

**Panel on Commerce and Industry**

**List of outstanding items for discussion**  
(position as at 9 March 2007)

**Proposed timing**  
**for discussion**

**1. Support for the Hong Kong Design Centre**

As announced by the CE in his 2006-07 Policy Address, the SAR Government will earmark \$100 million over five years for the Hong Kong Design Centre to further assist Hong Kong trades and industries to make full use of their designs and build their brand names. Members will be briefed on the use of the proposed funding and the Panel's support will be sought for the funding request before it is put to the Finance Committee.

17 April 2007

**2. Improving the business environment – Enhancing the business licensing system**

At the Panel meeting held on 12 October 2004, Hon Mrs Sophie LEUNG expressed concern about the importance of an enabling business environment which was conducive to the development of various trades and industries. Nevertheless, the procedures and formalities in place might deter entrepreneurs from setting up businesses in Hong Kong. She considered that the Panel might wish to explore the issue further with the Administration and that in due course, the Panel might consider requesting the Research and Library Services Division of the Secretariat to conduct some research on the business environment, in particular measures implemented to facilitate the business sector and/or obstacles confronting entrepreneurs, in Hong Kong and in other jurisdictions.

17 April 2007

According to the Administration, a number of regulatory reviews on the licensing regimes of selected business sectors have been conducted under the Government's business facilitation programme with a view to cutting red tape, improving the business environment and reducing the compliance cost to the business sector without compromising the public interest, and some notable achievements have been made. In order to further improve Hong Kong's business environment, the Administration has proactively canvassed the views of

some business sectors on possible ways to improve the licensing system and is now focusing its efforts to develop some broad improvement measures that may conceivably improve the efficiency, transparency and business-friendliness of the licensing system. The Administration will brief the Panel on the progress of its business facilitation work in this aspect in due course.

**3. Operation of the Professional Services Development Assistance Scheme (the Scheme) since its last review**

At the Panel meeting held on 18 July 2006, members requested the Administration to provide information on the number of applications received under the Scheme and the amount of funding granted (by nature of the applicant organizations) and a comparison between the applications before and after the changes to the application procedures were introduced. The Administration will provide the relevant information and brief the Panel in due course.

15 May 2007  
(Tentative)

**4. Progress and impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**

The Panel was briefed on the key findings of a study on the economic impact of CEPA I on Hong Kong's economy on 19 April 2005. The Administration has advised that it will brief the Panel on issues related to the implementation of CEPA from time to time. Members have also agreed that the Administration should report the progress and impact of CEPA to the Panel periodically, say, on an annual basis.

15 May 2007  
or  
17 July 2007

The Panel discussed issues relating to the implementation of CEPA III and the 2006 liberalization measures at its meetings on 15 November 2005 and 18 July 2006 respectively. Members requested the Administration to monitor the impact of CEPA on job creation for the local workforce and report development to the Panel. The Administration has advised that it will conduct a second study on the impact of CEPA on the economy of Hong Kong and will report the outcome to the Panel when the study completes in the first half of 2007.

**Proposed timing  
for discussion**

**5. Review of Small and Medium Enterprise (SME) Funding Schemes**

In May 2005, the Finance Committee agreed to provide additional funding of \$300 million to extend the operation of the SME Loan Guarantee Scheme (“SGS”), the SME Export Marketing Fund, and the SME Development Fund (and to cease accepting new applications for the SME Training Fund from 1 July 2005). The total funding provision and government commitment are \$2.2 billion and \$12 billion respectively. Of the \$12 billion commitment, \$10.6 billion is for SGS (with expenditure provision of \$800 million) and \$1.4 billion is for the other Schemes. The Administration will update the Panel on the latest utilisation position.

12 June 2007

**6. Furthering of Trade Relations between the Mainland and Hong Kong**

Following the implementation of various initiatives such as CEPA and PPRD Regional Cooperation, bilateral trade relation between the Mainland and Hong Kong has strengthened. The Administration will update the Panel on the latest position and explore areas that could be further enhanced.

12 June 2007

**7. Progress in Asia Pacific Economic Cooperation 2007**

The Administration has been participating actively in the Asia Pacific Economic Cooperation (APEC). The major APEC meetings in 2007 in preparation for the APEC Economic Leaders meeting will be completed in late June/early July. The Administration will update members on the progress of the APEC meetings.

17 July 2007

**8. New Strategic Framework for Innovation and Technology Development**

At the Panel meeting held on 17 May 2005, the Administration undertook to report on the operation and performance of the Research and Development (R&D) Centres and the implementation of the new framework to the Panel annually.

To be confirmed

The Panel discussed the issue on the new framework at its meeting on 21 November 2006 and requested the

Administration to inform the Panel of the estimated expenditure of the R&D Centres against the funding approved. The Administration undertook to report to the Panel in six months' time and thereafter annually the income and expenditure of the R&D Centres for members' information.

**9. Frontier Closed Area (FCA)**

At the Panel meeting on 15 November 2005, members urged the Administration to consider whether the land which would be released as a result of the reduction of FCA would be developed as a production base for Hong Kong manufacturing industries in the light of CEPA.

To be confirmed

As advised by the Administration, the ultimate use of the FCA would be subject to the outcome of the feasibility and planning study of the Administration and the subsequent public consultations. The Administration's information paper on the review of the FCA was circulated to members of the Panel on Security and Panel on Planning, Lands and Works on 7 September 2006. The Administration issued another information paper on the results of public consultation on the recommendations arising from the review of the coverage of the FCA to the Panel on Security, Panel on Planning, Lands and Works and Panel on Environmental Affairs in February 2007.

At the Panel meeting on 12 October 2006, members agreed that the Panel should revisit the issue with the Administration in due course. As arranged, C&I Panel members will be invited to take part in the discussion when relevant Panels discuss the issue.