

Special FC Meeting of LegCo on 23 March 2009

Speaking Points for SCED

- Chairman, the Budget has included many matters within the policy areas of commerce, industry and tourism. I would like to set out set out the progress and content of the key policies.

CEPA

- The Administration has already commenced a new round of discussion with the Central Government, and hopes to reach agreement on Supplement VI to CEPA as early as possible. To follow up on the “Framework for Development and Reform Planning for Pearl River Delta Region”, we will work towards the inclusion of more pilot measures to be launched in Guangdong Province. We will continue to maintain close liaison with Mainland authorities, to ensure the effective implementation of CEPA.

Processing trade

- The HKSAR Government has been closely liaising with the Central Government and Guangdong Province to reflect the concerns of Hong Kong enterprises. The Central Government has implemented many measures to support Hong Kong since

end 2008, including permitting the settlement of trade obligations in Hong Kong in Renminbi, and facilitating Hong Kong enterprises to develop the Mainland market, raising the export tax rebate rates five times, suspending the need for actual payment of standing book deposit for processing trade enterprises and adjusting the Restricted and Prohibited Products catalogues.

- Guangdong has also rolled out a number of measures to assist Hong Kong enterprises, such as introducing a special fund of RMB 1 billion for the restructuring and upgrading of processing trade enterprises, and temporarily reducing or waiving a number of administrative fees and social insurance. The HKSAR Government has appealed to the Guangdong Provincial Government for the early implementation of these measures.
- Our focus in the coming year will be to assist Hong Kong enterprises to develop the Mainland market. The Chief Executive co-chaired a meeting with the Minister of Commerce early this month in Beijing. The meeting facilitated Hong Kong business leaders to reflect directly to Mainland officials the difficulties encountered by Hong Kong enterprises when they develop their businesses in the Mainland market. The Ministry of Commerce has agreed to actively follow up our proposals. We will also continue liaising with the Mainland on the implementation of the various measures.

Trade co-operation between Hong Kong and Taiwan

- The Taipei Office of the Hong Kong Trade Development Council (TDC) commenced operation late last year so as to tap on the business opportunities arising from the improving trade and economic relations across the strait. We also hope that a Hong Kong-Taiwan Business Co-operation Committee can be established soon.
- To attract more visitors from Taiwan to visit Hong Kong, the Hong Kong Tourism Board (HKTB) has stepped up promotion efforts in Taiwan by exploring new visitor sources in cities like Kaohsiung and Taichung, as well as developing “multi-destination” itineraries and MICE (Meetings, Incentives, Conventions and Exhibitions) tourism. Separately, Invest Hong Kong will also strengthen the liaison with its counterparts and business associations in Taiwan, and it will organise large scale investment promotion activities that target Taiwan enterprises.

SME Loan Guarantee Schemes

- In November last year, we enhanced the SME Loan Guarantee Scheme (SGS) by allowing more flexibility in the use of funds and extending the guarantee period for Working Capital Loans. We further launched the Special Loan Guarantee Scheme (SpGS)

in December last year to provide 70% guarantee for commercial loans.

- As at 19 March 2009, the Trade and Industry Department has received 5 666 loan applications under the two schemes, of which 4 927 applications have been approved, involving a total loan amount of over \$10 billion. We understand most of the beneficiaries under the two schemes are small enterprises with less than 20 employees, i.e. involving some 80 000 jobs. We have commenced a review on both schemes, and I look forward to listening to the views of LegCo Members and the trade.

Competition Bill

- The Competition Bill is a very significant and complex legislation. In view of the need to better address public concerns raised during last year's public consultation, more time is required to prepare the Bill than earlier planned. We will attend the Economic Development Panel Meeting on 30 March to brief Members on the latest development.

Consumer Protection

- To combat inappropriate trade practices, the Administration brought into force the amended Trade Descriptions Ordinance and its eight related pieces of subsidiary legislation on 2 March

2009 to enhance consumer protection. The Customs and Excise Department has deployed staff to step up enforcement..

Promotion of Wine and Dine

- Since the exemption of wine duty last year, business activities relating to wine trading have grown significantly including warehousing, exhibitions and auctions. These bring economic benefits to the community. To further stimulate such economic activities and encourage more wine companies to set up businesses in Hong Kong, we have signed co-operation agreements with France, Bordeaux and Spain. We are also discussing similar agreements with others including Australia, Italy, Hungary and the United States.
- In autumn, the TDC will hold its second International Wine and Spirits Fair. Riding on the publication of the Michelin Guide for Hong Kong and Macao, the HKTB will also organise, in collaboration with renowned wine-producing regions (including Bordeaux) the first Hong Kong Wine and Dine Festival. Moreover, in response to market demands, individual training institutions are planning to launch new courses to strengthen training for professionals and frontline staff.

Tourism Performance

- The global financial crisis notwithstanding, visitor arrivals increased by 4.7% to about 29.5 million in 2008. In view of the volatile global economic environment, the HKTb forecasts that visitor arrivals will be slightly reduced by 1.6% to 29 million in 2009.
- In face of the challenges ahead, the HKTb will focus on the Mainland and short-haul markets in 2009. To capitalise on the implementation of the two measures to facilitate Shenzhen residents to visit Hong Kong in the coming few months, the HKTb will launch a series of promotion activities in Shenzhen to drive visits to Hong Kong, with a view to boosting our travel, retail and catering sectors.

Mega Events Fund

- Hong Kong is a dynamic and vibrant city with many mega events held each year, e.g. the Chinese New Year Parade, Rugby Sevens, Hong Kong Arts Festival, etc. These events attract tens of thousands of locals and visitors every year. Hosting more mega events will not only add colour to our city, but also enrich the travel experience for visitors and reinforce Hong Kong's position as the events capital of Asia. We have therefore earmarked \$100 million to set up a "Mega Events Fund" to support not-for-profit organisations to stage more arts, cultural and sports events in the next three years, to help develop

new market segments, stimulate the economy and create job opportunities.

Development of a New Cruise Terminal at Kai Tak

- Preparatory work for the cruise terminal is in full swing. We will seek LegCo's funding approval for the project later this year to enable construction works to hopefully start towards end of the year and to ensure that the first berth will commence operation in mid-2013.

Conclusion

- The aforementioned is the latest development of matters within the policy areas of commerce, industry and tourism. I would be pleased to answer questions from Members.