kwong	78	Statutory Functions
<a href="#">CITB(CI)042</a>	0360	WONG Ting-kwong	78	Protection of Intellectual Property
<a href="#">CITB(CI)043</a>	0298	LAM Kin-fung, Jeffrey	79	Investment Promotion
<a href="#">CITB(CI)044</a>	0391	LEUNG Kwan-yuen, Andrew	79	Investment Promotion
<a href="#">CITB(CI)045</a>	2139	LI Wah-ming, Fred	79	Investment Promotion
<a href="#">CITB(CI)046</a>	2140	LI Wah-ming, Fred	79	Investment Promotion
<a href="#">CITB(CI)047</a>	2394	SHEK Lai-him, Abraham	79	Investment Promotion
<a href="#">CITB(CI)048</a>	2355	SIN Chung-kai	79	Investment Promotion
<a href="#">CITB(CI)049</a>	2665	SIN Chung-kai	79	Investment Promotion
<a href="#">CITB(CI)050</a>	0639	TAM Heung-man	79	Investment Promotion
<a href="#">CITB(CI)051</a>	0676	WONG Ting-kwong	79	Investment Promotion
<a href="#">CITB(CI)052</a>	0963	CHAN Yuen-han	181	Commercial Relations
<a href="#">CITB(CI)053</a>	0570	CHOW LIANG Shuk-yee, Selina	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)054</a>	0571	CHOW LIANG Shuk-yee, Selina	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)055</a>	0288	LAM Kin-fung, Jeffrey	181	Commercial Relations
<a href="#">CITB(CI)056</a>	0289	LAM Kin-fung, Jeffrey	181	Trade Support and Facilitation
<a href="#">CITB(CI)057</a>	0290	LAM Kin-fung, Jeffrey	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)058</a>	0371	LEUNG Kwan-yuen, Andrew	181	Support for Small and Medium Enterprises and Industries
<a href="#">CITB(CI)059</a>	0962	LEUNG Kwan-yuen, Andrew	181	
<a href="#">CITB(CI)060</a>	0960	WONG Ting-kwong	181	Support for Small and Medium Enterprises and Industries

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

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

Subhead (No. & title) : -

Programme : (1) Director of Bureau's Office

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

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please provide the following information:

- (a) the details of the work under this Programme and the expenditure and manpower involved; and
- (b) the reasons for the increase of 1.5% in the revised estimate for 2006-07 when compared with the original estimate.

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) Under this programme, the Office of the Secretary for Commerce, Industry and Technology is responsible for providing administrative support to the Secretary for Commerce, Industry and Technology in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions. The 2007-08 estimate for the Office of the Secretary for Commerce, Industry and Technology is \$6.7 million and the manpower involved is as follows:
  - (i) the Secretary for Commerce, Industry and Technology;
  - (ii) Administrative Assistant to the Secretary for Commerce, Industry and Technology;
  - (iii) Press Secretary to the Secretary for Commerce, Industry and Technology;
  - (iv) 1 Senior Executive Officer;
  - (v) 1 Personal Assistant, 1 Personal Secretary I and 1 Personal Secretary II; and
  - (vi) 1 Chauffeur.
- (b) The 2006-07 revised estimate is higher than the original estimate by 1.5%. This is mainly due to the additional salary provision for staff changes.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

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

Head : 152 – Government Secretariat :  
Commerce, Industry and Technology Bureau  
(Commerce & 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 2007-08, the Administration will participate actively and constructively in the work of the World Trade Organization (WTO). Would the Administration inform this Committee the following :

- (a) What are the details of the work, expenditure and manpower involved ?
- (b) Has the Administration consulted the community about our position on and our role in the indefinite suspension of Doha Round negotiations ? What are the measures in place to enhance the transparency of the WTO ?
- (c) Has the Administration pushed for the resumption of Doha Round negotiations and evaluated the impact of the indefinite suspension of negotiations on Hong Kong and on the rest of the world ?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) On Hong Kong's multilateral trade relations, the Commerce, Industry and Technology Bureau, together with the Trade and Industry Department (TID), are responsible for formulating and overseeing policies regarding the Government of the Hong Kong Special Administration Region's (HKSARG) participation in the World Trade Organization (WTO). TID also handles the multilateral issues monitored by and discussed under the WTO, including trade in services, agricultural trade, trade and environment, regional trade agreement, dispute settlement and accession to the WTO, etc. On participation in the negotiations of the Doha Development Agenda (DDA), the HKSARG will, apart from attending the meetings of the WTO held in Geneva, take part in various informal Ministerial Meetings and other important negotiation-related gatherings held in or outside Geneva from time to time, to resolve or give steer to difficult issues in the negotiations as well as to seek greater market access for Hong Kong goods and services.

On manpower and expenditure, there are currently six trade representatives in the Hong Kong Economic and Trade Office in Geneva taking care of the HKSARG's participation in the WTO. In Hong Kong, the subject of multilateral trade negotiations is overseen by the Multilateral Division of the TID. The Division is headed by an Assistant Director-General and comprises 14 Trade Officer Grade officers. Several officers in other divisions of TID, as well as the Commerce, Industry and Technology Bureau, are also involved in providing support in respect of the HKSARG's participation in the WTO. Given that the subject involves staff from different offices and covers a wide range of duties, it is difficult to estimate the exact expenditure required for the HKSARG's participation in the WTO.

- (b) Since commencement of the DDA negotiations in 2001, the Government has been widely consulting the trade and the public from time to time as well as reporting the progress of the negotiations to the relevant panel of the Legislative Council. Members of the public can also obtain relevant information on the negotiations from various sources (including the homepage of the TID) or give their views on issues of interests to them. The suspension of the DDA negotiations was suggested by the Director General of WTO (DG/WTO) at the General Council meeting held on 27 July 2006, and was endorsed by all WTO Members. After months of serious reflection and genuine efforts by WTO Members, work at technical level was resumed in November last year. The DDA negotiations have also been fully resumed since February 2007.
- (c) The HKSARG has been playing an active and constructive role in pushing for the resumption of the negotiations. The Secretary for Commerce, Industry and Technology (SCIT) has all along been in close contact with Ministers of major WTO Members such as the United States, European Union, Australia, and New Zealand as well as with the DG/WTO. For example, SCIT attended a meeting of an informal group comprising ministers of seven economies in support of trade liberalisation in Cairns, Australia in September 2006. He called on the DG/WTO during his visit to Europe in November 2006, urging the latter to resume work at technical level in Geneva. He also joined other Ministers of the Asia-Pacific Economic Cooperation (APEC) to impress upon the DG/WTO of the need for prompt resumption of the negotiations when the latter attended the Informal APEC Ministerial Meeting in November 2006 in Vietnam. In end January 2007, SCIT attended a meeting with the DG/WTO and trade ministers from more than 20 influential WTO Members in Davos, Switzerland. The meeting contributed directly to the full resumption of the negotiations which was endorsed by the WTO General Council on 7 February 2007.

The temporary suspension of the DDA negotiations has delayed our work in seeking further market access from our trading partners in the multilateral context. Apart from contributing to the lobbying efforts mentioned above, we made use of the period concerned to review the progress made in various negotiation areas and make suitable preparation for the resumption of negotiations. We believe that the temporary suspension would not have any immediate or direct negative impact on our economy. As the DDA negotiations have now resumed, we will continue to participate actively and provide constructive suggestions, as well as play an even more active role in the priority areas to Hong Kong, namely, services (to achieve progressive liberalisation for trade in services) and rules (to clarify and improve trade rules).

Signature	_____
Name in block letters	MISS YVONNE CHOI
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

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

Head : 152 – Government Secretariat :  
Commerce, Industry and Technology Bureau  
(Commerce & 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 2007-08, the Administration will continue to promote a free, open and non-discriminatory multilateral trading system through active and constructive participation in the work of the WTO. As some members of the public and trade unions have expressed their grievances during the Sixth Ministerial Conference organized by the Administration, please advise the Committee :

- (a) if the Administration has assessed the negative impact of liberalization of markets on the livelihood of local workers, and what measures are in place to alleviate such impact;
- (b) if the Administration has assessed the negative impact on the local community in places where Hong Kong people made their investments abroad, and what measures are in place to alleviate such impact; and
- (c) the expenditure involved in (a) and (b).

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

- (a) Some members of the public and the trade unions raised concerns over the possible negative impact of the services negotiations in the World Trade Organization (WTO) on the local employment situation during the Sixth Ministerial Conference of the WTO held in Hong Kong in 2005. As clarified in our explanations to the public and the persons concerned through various channels at that time, the Government has all along been formulating our offers in the services trade negotiations very carefully on the basis of the economic and social situations of Hong Kong with a view to safeguarding our interests on the whole. We have been following this principle thoroughly. Since Hong Kong is a free and open trading entity and that our offers in the services trade negotiations would not change the current level of openness of our various services sectors, our offers in the services negotiations would not impact negatively on the local economy and our employment market.

- (b) We believe that Hong Kong businessmen, in investing abroad, would abide by the laws and related rules and regulations of the places concerned. They should not bring any negative impact to the local community therein. Also, the Government has not received any complaint in this respect from our trading partners.
- (c) Item (a) and (b) above do not entail any expenditure.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	<b>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</b>
Post Title	_____
Date	<b>14.3.2007</b>

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

**CITB(CI)004**

0276

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 :

Provision for 2007-08 is \$41.4 million (32.9%) higher than the revised estimate for 2006-07. This is mainly due to the pooling of resources for redeployment among the Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities. In this regard, please provide information on the new initiatives and activities as well as the provision required for the various new activities.

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Provision for 2007-08 is \$41.4 million higher than the revised estimate for 2006-07, of which the increase of \$28.9 million is due to the pooling of resources for internal deployment among the Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area to achieve the stated policy objectives more effectively. In this regard, we are examining the funding requirements for suitable activities, including the follow up on the strategic proposals drawn up by the Focus Group on Trade and Business formed under the Economic Summit on "China's 11<sup>th</sup> Five-Year Plan and the Development of Hong Kong".

Signature

Name in block letters

Post Title

Date

MISS YVONNE CHOI

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

14.3.2007



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

**CITB(CI)005**

0277

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

Subhead (No. & title) : 000 Operational  
expenses

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 :

While no change in establishment is expected in 2007-08, the estimate of salaries is higher than the revised estimate for 2006-07 by about \$3 million. What are the expected staff changes and what is the reason for the changes?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The increased salary provision of \$3 million for 2007-08 over the 2006-07 revised estimate is mainly to meet the required provision for filling vacant posts arising in 2006-07 and salary increments in 2007-08.

Signature	_____
Name in block letters	MISS YVONNE CHOI
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

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

**CITB(CI)006**

0299

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 :

As regards the "Subscription to the WTO", the estimate of expenditure for 2007-08 is higher than the revised estimate fro 2006-07 by \$5.5 million. What is the reason for that?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

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. To meet the operating requirements of the WTO, the total subscription by Members has been on the increase every year. The estimate of expenditure for 2007-08 is higher than the revised estimate for 2006-07 by \$5.5 million. This is to meet the possible increase in subscription to the WTO and exchange rate fluctuation.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

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

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

The estimated subvention to the Hong Kong Trade Development Council (TDC) from the Commerce, Industry and Technology Bureau (Commerce and Industry Branch) in 2007-08 has only increased by 2.6% or \$8.8 million from 2006-07. Will the additional subvention be sufficient for the TDC to carry out a series of tasks slated for 2007-08, including among others to enhance Hong Kong's edge in creative industries, strengthen Hong Kong's position as a convention and exhibition centre, maximize the TDC's presence in the Mainland, kindle demand for Hong Kong's goods and services in the Mainland and priority emerging markets, promote Hong Kong's brands by adopting a stylish approach and assist Hong Kong's SMEs in exploring new markets?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

For 2007-08, the Government subvention for the Hong Kong Trade Development Council (HKTDC) will increase by 2.6 % over the preceding year. With HKTDC's self-generated income from service and other charges, this is sufficient for HKTDC to implement its nine major trade promotion programme areas which cover such initiatives as enhancing Hong Kong's edge in creative industries, maximising HKTDC's presence in the Mainland, promoting Hong Kong's products and services, promoting Hong Kong's brands and assisting small and medium enterprises in exploring new markets, etc. The total operational expenditure on the aforementioned programme areas will also increase by about 13% over 2006-07.

Moreover, the Government stands ready to consider providing funding to HKTDC for special projects which the Government and HKTDC consider worthwhile to undertake in the coming year.

Signature

Name in block letters

Post Title

Date

MISS YVONNE CHOI

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

15.3.2007

**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 :

In paragraphs 42 and 45 of the Budget Speech, it is mentioned that the business sector must develop its own designs and brands in order to enhance Hong Kong's competitiveness in high value-added industries. How will the Government assist the enterprises, in particular the small and medium enterprises, to develop and protect their own designs and brands? What are the specific measures in this regard?

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

Reply :

Through the DesignSmart Initiative, the Government assists enterprises, in particular small and medium enterprises (SMEs), to develop their own designs and brands. The Initiative comprises a Design Support Programme and the establishment of an InnoCentre.

The Design Support Programme aims to encourage collaboration between the design industry and SMEs, provide funding support to worthwhile researches relating to design or branding, promote the culture of design and honour design excellence, and develop continuous professional learning courses that contribute to design capability building and application of design. Under the Programme, the Design-Business Collaboration Scheme encourages SMEs to invest in the use of design by providing funding support of up to 50% of the approved project cost or \$100,000, whichever is the less. To date, this Scheme has provided funding support of \$3.9 million for 42 approved projects.

The InnoCentre is a one-stop Centre aimed at creating and sustaining a cluster of high value-added design activities among design professionals and industry users. The Centre provides Grade A office space for design tenants as well as services such as education, incubation and professional courses, exhibitions, seminars, workshops, etc. The Design Incubation Programme creates a start-up environment for design SMEs through provision of office facilities, training for business development, and various assistance such as consultancy service. To date, 15 design SMEs have been admitted, with funding support up to a maximum of \$500,000 per SME incubate.

In addition, SME associations can apply for SME Development Fund to undertake projects on brand development. The maximum amount of funding support for any approved project is \$2 million, or 90% of the total project expenditure, whichever is the less.

The Hong Kong Trade Development Council (TDC) establishes premium product sections in local international exhibitions to promote Hong Kong branded products. It also runs “Design Gallery” shops at the Hong Kong Convention and Exhibition Centre, the airport and Chengdu (known as Style Hong Kong Shop in Chengdu) to promote Hong Kong design and branded products, and assist SMEs to promote their brands. “Style Hong Kong” is used as a universal brand to promote Hong Kong branded products in exhibitions worldwide. Last year, TDC’s brandname promotion activities were extended to the Mainland, Eastern Europe and the Middle East. In 2007/08, TDC will organize, for the first time, 40 HK brands to participate in the 101<sup>st</sup> China Import and Export Fair. Also, TDC will organise an exhibition with over 100 Hong Kong brands in Moscow in September 2007.

As regards protection of designs and brands, the Government has been endeavouring to provide a robust intellectual property (IP) protection regime through up-to-date legislation, simple and convenient registration systems, strong enforcement and sustained public education activities. For example, the existing trade marks law enacted in 2003 has greatly enhanced the protection for trade mark owners. In recent years, the Intellectual Property Department has been active in launching electronic registration services which enable enterprises to protect their intellectual property rights more effectively. Moreover, through the enforcement action of Customs and Excise Department, counterfeiting activities have been put firmly under control. The Government will continue its efforts on the IP protection front to provide a favourable environment for enterprises to protect their designs and brands.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

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

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

In 2007-08, the Branch will “continue to work together with the Mainland authorities to ensure the smooth and effective implementation of CEPA and to further its development”.

- (a) Please give details of the work to be done;
- (b) If the CEPA arrangements were not fully implemented in some provinces/cities/government departments in the Mainland, would the SAR Government handle related complaints or requests for assistance raised by a member of the public ? This will help the SAR Government understand the problems encountered in CEPA implementation, facilitating effective and appropriate follow-up actions and communication with the Mainland authorities regarding the issue; and
- (c) If such complaints would not be handled, what methods would the SAR Government use to collect information about cases of ineffective implementation of CEPA arrangements?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) The Government of the Hong Kong Special Administrative Region (HKSARG) and the Mainland authorities attach great importance to promoting further liberalization and implementation under CEPA, and has been actively assisting the Hong Kong business to capitalize on the CEPA preferential treatments to enter the Mainland market. The HKSARG has already started this year's CEPA discussions with the Ministry of Commerce to consider further liberalization in trade in services and measures on trade and investment facilitation, to ensure there is effective CEPA implementation in conjunction with continuous expansion of preferences. We hope to reach consensus with the Ministry of Commerce and sign a new supplemental agreement on CEPA before July this year.

(b) & (c) The HKSARG (including the Commerce, Industry and Technology Bureau, the Trade and Industry Department, the Economic and Trade Offices in the Mainland, and the relevant bureaux and departments) welcomes feedback from the trade on their state of utilizing CEPA preferential treatments in the Mainland, including problems encountered. In addition to maintaining communications with the trade through existing channels, we will, in the upcoming CEPA consultative forum, find out problems encountered by the trade in opening up their business in the Mainland under CEPA and gather any views they may have on further CEPA liberalization. We have also been reflecting problems encountered by our businessmen through the different liaison mechanisms established with central and provincial authorities in the Mainland, and provide appropriate assistance to them.

Signature	_____
Name in block letters	MISS YVONNE CHOI
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

**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 :

1. In what ways does the Government "provide support to local businesses operating in the Mainland"? What are the specific measures?
2. In 2007-08, what kinds of support will the Government provide to local businesses operating in the Mainland? What are the other Hong Kong and Mainland government departments or subvented organisations involved?

Asked by : Hon. SIN Chung-kai

Reply :

The HKSAR Government has been maintaining close liaison and communication with the Mainland authorities and Hong Kong's industry associations and keeping in view policies which may affect Hong Kong-funded enterprises in the Mainland. We have reflected the views of the businessmen to, and facilitated them in communicating with the relevant Mainland authorities. For example, recently the HKSAR Government has relayed the concern expressed by Hong Kong businessmen in connection with the new policy on processing trade to the relevant Mainland authorities, and the Mainland authorities have responded swiftly with adjustment to the policy which has in turn relieved the pressure on the Hong Kong enterprises. We will continue to liaise closely with the relevant Mainland authorities.

In addition, the HKSAR Government has offices in Beijing, Guangdong, Shanghai and Chengdu to handle economic and trade matters between Hong Kong and the Mainland. These offices also assist in collecting latest information on doing business in the Mainland. For example, the Guangdong Economic and Trade Office issues a weekly newsletter to disseminate information relating to environmental protection, restructuring of industries, etc. to facilitate the trade's early planning.

The Beijing Office maintains close contacts and communication with relevant bureaux and agencies in the Central People's Government to keep in view the latest development in the Mainland. It also organises seminars and exhibitions and proactively enhances interaction between Hong Kong and Mainland enterprises.



- . In 2007-08, the HKSAR Government will continue to render the above support services to local businesses operating in the Mainland. The parties involved include the Commerce, Industry and Technology Bureau, various Mainland offices established by the HKSARG, Trade and Industry Department, Hong Kong Trade Development Council, Hong Kong Productivity Council and their relevant Mainland counterparts.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	<u>14.3.2007</u>

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

**CITB(CI)011**

0647

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 :

The indicators provided only such information as number of various fairs and number of companies participating. Could the Administration also advise on the number and value of transactions completed at the fairs, so that the effectiveness of the fairs can be evaluated ?

Asked by : Hon. TAM Heung-man

Reply :

The Hong Kong Trade Development Council (HKTDC) does not collect data on the number and value of transactions completed at its trade fairs due to the following reasons:

- (a) in general, buyers and exhibitors only have preliminary discussion during the fairs, to be followed up by negotiations on detailed design, etc. So usually, orders can only be concluded several weeks after the event. It is therefore difficult to have accurate statistics in this regard; and
- (b) the date collected cannot be validated.

As participation in trade fairs requires resource inputs on the part of exhibitors and overseas buyers, their participation is a useful indicator reflecting the effectiveness of HKTDC's trade fairs.

In 2006, HKTDC's international trade fairs in Hong Kong attracted 15% and 10% more exhibitors and overseas buyers respectively. This demonstrates that the fairs are well received by the trade.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

**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 : (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 :

When determining the provision for the Trade Development Council (TDC), has the Administration taken into consideration TDC's operational performance in the year 2006-07 ? If so, what are the mechanisms and criteria for evaluating TDC's performance ? If not, why ?

Asked by : Hon. TAM Heung-man

Reply :

In determining the amount of annual subvention to the Hong Kong Trade Development Council (HKTDC), the Government takes into account, among other things, HKTDC's funding requirements. HKTDC's major trade promotion work include product promotion, service promotion, technology promotion, international promotion, international trade fairs, publications, electronic commerce, trade matching, and research and small and medium enterprises services. Each of these promotion areas has a set of key performance indices, such as number of participants and income etc., to provide objective evaluation of their effectiveness. The Secretary for Commerce, Industry and Technology sits in the HKTDC and its relevant committees, which keep in view the implementation of these initiatives. Since over 80% of HKTDC's income comes from its service and other charges, market response is the one of the most useful performance measures for the effectiveness of HKTDC's work.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

15.3.2007

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

**CITB(CI)013**

0441

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 estimate of expenditure for 2007-08 is 11.8% higher than the original estimate for 2006-07. To which areas is the additional expenditure allocated? Please give the data in detail.

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

Under Programme (2), the estimate for 2007-08 of \$167.2 million is \$17.7 million (11.8%) higher than the revised estimate for 2006-07 of \$149.5 million. This is mainly due to the pooling of resources for internal deployment among the Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area to achieve the stated policy objectives more effectively. In this regard, we are examining the funding requirements for suitable activities, including the follow up on the strategic proposals drawn up by the Focus Group on Trade and Business formed under the Economic Summit on "China's 11<sup>th</sup> Five-Year Plan and the Development of Hong Kong".

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION****CITB(CI)014**

0442

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 :

In 2007-08, the provision for the Hong Kong Trade Development Council will have an increase of \$8.8m. In what aspects will the additional provision be used? Please provide detailed data in this regard.

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

For 2007-08, the Hong Kong Trade Development Council (HKTDC)'s total gross income is estimated at \$2,001.31 million, most of which is from revenue generated by HKTDC itself. Government subvention will be injected into HKTDC's overall funding pool in support of its nine trade promotion programme areas, for which the total estimated operational expenditure will increase by about 13% over the preceding year. Details are set out as follow:

Programme Areas	Operational Expenditure (\$ million)
Product promotion	177.63
Service promotion	81.32
Technology promotion	58.83
Research and Small and Medium Enterprises services	38.64
Business matching	8.80
International promotions	74.64
E-commerce	35.36
Publications	166.97
International exhibitions	616.96
Total	1,259.15

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>15.3.2007</u>

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

**CITB(CI)015**

0443

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 :

In 2007-08, it is estimated that 32 fairs will be organised by the Hong Kong Trade Development Council. To which sector or industry does the additional fair relate? What will be the estimated expenditure?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The Hong Kong Trade Development Council (HKTDC) has been enriching Hong Kong's trade-fair portfolio so as to provide more promotion opportunities for industries with export potential. HKTDC plans to launch a sourcing fair on sporting goods, titled Sports Source Asia in 2007-08. This is on top of six new shows on auto parts, printing and packaging, furniture, building materials, environmental promotion, and medical services, which were staged in 2006-07 and will continue to be held in 2007-08. The estimated total operational expenditure for HKTDC's international exhibitions for 2007-08 is \$616.96 million

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

**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 :

With respect to inward investment promotion, what policies have been formulated in 2006-07? What are the outcomes? Which of these policies will continue to be implemented in 2007-08? Will there be any new policies in 2007-08 for attracting investment? What is the estimated amount of resources involved?

Asked by : Hon. WONG Ting-kwong

Reply :

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

In 2006, InvestHK has, in implementing the above policy,

- (i) broadened its promotion work and its network in new markets;
- (ii) enhanced the Mainland investment promotion services offered to Mainland investors by setting up investment promotion units (IPUs) in the Beijing Office and the new Economic and Trade Offices (ETOs) in Chengdu and Shanghai as well as expanding the IPU in the Guangzhou ETO;
- (iii) arranged for its award-winning TV commercial to be broadcast in major worldwide markets; and
- (iv) continued its on-going promotional efforts.



With all these efforts, the department successfully assisted 246 overseas, Mainland and Taiwan companies to set up or expand operations in Hong Kong in 2006. These projects led to the immediate creation of more than 3 000 jobs and the same companies plan to create at least 4 700 jobs in Hong Kong in the next two years. Moreover than \$10.2 billion was invested, representing a 15% increase over 2005.

In 2007-08, InvestHK will continue to attract foreign direct investment and to enhance Hong Kong's image. For example, the advertising campaigns in major target markets covering the US, Western Europe and the Mainland will be strengthened to promote the many advantages of investing in Hong Kong and the free services provided by InvestHK. It will also sponsor business events in overseas markets to reach out to potential investors sectors and to raise their awareness of Hong Kong as an ideal investment location. Another ETO with an IPU targeting the Eastern European market will be set up.

Furthermore, with a view to enhancing Hong Kong's competitive edge in attracting external direct investment, the Administration will commission a consultancy study shortly to review the current strategy for promotion of inward investment into Hong Kong, in particular to review the role and mission of InvestHK and the relevance of the existing nine priority sectors in the context of economic policy of Hong Kong.

Investment promotion is an on-going task. The provision to InvestHK for investment promotion work in 2007-08 is \$107.2 million.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	<u>14.3.2007</u>

**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 :

In view of the rapid economic development in the Middle East region, will the Administration consider setting up overseas Economic and Trade Offices in that region, for example, in cities such as Dubai of the United Arab Emirates in the 2007-08 financial year? If yes, please list out the following information:

- (a) the time table for setting up the offices;
- (b) the specific projects to be undertaken by the offices; and
- (c) the countries in the region whose trade and business relations with Hong Kong will be promoted.

Asked by : Hon. HO Chung-tai, Raymond

Reply :

The Administration does not have plan to set up overseas Economic and Trade Offices in the Middle East region in the 2007-08 financial year, but will seek to enhance our trade relations with the region through various channels, including visits by Principal Officials, organising investment promotion seminars and promotion activities.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

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

**CITB(CI)018**

0294

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 :

As regards the indicator concerning "meeting on trade-related matters attended", the estimated number for 2007 is 149 lower than the actual number in 2006. What is the reason for that?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

For the indicator concerning "meeting on trade-related matters attended", the estimated number for 2007 is 149 lower than the actual number in 2006. This is mainly because the Economic and Trade Office in Geneva attended more meetings in 2006 due to the resumption of World Trade Organization negotiations on the Doha Development Agenda (DDA). The 2007 figure was adjusted to a lower level in anticipation of steady negotiations in 2007. However, as the DDA negotiation meetings have become more frequent in recent months, the actual figure of the concerned indicator for 2007 could be higher than estimated.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

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

**CITB(CI)019**

0661

Head : 96 Government Secretariat:  
Overseas Economic and Trade Offices

Subhead (No. & title) : -

Programme : (2) Public 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 number of public relations events organised as per the Indicators, the actual number in 2006 is 670 while the estimated number for 2007 is 720, which are considerably lower than the actual number of 807 in 2005. What are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The numbers of the related indicator for 2006 actual and 2007 estimate are lower than the 2005 actual, which is relatively high. This is mainly due to Toronto Economic Trade Office's having organised more frequent public relations functions/events in connection with a local one-off large scale business and trade conference and forum in 2005, i.e. the Joint Guangdong/Hong Kong Trade Forum 2005.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

Permanent Secretary for Commerce,  
Industry and Technology

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

(Commerce and Industry)

Date \_\_\_\_\_

14.3.2007

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

Head : 96 Government Secretariat:  
Overseas Economic and Trade Offices

Subhead (No. & title) : 700  
General  
non-recurrent

Programme : -

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

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Under this subhead, the approved estimate for 2006-07 is \$10,588,000 while the revised estimate is \$1,257,000. Please set out in detail the reasons for the substantial revision and specify how the estimated expenditure of \$9,580,000 for 2007-08 under this subhead will be used.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Under this subhead, the approved estimate for 2006-07 is \$10,588,000 while the revised estimate is \$1,257,000. The main reason for the revision is that the setting up costs for the new ETO to be established in Berlin will mostly be used in 2007-08.

2 The estimated expenditure of \$9,580,000 for 2007-08 under this subhead will be used as follows:

<u>Item</u>	<u>2007-08 Estimate (\$)</u>
(a) Consultancy services on commercial relations and non-trade issues in Europe	580,000
(b) Setting up cost for the Economic and Trade Office in Europe	9,000,000
Total	<u>9,580,000</u> =====

Signature \_\_\_\_\_  
Name in block letters MISS YVONNE CHOI  
Permanent Secretary for Commerce,  
Industry and Technology  
Post Title (Commerce and Industry)  
Date 14.3.2007

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

**CITB(CI)021**

0658

Head : 96 Government Secretariat:  
Overseas Economic and Trade Offices

Subhead (No. & title) : -

Programme : (2) Public Relations

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 2007-08 is \$109.8m, which is about 30% higher than the revised estimate for 2006-07. How will the Administration make use of the increased resources to continue to sustain and step up the publicity and public relations efforts in North America, Europe, Australia, Japan and the Association of Southeast Asian Nations countries? Please give a detailed account.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Under this programme, the 2007-08 estimate is \$109.8 million, which is higher than the revised estimate for 2006-07 by about 30%. This is mainly due to the additional setting up cost and operational expenses for the new overseas Economic Trade Office to be set up in Berlin in 2007-08, provisions for meeting unfavourable exchange rates and for organising promotion activities in celebration of the 10<sup>th</sup> Anniversary of the Establishment of the Hong Kong Special Administrative Region as well as increased salary and allowance provisions for staff changes.

2. We will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, Japan and the Association of Southeast Asian Nations countries within the existing resources available.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

**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 :

How will the overseas Economic and Trade Offices use the \$50.3 million provision in 2007-08 to publicise Hong Kong's advantage as a regional and international business centre as well as provide advice and assistance to companies in the formulation and implementation of their plans to invest in Hong Kong so as to promote inward investment to Hong Kong?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Attracting foreign direct investment to Hong Kong is one of the major functions of the Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region. The investment promotion units (IPUs) located in the ETOs in New York, San Francisco, Toronto, Brussels, London, Sydney and Tokyo are responsible for formulating investment promotion strategies for their respective host countries and target cities as well as conducting market research and investment promotion.

During 2007-08, the overseas ETOs will continue to work with Invest Hong Kong (InvestHK) to attract overseas companies to invest in Hong Kong and encourage the companies to take advantage of the preferential market access into the Mainland secured under the Mainland and Hong Kong Closer Economic Partnership Arrangement. They will arrange visits to call on potential investors in their respective host countries and target cities so as to encourage and assist expanding foreign companies to establish a presence in Hong Kong. They will also meet with the local media and government bodies as well as participate in significant publicity events and promotional programmes with a view to promoting the strengths of Hong Kong as a superior hub for regional operations in Asia. Moreover, they will encourage target companies to bring into Hong Kong, through their investments, new and improved products and services, design processes and management techniques, and will provide assistance to investors interested in establishing a business presence in Hong Kong.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
	Permanent Secretary for Commerce, Industry and Technology
Post Title	<u>(Commerce and Industry)</u>
Date	<u>14.3.2007</u>



**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 :

How will the overseas Economic and Trade Offices (ETOs) use the provision to strengthen Hong Kong's representation by setting up a new ETO in Berlin, Germany, to capitalise on the new business and trade opportunities following the expansion of the European Union, and to promote Hong Kong's trading and commercial interests outside Hong Kong?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Since 2004, the Member States of the European Union has increased from 15 to 27. The enlargement of the European Union has brought about substantial business and trade opportunities for Hong Kong, and together with the rapid economic growth in the new members of the European Union and in many Eastern European countries, many enterprises in these countries are keen to strengthen trade relations with Hong Kong and the Mainland but are hampered by lack of knowledge and experience. We have therefore reorganised the deployment of resources in our ETOs in Europe with effect from 1.7.2006 by transforming the Brussels ETO into the 'head' ETO in Europe, supported by the London ETO and the new ETO to be set up in Berlin, in order to strengthen Hong Kong's presence and representation in some 30 European countries, and to enhance bilateral economic and trade relationships with these countries.

2. Germany is a major economic force in the world and is also a convenient gateway to reach out to countries in Eastern Europe. The setting up of an ETO in Berlin to serve the eastern part of Europe will therefore help to promote Hong Kong's trade and commercial interests in this part of the world. The country coverage of Berlin ETO include 8 countries, namely, Germany, Austria, Czech Republic, Hungary, Poland, Slovak Republic, Slovenia, and Switzerland.

3. Berlin ETO will enhance liaison with the host government as well as other governments and organisations in order to further Hong Kong's trade and economic interests. The ETO will also monitor and report on developments which are likely to affect such interests. It will lobby and negotiate with the host and other governments on specific trade issues, and promote the new business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement.

4. Berlin ETO will also monitor and report on reactions to events in Hong Kong. It will organise publicity and public relations activities for Hong Kong in the host country and countries under its purview, and provide a comprehensive information and enquiry service about Hong Kong. Moreover, the ETO will encourage and attract investments to Hong Kong, and promote Hong Kong's many advantages as an investment and business hub in Asia in order to promote inward investments to Hong Kong.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	<b>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</b>
Post Title	_____
Date	<b>14.3.2007</b>
	_____

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

**CITB(CI)024**

2350

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 Administration mentioned “organising promotion activities in celebration of the 10<sup>th</sup> Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR)”. Please provide details of the promotion activities planned by the overseas Economic and Trade Officers (ETOs) and list the expenditure incurred by each ETO.

Asked by : Hon. SIN Chung-kai

Reply :

To celebrate the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region, the Economic and Trade Offices (ETOs) will organise celebration and promotion activities in the host cities, as well as in a number of major cities overseas. The activities mainly include receptions, exhibitions, forums, seminars, film festivals, food festivals, dragon boat festivals and cultural events. The ETOs will also co-organise activities with the Hong Kong Trade Development Council, the Hong Kong Tourism Board and the local organisations. As the celebration events are still under planning, it is not possible to provide realistic estimate at this stage. However, funding for the various events to be organised by overseas ETOs will be met from within existing resources available.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	_____
Date	14.3.2007

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

**CITB(CI)025**

2356

Head : 96 Government Secretariat:  
Overseas Economic and Trade Offices

Subhead (No. & title) : -

Programme : (3) Investment Promotion

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

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

In the Government, Invest Hong Kong has already been established to promote overseas investment in Hong Kong. Why is there a need to have an "Investment Promotion" Programme for the Overseas Economic and Trade Offices?

Asked by : Hon. SIN Chung-kai

Reply :

Foreign direct investment is key to Hong Kong's success as an international business hub. In this regard, the Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region work closely with Invest Hong Kong (InvestHK) in the area of inward investment promotion. There are Investment Promotion Units (IPUs) operating in the seven ETOs in New York, San Francisco, Brussels, London, Tokyo, Toronto and Sydney respectively for promoting inward investment into Hong Kong. The ETOs actively publicise Hong Kong's attraction as a regional and international business centre and call on expanding companies in their host countries or target markets to encourage them to establish a presence in Hong Kong or to use Hong Kong as a gateway for accessing the Mainland market. Their geographical proximity to our target markets has greatly facilitated our provision of timely advice and support to potential investors in our target markets.

Moreover, the ETOs are fully supported by the sector teams in the Head Office of InvestHK, which offers sector-specific information for potential investors. In return, they provide first-hand market intelligence as well as useful advice and assistance for formulation and implementation of our investment promotion plans for overseas markets.

Signature

Name in block letters

Post Title

Date

MISS YVONNE CHOI

Permanent Secretary for Commerce,  
Industry and Technology

(Commerce and Industry)

14.3.2007

**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 :

Please provide details of the work of the Overseas Economic and Trade Offices in 2006-07 and 2007-08 under the "Investment Promotion" Programme and the similarities and differences between the work of the Overseas Economic and Trade Offices and that of Invest Hong Kong.

Asked by : Hon. SIN Chung-kai

Reply :

The overseas Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region are established in Hong Kong's major trading partners. They strive to enhance understanding of Hong Kong among decision-makers and opinion-formers in their host countries to further Hong Kong's business interests. They also seek to promote to overseas governments and business sectors Hong Kong's overall image and advantages as an international business centre so as to attract foreign direct investment to Hong Kong.

Invest Hong Kong (InvestHK) is specifically responsible for spearheading and coordinating promotion efforts to attract foreign direct investment to Hong Kong. InvestHK formulates overall investment promotion strategies and plans, and provides specific and comprehensive solutions-oriented investment promotion, facilitation and aftercare services to support foreign companies to set up or expand in Hong Kong.

InvestHK and ETOs work closely in the area of investment promotion. InvestHK has been making good use of the ETO's network to enhance their overseas promotion efforts and services. There are Investment Promotion Units (IPUs) operating in the seven ETOs in New York, San Francisco, Brussels, London, Tokyo, Toronto and Sydney respectively for promoting inward investment into Hong Kong. Following annual business plans jointly developed by InvestHK and the relevant ETOs, the latter call on expanding companies in their host countries to encourage them to establish a presence in Hong Kong or to use Hong Kong as a gateway for accessing the Mainland market; to organise and participate in promotion events and meet with the local media and government bodies. They also arrange for staff of InvestHK to make investment promotion visit to companies in their host or neighbouring countries. Moreover, the ETOs are fully supported by the sector teams in the Head Office of InvestHK, which offers sector-specific information for potential investors. In return, the ETOs provide first-hand market intelligence as well as advice and

assistance for formulation and implementation of our investment promotion plans for overseas markets.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	<b>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</b>
Post Title	_____
Date	<b>14.3.2007</b>
	_____

**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 :

Please list the 438 projects pursued in 2006, the details of those marked "project completed" and the expenditure involved.

Asked by : Hon. SIN Chung-kai

Reply :

The breakdown of the total number of investment projects pursued and completed by the respective Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region in 2006 is set out below. Noting that not all companies are willing to be identified, we guarantee confidentiality on collection from investor companies. We assure them that information specific to any individual companies will not be released to a third party without the consent of the company.

ETO	Projects completed	Projects Pursued
Sydney	15	48
Brussels	10	49
London	25	80
Tokyo	9	47
Toronto	9	37
New York	17	77
San Francisco	26	100
<b>Total</b>	<b>111</b>	<b>438</b>

In 2006-07, a total of \$44.96 million was provided to the above ETOs for operational expenses and other costs relating to investment promotion activities under Head 96 Government Secretariat: Overseas Economic and Trade Offices and Head 79 Invest Hong Kong respectively.

Signature	_____
Name in block letters	<b>MISS YVONNE CHOI</b>
	<b>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</b>
Post Title	_____
Date	<b>14.3.2007</b>
	_____



**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 :

Please elaborate on how the Overseas Economic and Trade Offices facilitate the implementation of these projects.

Asked by : Hon. SIN Chung-kai

Reply :

The Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region strive to promote foreign direct investment to Hong Kong. There are Investment Promotion Units (IPUs) operating in the seven ETOs in New York, San Francisco, Brussels, London, Tokyo, Toronto and Sydney respectively.

The ETOs publicise the attraction of Hong Kong as a regional and international business centre. Furthermore, they provide timely advice and assistance to potential investors and encourage them to take advantage of the preferential market access into the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). They also urge their target companies to introduce to Hong Kong, through their investments, new and improved products and services, design processes and management techniques.

The ETOs have been making good use of its network to help Invest Hong Kong (InvestHK) enhance their overseas promotion efforts and services. For example, the ETOs arrange visits to call on potential investors in their host countries and target cities to encourage and assist expanding foreign companies to establish a presence in Hong Kong. They also meet with local media and government bodies, and participate in major publicity events and promotion programmes with a view to promoting the strengths of Hong Kong as a superior hub for international companies to oversee their regional operations in Asia. Moreover, in providing solution-oriented investment promotion, facilitation and aftercare services to facilitate foreign investors to establish or expand operations in Hong Kong, the ETOs are fully supported by the sector teams in the Head Office of InvestHK, which provide sector-specific information for potential investors.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	15.3.2007

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

**CITB(CI)029**

0657

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 :

Why is the number of “meetings on trade-related matters attended” decreased from 3,782 in 2005 to 3,520 estimated for 2007? Please provide the numbers of trade-related meetings attended by each overseas Economic and Trade Office in 2005 and 2006.

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The number of “meetings on trade-related matters attended” decreased from 3,782 in 2005 to 3,520 estimated for 2007. This is mainly because the Geneva Economic and Trade Office (ETO) and Brussels ETO had attended more trade-related meetings due to the hosting of the Sixth Ministerial Conference of the World Trade Organization (WTO) in Hong Kong. The number of this indicator for 2006 had reduced upon the completion of the WTO 6<sup>th</sup> Ministerial Conference. Besides, Toronto ETO had participated in two local one-off large scale business and trade conferences and forums in 2005, i.e. the Hong Kong – Canada Business Association National Business Forum and the Joint Guangdong/Hong Kong Trade Forum 2005. The number of the indicator for 2006 had reduced upon the completion of these activities.

2. The estimated number of the indicator for 2007 is also lower than the 2005 actual. This is mainly because the ETO in Geneva had attended more meetings in 2006 due to the resumption of World Trade Organization negotiations on the Doha Development Agenda (DDA). The 2007 figure was adjusted to a lower level in anticipation of steady negotiations in 2007. However, as the DDA negotiation meetings have become more frequent in recent months, the actual figure of the concerned indicator for 2007 could be higher than estimated.

3. The numbers of trade-related meetings attended by each overseas ETO in 2005 and 2006 are as follows:

ETO	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Singapore	Sydney	Toronto	Total
2005(Actual)	488	75	95	182	288	2,063	177	132	48	234	3,782
2006(Actual)	482	84	97	186	255	2,030	176	130	46	183	3,669

Signature \_\_\_\_\_

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

MISS YVONNE CHOI

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

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

Date \_\_\_\_\_

14.3.2007

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

**CITB(CI)030**

0656

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 :

What activities will be organized in celebration of the 10<sup>th</sup> Anniversary of the Establishment of the Hong Kong Special Administrative Region? Where will these promotion activities be held? What is the expenditure involved?

Asked by : Hon. WONG Ting-kwong

Reply :

To celebrate the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region, the Economic and Trade Offices (ETOs) will organise celebration and promotion activities in the host cities, as well as in a number of major cities overseas. The activities mainly include receptions, exhibitions, forums, seminars, film festivals, food festivals, dragon boat festivals and cultural events. The ETOs will also co-organise activities with the Hong Kong Trade Development Council, the Hong Kong Tourism Board and the local organisations. As the celebration events are still under planning, it is not possible to provide realistic estimate at this stage. However, funding for the various events to be organised by overseas ETOs will be met from within existing resources available.

Signature \_\_\_\_\_

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

**MISS YVONNE CHOI**

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

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

Date \_\_\_\_\_

14.3.2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)031**

Question Serial No.

1968

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 2007-08, the authorities will tackle internet piracy and other computer crime problems relating to infringement of intellectual property rights. What are the details of such enforcement actions as well as the manpower and expenditures to be involved?

Asked by: Hon. KWONG Chi-kin

Reply:

The Customs and Excise Department has two "Anti-Internet Piracy Teams" (AIPT) to combat piracy and counterfeiting activities on the Internet, each comprising one Senior Inspector, one Chief Customs Officer and five Customs Officers. In 2006, 18 cases related to intellectual property rights infringement on the Internet were detected by the AIPTs, leading to the arrest of 23 persons, prosecution of 16 persons and conviction of nine persons thus far. The AIPTs will continue to monitor piracy and counterfeiting activities on the Internet and take necessary action to investigate and prosecute the infringers. The estimated expenditure in 2007-08, in terms of salary provision for the two teams, is \$3.63 million.

Signature \_\_\_\_\_

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

**TIMOTHY H M TONG**

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

**Commissioner of Customs and Excise**

Date \_\_\_\_\_

**15 March 2007**

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)032

Question Serial No.

2691

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 this Committee on the following:

- i. What measures had been adopted by the authorities in dealing with the internet piracy problems in 2006-07? What was the actual expenditure involved?
- ii. What measures will be taken by the authorities in 2007-08 to tackle the internet piracy problem? Which measures among those will be taken by the authorities in co-operation with the organisations within the sector concerned/copyright holders? In what ways will the parties involved co-operate? What is the expenditure involved in each of the measures?

Asked by: Hon. SIN Chung-kai

Reply:

- i. The Customs and Excise Department (C&ED) has set up two “Anti-Internet Piracy Teams” (AIPT) to combat piracy and counterfeiting activities on the Internet, each comprising one Senior Inspector, one Chief Customs Officer and five Customs Officers. These officers constantly monitor piracy and counterfeiting activities on the Internet, and take necessary action to investigate and prosecute the infringers. In 2006, 18 cases related to intellectual property rights infringement on the Internet were detected by the AIPTs, leading to the arrest of 23 persons, prosecution of 16 persons and conviction of nine persons thus far. The expenditure on the salary provision for the two teams in 2006-07 is \$3.63 million.

Apart from active online investigation by the AIPTs, C&ED also works closely with the intellectual property rights (IPR) industry in launching cooperative measures to tackle infringing activities on the Internet. In 2006-07, C&ED continued to run the E-Auctioning with Integrity Scheme (E-Auctioning Scheme), which was established jointly with the IPR industry and the four local Internet auction sites (service providers) with the aim of taking down suspected infringing items for online auction. C&ED also launched the Youth Ambassador Against Internet Piracy Scheme (the Youth Ambassador Scheme) in July 2006 in collaboration with the copyright industry to combat illegal file-sharing of copyright works on the Internet and help promote a culture of respect for IPR amongst the younger generation. There was no separate allocation of funds for the E-Auctioning Scheme as it was run as part of the on-going activities of the Department. The expenditure for the Youth Ambassador Scheme was met mainly by contributions from the co-organising and supporting bodies, namely, the Intellectual Property Department, the copyright industry as well as a special allocation from the Secretary for Commerce, Industry and Technology. These contributions amounted to \$850,000.

ii. In 2007-08, C&ED will continue to organise the programmes mentioned in part (i) together with the relevant organisations in the concerned sectors. These programmes aim to encourage the participating members to take proactive action to identify and take down infringing items available on the Internet. Besides, in order to further improve the enforcement capabilities of the Department, C&ED and the University of Hong Kong have jointly developed a computer system that is capable of performing automatic, 24-hour monitoring of online copyright infringements by BitTorrent (BT) users. The development cost of the system is \$250,000. With the computer system coming into operation in late March 2007, C&ED will be able to achieve greater efficiency in investigating piracy-related offences.

Signature \_\_\_\_\_  
Name in block letters TIMOTHY H M TONG  
Post Title Commissioner of Customs and Excise  
Date 15 March 2007



Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)033

Question Serial No.

0167

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:

Infringement of intellectual property rights is still severe in Hong Kong. However, the estimate of expenditure in this area will be reduced by 0.2% in 2007-08. Would the Government be able to further strengthen their enforcement actions against the infringement activities of intellectual property rights under the stringent resources?

Asked by: Hon. TAM Heung-man

Reply:

Under rigorous enforcement actions by the Customs and Excise Department (C&ED) in the past years, the piracy and counterfeiting situation has remained firmly under control. The number of retail outlets of pirated optical discs has reduced to around 40 in 2006 (from 1 000 in 1998) while the number of hawker stalls selling counterfeit goods at black spots has dropped to around 15 in 2006 (from about 100 in 1998). The C&ED will continue its rigorous enforcement actions to further clamp down on piracy and counterfeiting activities with the support of the intellectual property industry through cooperation schemes and with the participation of the public through publicity and education programmes.

The 0.2% decrease in financial provision for 2007-08 is mainly due to reduced salary provision resulting from staff changes, partly offset by increased operating expenses. It will not affect the effectiveness of enforcement actions.

Signature \_\_\_\_\_

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

TIMOTHY H M TONG

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

Commissioner of Customs and Excise

Date \_\_\_\_\_

14 March 2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)034

Question Serial No.

0168

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:

Regarding the indicators for intellectual property rights, the numbers of intellectual property rights investigations, seizure cases, value of seizures and spot checks on optical disc factories have all decreased. Please provide reasons for the decrease. Does it indicate that the enforcement efficiency of the Customs and Excise Department in this respect has been lowered?

Asked by: Hon. TAM Heung-man

Reply:

The decrease in the number of intellectual property rights investigations, seizure cases and value of seizures in 2006 was due to the effective enforcement by the Customs and Excise Department. The number of complaints also dropped from 6 312 in 2005 to 6 185 in 2006. Through its sustained enforcement actions over the years, the Department has driven the illicit trade to a smaller scale. The number of retail outlets of pirated optical discs came down to around 40 in 2006 (from 1 000 in 1998) while the number of hawker stalls selling counterfeit goods at black spots dropped to around 15 in 2006 (from about 100 in 1998). Such activities now only operate at irregular hours and adopt stealthy modes of operation such as "self-service" at unmanned stalls, "pre-order sale" method or through the display of photos to lure customers to nearby clandestine showrooms for the actual transactions.

For the number of spot checks on optical disc factories, the annual target for inspection was set at 300 for 2005 and 2006. We performed 311 inspections in 2006 which exceeded the planned target and came very close to the performance in 2005.

Signature \_\_\_\_\_

Name in block letters                      TIMOTHY H M TONG

Post Title                      Commissioner of Customs and Excise

Date                      14 March 2007

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

**CITB(CI)035**

0333

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 :

Unlike the combat against other types of piracy activities, when tackling internet piracy and other computer crime problems relating to infringement of intellectual property rights, law enforcement cannot be accomplished by inspection. Does the Customs and Excise Department need to procure additional equipment to facilitate law enforcement? Does it need to form a new working group equipped with hi-tech expertise to be responsible for law enforcement? What are the expenditures involved?

Asked by : Hon. WONG Ting-kwong

Reply :

The Customs and Excise Department (C&ED) has under its establishment two Anti-Internet Piracy Teams (AIPT), each comprising seven officers, to combat Internet piracy. The first team was formed in April 2000, and the second in April 2005 as reinforcement. Both teams were formed through internal redeployment, with no additional staff cost incurred. The estimated expenditure on salary provision for the two teams in 2007-08 is about HK\$3.63 million.

For the purpose of Internet investigations, the Department has procured specialised equipment including computer hardware and software and other investigation tools at a total cost of HK\$260,000. A Customs Computer Forensic Laboratory was established in November 2000 with an initial setup cost of about HK\$2.2 million to tackle criminal evidence contained in computers and information technology equipment. The Laboratory supports various Customs investigations, including those in relation to piracy and counterfeit activities on the Internet.

To further improve the Department's enforcement capabilities, C&ED and the University of Hong Kong have jointly developed a computer system named "Lineament Monitoring System". It is capable of performing automatic 24-hour monitoring of online copyright infringement by BitTorrent (BT) users. The development cost of the system is HK\$250,000.

Signature \_\_\_\_\_

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

TIMOTHY H M TONG

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

Commissioner of Customs and Excise

Date \_\_\_\_\_

14 March 2007

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

**CITB(CI)036**

0334

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 2004, 2005 and 2006, how much resource was allocated for carrying out publicity and educating the public on intellectual property rights, and what was the effectiveness of the work? What are the major publicity programmes in 2007-08?

Asked by : Hon. WONG Ting-kwong

Reply :

To complement the public education programmes rolled out by the Intellectual Property Department (IPD) to promote protection of intellectual property rights (IPR), the Customs and Excise Department (C&ED) initiates individual publicity and public education programmes. Between 2004 and 2006, C&ED spent approximately HK\$3.2 million on such activities, of which HK\$2.3 million was a special allocation from the Secretary for Commerce, Industry and Technology in 2006. Major projects included the Hong Kong – The Real Experience Campaign; the IPR Protection Alliance Programme; the Youth Ambassador Against Internet Piracy Scheme; and the establishment of an IPR enforcement museum. They were well received by the public and the IPR industry.

In 2007-08, C&ED will focus its efforts on the Youth Ambassador Against Internet Piracy Scheme. This Scheme aims to combat illegal file-sharing of copyright works on the Internet, and to promote respect for IPR amongst the younger generation.

Signature \_\_\_\_\_

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

TIMOTHY H M TONG

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

Commissioner of Customs and Excise

Date \_\_\_\_\_

14 March 2007

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

Reply Serial No.

**CITB(CI)037**

Question Serial No.

0274

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

Programme :

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

What are the reasons for creating 5 non-directorate posts in 2007-08? What are the duties of these posts?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The five non-directorate posts are required to strengthen IPD's capacity to cope with increased workload.

They include one Senior Solicitor to advise on legal issues relating to copyright protection, one Senior Solicitor and two Solicitors to strengthen the legal support for registration matters, and one Clerical Officer to provide support to the Trade Marks, Patents and Designs Registries.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ **STEPHEN SELBY**

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

Date \_\_\_\_\_ 14.3.2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)038

Question Serial No.

0275

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:

Regarding the target of "providing second response for trademark applications within three months", as 85% was already achieved in 2006, surpassing the target by 10%, why is the target for 2007 still set at 75%? Will the Department consider setting new performance standard? Similarly, regarding the target of "processing standard patent applications within ten days", as 97% was achieved in 2006, surpassing the target by 17%, why is the target for 2007 still set at 80%?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The performance targets are set after taking into consideration all the factors including workload and productivity. In setting the performance targets for 2007, we have taken into account the staff wastage problem already faced by the Registries as a result of an improved economy. Although recruitment exercises will be conducted to fill the vacancies, such exercises take time. Hence, we expect that this may give rise to pressure on the performance of the Trade Marks and Patents Registries. Moreover, the number of trademark and standard patent applications is on the rise. In view of the above, we have set more pragmatic targets for 2007.

Signature \_\_\_\_\_

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

Stephen SELBY

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

Director of Intellectual  
Property

Date \_\_\_\_\_

14.3.2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)039**

Question Serial No.

0296

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

Programme:            (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

As shown by the indicators, the number of visits, seminars, conferences and workshops estimated for 2007 is reduced by 48 (about 20%) when compared with the actual number for 2006. What are the reasons for the reduction? Will this affect the effectiveness of the promotion work and imply a lack of commitment?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Every year the Intellectual Property Department organises seminars, conferences and workshops for different sectors (including small and medium enterprises, trade associations, intellectual property practitioners' associations, schools and other bodies). Large-scale promotional activities, which include seminars, conferences and visits, are also organised from time to time in collaboration with trade associations (including intellectual property stakeholder groups and industrial and trade organisations).

As more non-recurrent joint projects were organised in 2006 than in 2005, the number of visits, seminars, conferences and workshops is higher when compared with the number in 2005. Since we have yet to explore with the relevant sectors if the same joint projects will continue in the coming year and what mode of cooperation will be adopted, the estimated target number of visits, seminars, conferences and workshops for 2007 mainly reflects those recurrent events. In fact, the estimated target number for 2007 is higher than the actual number for 2005. That said, we shall continue to actively look for opportunities to work with various sectors and organise new cooperation projects to promote awareness of intellectual property rights.

Signature \_\_\_\_\_

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

Stephen SELBY

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

Director of Intellectual Property

Date \_\_\_\_\_

14.3.2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)040**

Question Serial No.

0297

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

Programme:                      (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

In 2007-08, the Intellectual Property Department will take forward the work concerning the Copyright (Amendment) Bill. What are the details and the expenditure involved? Will the work include helping the small and medium enterprises understand the Bill, as well as developing guidelines and publicity programmes for them?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

We are tendering our full assistance to facilitate the Legislative Council in scrutinising the Copyright (Amendment) Bill 2006 with a view to securing its passage within the 2006-07 legislative year. Certain provisions of the Bill (in relation to the business end-user criminal liability for copying/distributing infringing copies) will take effect after the enactment of the relevant subsidiary legislation. In 2007-08, the Intellectual Property Department (IPD) will assist the Commerce, Industry and Technology Bureau in the exercise to make the concerned subsidiary legislation. This area of work falls under Programme (2) of IPD and the expenditure involved cannot be accounted for separately.

Upon passage of the Bill by the Legislative Council, IPD will launch publicity and public education activities on the amended Copyright Ordinance immediately. The work will include drawing up internal guideline templates and organising seminars for the business sector (in particular the small and medium enterprises), sponsoring programmes that assist small and medium enterprises in intellectual property management, as well as conducting publicity activities targeted at schools, social welfare agencies and other relevant sectors. The estimated expenditure of the above promotional and public education activities amounts to about \$1 m.

Signature	_____
Name in block letters	<u>Stephen SELBY</u>
Post Title	<u>Director of Intellectual Property</u>
Date	<u>14.3.2007</u>



Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

**CITB(CI)041**

Question Serial No.

0359

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 in 2007-08? Which of these measures are new? How is the effectiveness of the existing measures? What is the estimated amount of expenditure involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Intellectual Property Department completed launching its new interactive electronic services in May 2006. This has enabled the approval of applications for renewal of registrations of trademarks and standard patents; change of particulars of owners and agents; processing of requests for an extension of time in relation to trademark applications; and handling of applications for registration of assignments of trademarks to be done instantly. Since the rollout of the e-filing service, the migration rate has been on the increase. In 2006, about 47% of trademark applications were filed electronically, whereas the corresponding rates for patent and design applications were 31% and 34% respectively.

The publicity activities to promote e-filing are funded within the department's existing allocation. No additional expenditure is involved and the expenditure involved cannot be accounted for separately. In 2007-08, we will continue to promote e-filing through the road shows to promote intellectual property protection, visits to users, and technical support and training for users. We will actively collect users' feedback, and draw reference from it when we further develop our electronic services in the future.

Signature \_\_\_\_\_

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

Stephen SELBY

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

Director of Intellectual Property

Date \_\_\_\_\_

14.3.2007

Examination of Estimates of Expenditure 2007-08  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)042

Question Serial No.

0360

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

Programme:            (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

What specific measures are there to support the business community in strengthening their intellectual property protection in the Mainland? What are the respective expenditures incurred by these measures?

Asked by: Hon. WONG Ting-kwong

Reply:

Hong Kong and the Mainland have maintained close cooperation in intellectual property (IP) protection for years. To support the business community in strengthening the protection of their IP in the Mainland, the Intellectual Property Department (IPD) has earmarked about HK\$400,000 for various promotional activities in 2007-08. Details are given below:

- (i) Under the Guangdong-Hong Kong IP cooperation framework, the IPD and the Guangdong Provincial Intellectual Property Office will explore the possibility of co-organising a major regional symposium on Brand Building in 2007-08. We intend to invite experts from the Mainland and overseas as well as corporate representatives of world brands to be the speakers. It will provide an invaluable opportunity for Hong Kong and Mainland enterprises to exchange views and share experience. The expenditure involved is initially estimated at around HK\$300,000.
- (ii) Over the years, the IP authorities of Guangdong and Hong Kong have successfully co-organised a number of seminars on "Intellectual Property and SMEs Development" in the Pearl River Delta Region, including Shenzhen, Dongguan, Shunde, Huizhou, Jiangmen, Zhenjiang and Shaoguan. These seminars aim at helping Hong Kong enterprises operating in China to better understand the Mainland and Hong Kong IP protection regimes as well as encouraging them to make use of IP for developing business opportunities. The next seminar will be held in Zhuhai in April 2007 and the expenditure involved is estimated at around HK\$60,000.
- (iii) The IPD and the Shenzhen Intellectual Property Office will explore the possibility of co-organising a seminar on "Intellectual Property Strategies for Enterprises" in 2007-08. The expenditure involved is initially estimated at around HK\$30,000.
- (iv) The IPD co-organises with the State Intellectual Property Office and the Macao Economic Services the annual "Mainland, Hong Kong SAR and Macao SAR Intellectual Property Symposium". Officials from the relevant authorities and businessmen in the three places can make use of this platform to keep abreast of the latest developments in IP protection in the three places. The 2007 Symposium will be held in Macao towards the end of this year and the expenditure involved is estimated at around HK\$15,000.

- (v) On the dissemination of information, the IP authorities of the three places have established the Intellectual Property Database for Guangdong, Hong Kong and Macao ([www.ip-prd.net](http://www.ip-prd.net)). This one-stop on-line database provides information on IP protection in the three places, including laws and registration procedures relating to copyright, trademarks, patents and designs, as well as information on the authorities responsible for handling infringement complaints. In 2007, the cost of maintaining and updating the database is around HK\$5,000 per annum.

Apart from the IPD, the Customs and Excise Department (C&ED) has also been working closely with the authorities responsible for IP protection in the Mainland (especially Mainland customs authorities) in exchanging intelligence, conducting joint operations and holding regular meetings and special discussions in a bid to combat cross-boundary smuggling and infringing activities and to intercept the flow of infringing articles. Moreover, through the existing Mainland-Hong Kong notification channel for IP cases, the C&ED provides case information and intelligence data to the relevant enforcement authorities in the Mainland to assist in tracing and intercepting the source of infringing goods. Such enforcement cooperation also helps Hong Kong enterprises protect their IP rights in the Mainland.

Signature	_____
Name in block letters	<u>Stephen SELBY</u>
Post Title	<u>Director of Intellectual Property</u>
Date	<u>14.3.2007</u>

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

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 :

Provision for 2007-08 is only \$1.1 million (1%) higher than the revised estimate for 2006-07 and it is mainly for strengthening investment promotion work in the Mainland. In regard to the work on tying in with the National Eleventh Five-Year Plan, is it inadequate? Furthermore, is there any additional provision for strengthening activities on investment promotion both internationally and in Taiwan? If yes, what are the details and what is the expenditure involved? If no, what are the reasons? On facing international competition, how will the Administration strengthen Hong Kong's status as an international investment centre?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

In addition to the increased provision of \$1.1 million to Invest Hong Kong (InvestHK), the Government has also given a full-year provision for 2007-08 to the Constitutional Affairs Bureau under Head 144 to support the operation of the expanded investment promotion unit (IPU) in the Economic and Trade Office (ETO) in Guangdong, the newly established IPU in the Beijing Office and the IPUs in the new ETOs in Shanghai and Chengdu.

With the increased provision and the strengthened support on the ground, InvestHK will strengthen its investment promotion activities in the Mainland, and will continue to promote actively to Mainland enterprises Hong Kong's unique advantages as a springboard to expand overseas. It will also work closely with relevant Mainland authorities to help Mainland enterprises set up or expand their operations in Hong Kong. The National Eleventh Five-Year Plan highlighted Hong Kong's role in the financial services, logistics, tourism and information services and our status as an international financial, trade and shipping centre. Indeed, these industries are already among the priority sectors of InvestHK's promotion efforts. Moreover, InvestHK recognises the importance of the Taiwan market and has since May 2006, engaged a consultant in Taipei to cover this strategic location.

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 of the Hong Kong Special Administrative Region, our overseas representatives worldwide, and Mainland cities/provinces in conducting investment promotion activities in major overseas cities to attract direct investment to Hong Kong.

We have increased our total target of completed investment projects for 2007 by 4% over that of the 2006 target, and aim to complete 250 projects this year.

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14. 3. 2007

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

**CITB(CI)044**

Question Serial No.

0391

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 :

How will the Department make use of the financial provision of \$ 107.2m for 2007-08 to implement business plans in co-operation with the overseas and Mainland Economic and Trade Offices and Hong Kong Trade Development Council's offices outside Hong Kong; increase activities on investment promotion both internationally, and in the Mainland and Taiwan; and increase joint overseas marketing activities with Pearl River Delta cities, and increase promotion of the Mainland and Hong Kong Closer Economic Partnership Arrangement in overseas markets ?

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

We have increased our total target of completed investment projects for 2007 by 4% over that of the 2006 target, and aim to complete 250 projects this year. In this connection, Invest Hong Kong (InvestHK) will continue to increase activities on investment promotion both internationally, and in the Mainland and Taiwan, increase joint overseas marketing activities with Pearl River Delta and other Mainland cities, and actively organise or participate in seminars in overseas markets to promote the benefits of the Mainland and Hong Kong Closer Economic Partnership Arrangement to potential investors. It will also work closely with the Economic and Trade Offices of the Hong Kong Special Administrative Region in the area of investment promotion and maintain close working relations with the Hong Kong Trade Development Council, including both its external offices and the headquarters in Hong Kong, through regular and other liaison meetings to enhance communications and collaborations.

Specifically, the major activities planned for achieving the above and other major investment promotion objectives and the respective estimated dedicated resource requirements are summarised as follows:

<b>Major IP Activities</b>	<b>Resources (\$m)</b>
(a) Investment promotion visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance at seminars and tradeshow, and media opportunities to promote Hong Kong.	4.7
(b) On-going investment promotion activities to be conducted by overseas investment promotion units (IPUs) in the ETOs of the Hong Kong Special Administrative Region and external representatives in markets not covered by an IPU.	7.5
(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.	10.4
(d) Investment promotion activities targeting the Mainland throughout the year including organising and participating in seminars, roadshows and exhibitions, conducting investment promotion visits in the Mainland, organising and receiving incoming delegations from the Mainland, and organising joint overseas promotion activities with Mainland provinces/cities.	18.1
(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare services.	0.4
<b>Total:</b>	<b>41.1</b>

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14. 3. 2007

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

**CITB(CI)045**

2139

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 the number of overseas duty visits conducted by the Director-General of Investment Promotion in 2006-07, the purpose, date and duration and nature of each visit, as well as the total expenditure for each visit, including the class of means of transport and accommodation and the respective expenses.

Asked by : Hon. LI Wah-ming, Fred

Reply :

In 2006-07, the Director-General of Investment Promotion (DGIP) conducted a total of 23 duty visits, costing a total of \$ 594,194. A full list of these duty visits indicating the dates and duration, purpose and nature, and the total expenditure is attached at Annex.

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007



**Duty visits conducted by the Director-General of Investment Promotion  
during the period from 1 April 2006 to 31 March 2007**

<b>Dates and Duration</b>	<b>Cities Covered</b>	<b>Purpose and Nature of the Visit</b>	<b>Expenditure (\$) #</b>
3-4 April	Shanghai	Company visits, meeting with Shanghai Commission of Foreign Trade and Economic Cooperation (COFTEC) and hosting press conference in Shanghai	6,880
18-19 April	Beijing	Speaking engagement at CEPA Forum Beijing 2006	8,402
22-30 April	Brussels, Copenhagen, Budapest, Florence & Reykjavik	Attending Joint Promotion seminars and company visits	67,937
17-19 May	Beijing & Qingdao	Speaking engagement at the 3rd APEC Small and Medium Enterprises Technology Conference and Fair and media interviews in Qingdao	12,485
22-23 May	Chongqing	Meeting with Chongqing Foreign Trade and Economic Relations Commissions and Federation of Industry of Commerce, Chongqing and attending investment promotion (IP) seminar in Chongqing	8,752
28 May – 2 June	Seoul, Tokyo & Osaka	Attending Joint Promotion events and company visits	25,515
13-14 June	Beijing	Attending the Invest Hong Kong Day in Beijing	8,926
21-22 June	Dalian	Attending investment promotion seminar in Dalian and meeting with government officials	8,973
27-30 June	Guangzhou, Foshan, Zhaoqing, Jiangmen, Zhongshan & Huizhou	Meeting with government officials and conducting road shows in Pearl River Delta cities	3,409
17-26 August	Adelaide, Auckland, Melbourne, Sydney & Singapore	Company visits, speaking engagements and media interviews	57,869
30 August – 1 September	Nanjing, Wuxi & Shanghai	Meeting with Jiangsu Department of Foreign Trade and Economic Cooperation (DOFTEC), company visits and press conference	7,836

<b>Dates and Duration</b>	<b>Cities Covered</b>	<b>Purpose and Nature of the Visit</b>	<b>Expenditure (\$) #</b>
6-9 September	Xiamen	Officiating guest at China International Fair for Investment and Trade and meeting with government officials	6,788
17-23 September	Toronto, Washington DC, New York, San Francisco and Seattle	Company visits, speaking engagements and media interviews	45,525
27-28 September	Taipei	Company visits	8,840
10-11 October	Siena	Company visits	44,224
17-20 October	Philadelphia	Attending Joint Promotion seminars	55,283
5-10 November	Valencia, Lisbon, Porto and Paris	Company visits and attending investment promotion seminars and Joint Promotion event in Paris	57,783
18-23 November	Tel Aviv, Istanbul, Dubai, Mumbai	Company visits	62,272
5 December	Macao	Attending as a panellist the Forum of Expo Real Asia 2006	715
9-10 January 2007	Chengdu	Meeting with Chengdu Mayor and Sichuan Government Officials	7,704
16-21 January 2007	Washington and Mexico	To attend the Hong Kong-Shenzhen Investment Promotion Seminar in Washington DC on 17 January 2007 and to conduct IP visit in Mexico City	65,126
30-31 January 2007	Shenyang	To attend the 2007 HK-Shenyang Forum of Industrial, Commercial and Service Sectors and conduct a media roundtable	10,235
13-16 March 2007	Shanghai	To attend Invest Hong Kong Day and conduct IP visits in Shanghai	12,715*
		<b>Total Cost</b>	594,194

**Note** # The Civil Service Regulation and guidelines govern the class of air passage for duty trips and payment of subsistence allowance which cover cost of hotel accommodation during an officer's stay outside Hong Kong. Expenditure by DGIP includes passages, accommodation and subsistence allowance. Visit to Pearl River Delta cities by rail and by vehicle, Macao by ferry and 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**

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 :

The estimate for 2007-08 is \$1.1 million higher than the revised estimate for 2006-07, which is mainly due to the additional provision required for strengthening investment promotion work in the Mainland. In this connection, please provide the details of the efforts and their purpose, nature and time frame and the expenditures involved.

Asked by : Hon. LI Wah-ming, Fred

Reply :

Invest Hong Kong (InvestHK) actively promotes to Mainland enterprises Hong Kong's advantages as a unique springboard for them to expand internationally. Major examples of promotion activities to be conducted in 2007-08 in the Mainland include the "Hong Kong – Platform for Fujian Enterprises to Go Global" seminar scheduled for May 2007 and the "InvestHK – Get-Set-Go" campaign, which will be a series of roadshows and workshops. In 2007-08, InvestHK has set aside a provision of \$18.6 million for investment promotion activities in the Mainland. A breakdown of the major items which spread over the whole year is as follows -

Item	Provision (\$m)
1. Cost of staff supporting Mainland investment promotion in the Head Office	6.7
2. Funding for investment promotion activities in the Mainland by Head Office Staff (These cover duty visits, advertising and marketing, publications, aftercare services for Mainland companies, etc.)	8.5
3. Funding for Investment Promotion Units in the Mainland (These cover conducting investment promotion seminars in the Mainland and company visits, etc.)	3.4
Total:	18.6

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

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

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 :

Without proposing any reduction in profit tax in this Budget, the difference between Singapore and Hong Kong's profit tax is only 0.5%. In face of the severe competition from our neighbouring cities, what kind of investment promotion will the Administration introduce in order to enhance Hong Kong's image for foreign investors? Will the Administration consider establishing more investment Promotion Units (IPUs) in other Mainland cities to enhance the service offered to Mainland investors?

Asked by : Hon. SHEK Lai-him, Abraham

Recognising the strong competition for inward investment, InvestHK's investment promotion strategies emphasise qualities that distinguish Hong Kong from other cities in the region. Among these advantages stressed are our rule of law; clean government; a simple, low tax regime; level-playing field for all businesses; freedom from government interference; skilled workforce with experience in the Mainland, the region and the international market; state-of-the-art infrastructure that provides physical and virtual connections to the rest of the world; and Hong Kong's international, cosmopolitan lifestyle and environment. Hong Kong has been ranked for 13 consecutive years by the Heritage Foundation's Index of Economic Freedom as the freest economy in the world. Leveraging on Hong Kong's unique position as a two-way platform for business between the Mainland and the rest of the world, the Government will continue to make pro-active efforts in attracting foreign direct investment to Hong Kong. Furthermore, even after the tax cut in Singapore, the rate of profits tax in Hong Kong will still be lower. We also understand that the tax cut in Singapore will only be effective in 2008 and its effects will be offset by an increase in Goods and Services Tax .

To strengthen investment promotion activities in the Mainland, in 2006 the Government has expanded the Investment Promotion Unit (IPU) in the Economic and Trade Office (ETO) of the Hong Kong Special Administrative Region in Guangzhou and set up new IPUs in the Beijing Office and the new ETOs in Chengdu and Shanghai. While there are at present no plans for the establishment of additional IPUs in the Mainland, the Government recognises the importance and potential of this important location. It will continue to respond to market needs to ensure adequate coverage throughout the Mainland for investment promotion.

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

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

Reply Serial No.

**CITB(CI)048**

Question Serial No.

2355

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 :

The main duty of Invest Hong Kong is "investment promotion". However, the overseas and Mainland Economic and Trade Offices (ETOs) also share the same duty. Which area of work of Invest Hong Kong cannot be undertaken or absorbed by the ETOs and has to be carried out by Invest Hong Kong as a separate establishment?

Asked by : Hon. SIN Chung-kai

Reply :

Foreign direct investment is key to Hong Kong's success as an international business hub. In this regard, the Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region work closely with Invest Hong Kong (InvestHK) in the area of inward investment promotion. There are Investment Promotion Units (IPUs) operating in the seven ETOs in New York, San Francisco, Brussels, London, Tokyo, Toronto and Sydney respectively for promoting inward investment into Hong Kong. The ETOs actively publicise Hong Kong's attraction as a regional and international business centre and call on expanding companies in their host countries or target markets to encourage them to establish a presence in Hong Kong or to use Hong Kong as a gateway for accessing the Mainland market. Their geographical proximity to our target markets has greatly facilitated our provision of timely advice and support to potential investors in our target markets. Moreover, they provide first-hand market intelligence to the Head Office of InvestHK.

InvestHK was set up in 2000 for spearheading the Government's efforts to attract foreign direct investment. It formulates and masterminds our investment promotion strategies, plans and programmes for other markets in the context of Hong Kong's overall economic development policies, taking into account the advice and feedback from the ETOs which play a key role in implementing these plans and programmes. Furthermore, the sector teams of InvestHK also provide the required support in terms of sector-specific information and expert advice to the ETOs and the potential investors in the latter's host countries.

Signature	_____
Name in block letters	<b>Simon Galpin</b>
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

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

**CITB(CI)49**

Question Serial No.

2665

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 :

Pls list out the titles of the projects completed in 2006 and the assistance rendered to external investors by Invest Hong Kong in these projects

Asked by : Hon. SIN Chung-kai

Reply :

A completed project 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 InvestHK in the investment process are included. Noting that not all companies are willing to be identified, we guarantee confidentiality on collection of information from investor companies. We assure them that information specific to any individual companies will not be released to a third party without the consent of the company. A detailed breakdown of the completed projects in 2006 by priority sector is provided below-

<b>Sector</b>	<b>Completed projects</b>
Business and Professional Services	29
Consumer, Retail and Sourcing	40.5*
Financial Services	23
Information Technology	22
Technology	27.5*
Telecommunications, Media & Multimedia	24.5*
Tourism & Entertainment	26
Transportation	23
Other	<u>30.5*</u>
Total	246

\* Note Some projects may involve more than one business sector in terms of core business of the companies and the nature of business activities set up in Hong Kong, and hence a shared project between two Sectors.

InvestHK offers solution-oriented investment promotion, facilitation, and aftercare services to ensure that these external investors have all the support required to establish or expand operation in Hong Kong. The services InvestHK provides to investors include but are not restricted to the following:

- (a) provision of market/ industry specific information;
- (b) advice on market entry/ expansion strategy;
- (c) assistance with company registration & licensing procedures;
- (d) assistance with expatriate familiarization (e.g. visa application, schooling, housing, etc)
- (e) introduction of potential partners/ suppliers;
- (f) introduction to professional service providers/ other government departments, organizations and institutions;
- (g) provision of business networking opportunities; and
- (h) Public Relations support

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

**Examination of Estimates of Expenditure 2007-08**

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

Reply Serial No.

**CITB(CI)050**

Question Serial No.

0639

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 :

It is mentioned in the Estimates for 2007-08 that there will be activities for promoting Hong Kong. Please list the details and estimated expenditure of each of the proposed activities.

Asked by : Hon. TAM Heung-man

Reply :

In 2007-08, Invest Hong Kong will continue to raise Hong Kong's profile, inform potential investors about Hong Kong's advantages and promote Hong Kong as an investment destination. The major investment promotion (IP) activities planned for such purpose and the respective estimated resource requirements are summarised as follows:

<b>Major IP Activities</b>	<b>Resources (\$m)</b>
(a) IP visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance at seminars and tradeshows, and media opportunities to promote Hong Kong.	4.7
(b) On-going IP activities to be conducted by overseas investment promotion units (IPUs) in the Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region and external representatives in markets not covered by an IPU.	7.5
(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.	10.4



<b>Major IP Activities</b>	<b>Resources (\$m)</b>
(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	18.1
(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service	0.4
<b>Total:</b>	<b>41.1</b>

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

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

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 :

What are the investment promotion activities expected to be held respectively in overseas countries and the Mainland in 2007-08? What are the launching schedules, budgets and details of the activities? How many investment projects are expected to be generated from each promotion activity and what are the expected benefits?

Asked by : Hon. WONG Ting-kwong

Reply :

Invest Hong Kong (InvestHK) actively promotes Hong Kong's unique position as a two-way platform for business between the Mainland and the rest of the world, a preferred destination for foreign direct investment in Asia and an international business centre for multinational corporations to oversee their regional operations. Moreover, InvestHK promotes to Mainland enterprises Hong Kong's unique advantages as a springboard for them to expand internationally, and work closely with relevant Mainland authorities to help Mainland enterprises set up their operations in Hong Kong.

In 2007-08 the major investment promotion (IP) activities conducted overseas and in the Mainland will include, for example, intensified advertising efforts in major target markets covering the US, Western Europe and the Mainland; a series of interviews with foreign investors who have established their presence in Hong Kong; stepped-up promotion efforts in the Mainland through road shows and workshops in selective locations supported by advertising and public relation campaigns; sponsoring business events in overseas markets to reach out to potential investors in particular business sectors and raise their awareness of Hong Kong as an ideal investment location; and a series of joint promotions with Pearl River Delta cities and Guangdong and Fujian Provinces in overseas markets to promote Hong Kong as a gateway for accessing the Mainland.

The estimated dedicated resource requirements for each major categories of IP activities are summarised as follows:

<b>Major IP Activities</b>	<b>Resources (\$m)</b>
(a) IP visits led by head office teams to strategic overseas markets throughout the year. These visits will consist of individual company meetings, speaking engagements, attendance at seminars and tradeshows, and media opportunities to promote Hong Kong.	4.7
(b) On-going IP activities to be conducted by overseas investment promotion units (IPUs) in the Economic and Trade Offices (ETOs) of the Hong Kong Special Administrative Region and external representatives in markets not covered by an IPU.	7.5
(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.	10.4
(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.	18.1
(e) On-going visits to individual foreign companies that have already set up in Hong Kong to provide aftercare service.	0.4
<b>Total:</b>	<b>41.1</b>

InvestHK has set a target of 250 completed investment projects in 2007, which represents a 4% increase over that for 2006. In 2006, Invest Hong Kong assisted 246 overseas, Mainland and Taiwan companies to set up or expand operations in Hong Kong. The companies estimated that their investment projects would create 7 835 jobs (3 092 jobs on first establishment, and additional 4 743 jobs in the next two years). It is also estimated that these companies have also brought in financial investments of more than \$10.2 billion.

Signature	_____
Name in block letters	Simon Galpin
Post Title	Director-General of Investment Promotion (Ag.)
Date	14.3.2007

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

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 2007-08, the Administration will closely monitor the developments of regional economic integration and assess their impact on Hong Kong. Among the work, will there be a study of the impact on the trade development of Hong Kong upon the signing of the China-ASEAN Free Trade Agreement? If yes, will there be a study of whether Hong Kong needs to join the Agreement? If not, will the Administration consider allocate resources to conduct such a study?

Asked by : Hon. CHAN Yuen-han

Reply :

The Government has all along been monitoring closely the development of free trade agreements (FTAs) in the international trade arena. We also actively keep track of the negotiation and signing of FTAs by our major trading partners, including the ASEAN-China Free Trade Agreement (ACFTA). In response to the new trend in world trade, the Government will continue to actively explore closer economic and trade arrangements with our trading partners so that our goods and services could gain access to overseas markets under more favourable conditions.

The Government has been closely monitoring developments of the ACFTA and assessing its possible impact on the Hong Kong trade and economy. So far, no significant changes have been observed in relation to Hong Kong's re-export trade with the Mainland and ASEAN. Nonetheless, we would consider with the Central People's Government on the need for introducing corresponding measures to address any impact the ACFTA may have on Hong Kong.

The work described above does not entail additional funding allocation at this stage.

Signature \_\_\_\_\_

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

Joseph Y T LAI

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

Director-General of Trade and Industry

Date \_\_\_\_\_

14 March 2007

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

**CITB(CI)053**

0570

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 :

What measures have been proposed by the Small and Medium Enterprises Committee to the Administration in 2006-07 to facilitate the development of Small and Medium Enterprises and Industries in Hong Kong?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

The Small and Medium Enterprises Committee (SMEC) closely monitors and makes recommendations to improve the operation of the SME Funding Schemes on an on-going basis. In 2006-07, the Committee set up a working group to further review the scope of the SME Loan Guarantee Scheme with a view to enhancing its effectiveness. The work of the working group is still on-going.

The SMEC was also consulted on a number of major government policies that may affect the development of SMEs. These include the Qualifications Framework, proposals to broaden the tax base, the Digital 21 Strategy, the way forward for Hong Kong's Competition Policy as well as the Action Agenda proposed by the Focus Group on Trade and Business under the "11.5 Economic Summit" Forum.

Signature \_\_\_\_\_

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

Joseph Y T LAI

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

Director-General of Trade and Industry

Date \_\_\_\_\_

14 March 2007

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

**CITB(CI)054**

0571

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 : Please describe in brief the current position in operation and application aspects of the four funding schemes targeting at small and medium enterprises and industries, namely the SME Loan Guarantee Scheme, SME Export Marketing Fund, SME Training Fund and SME Development Fund. Has the Administration adopted further measures to streamline the application procedures and shorten the processing time? In what ways are SMEs benefited from these schemes?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

Since their establishment and up to the end of February 2007, over 130 000 applications were approved under the SME funding schemes, involving a total of \$9.8 billion in guarantees or grants. Some 48 400 SMEs have directly benefited (some SMEs have submitted more than one application under the schemes), obtaining guarantees for loans to acquire business installations and equipment and to meet working capital needs and receiving grants to expand markets overseas. Projects and studies funded by the SME Development Fund have helped enhance overall competitiveness of SMEs in various manufacturing and service sectors.

A number of improvement measures were introduced in the past three years to streamline the application procedures. These measures include waiving the requirement for applicants to obtain prior approval-in-principle for participating in export marketing events under the SME Export Marketing Fund, and accepting applications for the SME Development Fund all year round instead of twice a year. The Department will, in consultation with the Small and Medium Enterprises Committee, continue to keep the operation of the funding schemes under review.

Signature	_____
Name in block letters	Joseph Y T LAI
Post Title	Director-General of Trade and Industry
Date	14 March 2007

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

**CITB(CI)055**

0288

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 2006-07 shows a substantial decrease of 21% (about \$19 million) when compared with the original estimate. What are the reasons? Is it because of reduction in work and services?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The revised estimate for 2006-07 is 21% (\$19 million) lower than the original estimate for 2006-07. This is mainly due to reduced provision for salaries attributable to vacant posts; savings in departmental expenses for renovation of office areas, furniture and equipment, provision for duty visits and lower than expected cash flow requirement for consultancy services. There is no reduction in work and services.

Signature \_\_\_\_\_

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

Joseph Y T LAI

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

Director-General of Trade and Industry

Date \_\_\_\_\_

14 March 2007

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

**CITB(CI)056**

0289

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 :

With regard to the targets for strategic commodities licence, the number of licences issued in 2006 was 8 579 more than 2005. What are the reasons? Also, no permit under the Chemical Weapons (Convention) Ordinance was issued in 2005 and 2006. Why is it estimated that three such permits will be issued in 2007? What are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Most strategic commodities licences issued by the Trade and Industry Department cover dual-use goods such as high speed and high frequency integrated circuits, telecommunications and information security systems, etc. The increase in the import and export of some of these products has resulted in an increase of strategic commodities licences issued in 2006.

The Chemical Weapons (Convention) Ordinance provides, inter alia, that a company engaging in specified activities involving chemicals under control in quantities over the specified thresholds has to obtain a permit. Experience in past years indicates that demand for such permit is low, and we consider that, for planning purpose, an estimate of three permit applications in 2007 is appropriate.

Signature \_\_\_\_\_

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

Joseph Y T LAI

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

Director-General of Trade and Industry

Date \_\_\_\_\_

14 March 2007



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

**CITB(CI)057**

0290

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 2006-07 shows a substantial decrease of 44.3 % (about \$0.21 billion) when compared with the original estimate while the estimate for 2007-08 is also 39.7% (about \$0.19 billion) lower than the original estimate for 2006-07, what are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The revised estimate for 2006-07 is 44.3% (about \$0.21 billion) lower than the original estimate for 2006-07. The draft estimate for 2007-08 is 39.7% (about \$0.19 billion) lower than the original estimate for 2006-07. The reduction is mainly due to a decrease in cash flow requirement for the SME Funding Schemes, resulting from a lower than expected amount of payments to lending institutions in default cases under the SME Loan Guarantee Scheme, and a lower than expected amount of disbursement under the SME Export Marketing and Development Funds.

Signature \_\_\_\_\_

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

Joseph Y T LAI

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

Director-General of Trade and Industry

Date \_\_\_\_\_

14 March 2007

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

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 :

Under the financial provision of \$284.5 million for 2007-08, what is the estimated expenditure allocated by the Trade and Industry Department for the collaboration with various supporting agencies to enhance industrial support services for the fashion industry? Please provide details.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

In 2007-08, the Trade and Industry Department (TID) will continue to collaborate with other organisations to enhance the development of the fashion industry, including maintenance of the dedicated website for the fashion industry and enrichment of the content of the fashion corner in the library of the Support and Consultation Centre for SMEs (SUCCESS). TID is also represented on the governing bodies of various support organisations, including the Clothing Industry Training Authority. As the above forms an integral part of TID's work, the exact provision could not be provided. SMEs in the textile and fashion sectors can seek financial support from the SME Funding Schemes in acquiring business installations and equipment, meeting working capital needs, expanding business into overseas markets and enhancing their overall competitiveness. Since May 2005 the Government has increased the total commitment of the SME Funding Schemes from \$7.5 billion to \$12 billion.

Separately, other Government agencies have been implementing other initiatives which would also support the development of the fashion industry. These initiatives include the "DesignSmart Initiative" of the Innovation and Technology Commission, which promotes the wider use of design and innovation in industries to help them move up the value chain. The Hong Kong Research Institute of Textiles and Apparel was set up by the Hong Kong Polytechnic University with funding support under the Innovation and Technology Fund with the objective of developing a leading centre of excellence in research, development and technology transfer in fashion and textiles technologies, and of acting as the focal point of technological innovations for development of high competitive industrial clusters in Hong Kong and the Pearl River Delta region.

Signature	_____
Name in block letters	Joseph Y T LAI
Post Title	Director-General of Trade and Industry
Date	14 March 2007

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

**CITB(CI)059**

0962

Head : 181 Trade and Industry Department      Subhead (No. & title) : 700 General non-recurrent

Programme :

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Under Subhead 700 of the operating account, the revised estimate of general non-recurrent expenses in 2006-07 is \$215,730,000, which is far lower than the original approved estimate of \$420,340,000. Please give detailed reasons for the reduction.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

The difference of \$204.6 million between the approved and revised estimates for this Subhead is mainly due to a decrease in cash flow requirement for the SME Funding Schemes, resulting from a lower than expected amount of payments to lending institutions in default cases under the SME Loan Guarantee Scheme, and a lower than expected amount of the disbursement under the SME Export Marketing Fund and the SME Development Fund.

Signature	_____
Name in block letters	Joseph Y T LAI
Post Title	Director-General of Trade and Industry
Date	14 March 2007

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

**CITB(CI)060**

0960

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 :

What concrete measures will be taken in this year to support small and medium enterprises? What is the expenditure so involved? What is the proportion of the new measures to the existing measures which will be continued to implement?

Asked by : Hon. WONG Ting-kwong

Reply :

The Trade and Industry Department (TID) will continue to administer the three SME funding schemes (viz. the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Development Fund). The first scheme helps SMEs obtain loans to acquire business installations and equipment and to meet working capital needs. The latter two schemes provide grants to help SMEs to, respectively, expand overseas markets and enhance overall competitiveness. Since May 2005, the Government has increased the total commitment of the SME funding schemes from \$7.5 billion to \$12 billion.

The Department also continues to provide support services to SMEs through its Support and Consultation Centre for SMEs (SUCCESS) which serves as SME entrepreneurs' first-stop for free and reliable business information and consultation services. The new focus for SUCCESS in the coming year will be on (i) innovative business; (ii) corporate image/brand building; and (iii) accounting and financial management. As the above form an integral part of TID's on-going support work for SMEs, there is no separate breakdown on the exact provision for these measures.

Signature

Name in block letters

Post Title

Date

\_\_\_\_\_  
Joseph Y T LAI

\_\_\_\_\_  
Director-General of Trade and Industry

\_\_\_\_\_  
14 March 2007