

Special FC Meeting on 22 March 2010

Speaking Points for SCED

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

Supporting Measures for Enterprises

- To facilitate steady development of enterprises during this early stage of the economic recovery, the Financial Secretary announced in October last year the second extension of the application period of the “Special Loan Guarantee Scheme” for six months to the end of June this year. The Trade and Industry Department has so far approved over 29 000 applications under the scheme, involving a total loan amount of over \$71 billion, benefiting some 17 000 enterprises and preserving jobs for 290 000 employees.
- The “Special Loan Guarantee Scheme” is an exceptional measure introduced in response to the financial tsunami to help Hong Kong enterprises tide over the liquidity crunch. We will closely monitor the pace of economic recovery in the coming months before deciding whether to extend the scheme. We would be mindful of the need for giving adequate notice to the participating banks and the trade. However, we will have to let the credit market resume

normal operation eventually.

- The “SME Funding Schemes” are on-going measures for supporting SMEs. We have earlier on introduced a series of enhancement measures to strengthen support for enterprises - the scope of the “SME Export Marketing Fund” has been broadened and the grant ceiling has been increased; more flexibility has been introduced in the use of loans under the “SME Loan Guarantee Scheme” the total loan guarantee commitment of which has been increased from \$12.6 billion to \$20 billion; and \$1 billion has been injected into the other two funding schemes.
- Moreover, to assist Hong Kong exporters to sustain their business and develop new markets, the Hong Kong Export Credit Insurance Corporation (ECIC) has continued to improve its services. ECIC has also decided to extend the provision of free buyer credit check services to exporters and its annual policy fee waiver.

CEPA

- The Government will continue to seek to broaden the scope of and deepen liberalisation in various service sectors under CEPA. We have commenced a new round of CEPA consultation with the Mainland authorities. It is equally important to ensure the effective implementation of the CEPA measures already announced. We will continue to maintain close liaison with the Mainland authorities at central, provincial and municipal levels, and seek to

enhance the transparency of rules, regulations and implementation guidelines, streamline the application procedures for setting up businesses, etc.

Trade Co-operation between Hong Kong and Taiwan

- We hope that Hong Kong and Taiwan would have even closer co-operation in trade, investment and tourism in the coming year. In early March, the Secretary for Constitutional and Mainland Affairs and I jointly led a delegation to visit Taichung City for the first time. The main objective of the visit was to enhance co-operation and exchanges on tourism. We also had the opportunity to promote Hong Kong's investment environment and encourage Taiwan businessmen to invest and list their companies in Hong Kong. The response was generally positive.
- I believe that there is much room for co-operation between Hong Kong and Taiwan in trade, investment, tourism, innovation technology and creative industry. Relevant organisations including the Hong Kong Tourism Board (HKTB), Hong Kong Trade Development Council and Invest Hong Kong (InvestHK) would seize the opportunity and strengthen their work there.
- Specifically, InvestHK is conducting a study amongst Taiwan companies on their perception of Hong Kong's business environment and their views about investing in Hong Kong.

InvestHK is also building up a comprehensive database to help identify and reach out to potential investors.

- Furthermore, the HKSAR Government will establish the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC). At the corporate level, the Hong Kong-Taiwan Business Co-operation Committee (BCC) will be set up. They will discuss matters of mutual interest with their counterparts. With the setting up of these new platforms, it is believed that Hong Kong-Taiwan exchanges in trade, investment, tourism and other areas would be further enhanced.

Tourism Performance

- Now I would like to talk about the overall tourism performance last year.
- With the concerted efforts of the Government, the HKTB and the trade, our total visitor arrivals in 2009 out-performed our expectation and recorded a slight increase of 0.3% over 2008 to reach 29.6 million, despite the effect of the financial crisis and Human Swine Influenza. The HKTB forecasts that visitor arrivals in 2010 will continue to increase and exceed 30 million for the first time.

- The Government will continue to actively promote tourism development by improving tourism infrastructure on the one hand, and putting efforts in tourism promotion on the other.

Cruise Tourism

- On hardware development, we are pressing ahead with the development of the new cruise terminal at Kai Tai. Site formation works for the terminal commenced at the end of last year, and the first berth will commence operation in mid-2013 as scheduled. As for the terminal building, we will brief the Panel on Economic Development of this Council on the latest development of the tender exercise for the terminal building works contract next week (29 March), and seek LegCo's funding approval next month with a view to awarding the design and build contract in May 2010.
- I would like to point out that, subject to the funding approval from LegCo, our current timetable is to advance the completion of the cruise terminal building to 2013. The target is to synchronise with the commissioning of the first berth in mid-2013. With about a year earlier than planned, this will greatly enhance the cruise tourism in Hong Kong and the economic benefits brought by it. I hope that Members will support and approve the funding application.
- Besides, the Ocean Park is implementing in full swing its \$5.5 billion redevelopment project. Works on the Hong Kong

Disneyland expansion project also commenced in 2009.

Promotional Work of the HKTB

- The HKTB has used “Festive Hong Kong” as the theme of 2010 to highlight Hong Kong’s wide array of festivals and cultural celebrations, our fascinating cultural fusion, deep-rooted heritage, as well as vibrant living culture of the city. The HKTB will adopt new and cost-effective promotional tools through the Internet and mobile phones, e.g. launching Asia’s first three-dimensional mobile travel guide and using other widely-used interactive applications. The HKTB has also partnered with Google and social networking platforms, such as YouTube and Facebook, to promote Hong Kong’s latest offering worldwide to attract more visitors to experience our unique local culture.

Mega Events Fund

- Following Finance Committee’s approval in May last year, we have set up the “Mega Events Fund” to support local non-profit organisations to stage more arts, cultural and sports events. So far a total of \$27.2 million has been approved to support seven mega events. Two of these events were held earlier, creating some 1 000 jobs and attracting more than 32 000 participants. More events will be held later this month and in early April, which will create some 860 jobs. The HKTB will actively promote these

events and will work closely with its overseas offices to launch special travel packages to attract more visitors to Hong Kong.

Promoting Businesses Related to Wine Trading

- Wine-related businesses in Hong Kong saw vibrant growth over the past two years. We are putting sustained efforts on attracting more traders to set up or expand their wine-related businesses in Hong Kong, thereby bringing more economic benefits to Hong Kong.
- We have signed co-operation agreements with seven wine-producing countries/regions. We are actively pursuing similar agreements with other trading partners as well as new areas of co-operation with the existing partners.
- We will continue to work with the industry to help them tap the business opportunities emerging across Asia. Apart from following through earlier measures such as facilitating the industry's launching of a wine storage certification scheme and maintaining vigilance in combating counterfeit, we will roll out together with the Mainland General Administration of Customs in the second quarter of this year facilitation measures for wine re-exported from Hong Kong to the Mainland. As a related step, we will continue to discuss with the Mainland General Administration of Quality Supervision, Inspection and Quarantine for further possible facilitation measures. Meanwhile, we will expand the scale of key

promotion events (such as the Wine and Dine Festival) and bring new elements to these events.

Competition Law

- We are proceeding full steam ahead with the drafting of the Competition Bill. In the past year, we have been working hard with bureaux and departments to determine the details of the numerous areas in the Bill such as the operation and investigative power of the Competition Commission, the operational model of the Competition Tribunal, and how the competition law under preparation reconciles with other competition provisions of existing legislations etc.
- I must emphasise that the Bill is very complex. During our drafting of the Bill, we need to work with many bureaux and departments and examine with them carefully the coverage and other provisions of the Bill. While the preparation work is no easy task, we still maintain our original target to introduce the Bill in the current legislative session.

Consumer Protection

- Another area of priority is enhancing consumer protection.
- The review on consumer protection legislation is near finalisation. We have developed broad directions of legislative proposals to

tackle unfair trade practices. I have shared with Members, during the motion debate on the subject held on 6 January, our inclination of criminalising unfair trade practices that are commonly seen in the market. We are now drafting the definitions of various unfair trade practices and defence provisions. We are also examining the associated enforcement arrangements, including whether to introduce a compliance-based enforcement mechanism by drawing reference to the arrangements adopted in the United Kingdom and Australia.

- We will in due course consult the Panel on Economic Development of this Council on the broad directions of the legislative proposals, so that we can take account of and reflect Members' views when finalising the consultation document.
- In respect of efforts to curb pyramid selling, we are reviewing the Pyramid Selling Prohibition Ordinance, including its coverage, definitions and penalties, with a view to identifying suitable amendments. We hope to complete the review within 2010.

Intellectual Property

- To support the sustainable development of creative industries and in keeping with the trend of network applications, we will maintain our dialogue with the industry and users this year on how best to protect digital copyright. At the same time, we are mindful of the need to ensure that the protection measures would not prejudice the

dissemination of information and freedom of expression. We are drafting the relevant amendment legislation and will continue to engage the stakeholders, with a view to building the broadest consensus on the way forward. Meanwhile, Customs will keep enhancing its enforcement capability to combat online infringement.

Conclusion

- Chairman, I would be pleased to answer questions from Members.