

**立法會**  
**Legislative Council**

LC Paper No. CB(1)212/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 21 October 2014, at 2:30 pm**  
**in Conference Room 2 of the Legislative Council Complex**

**Members present** : Hon WONG Ting-kwong, SBS, JP (Chairman)  
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon SIN Chung-kai, SBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

**Members attending** : Hon Tommy CHEUNG Yu-yan, SBS, JP

**Members absent** : Hon Emily LAU Wai-hing, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon Dennis KWOK  
Hon CHUNG Kwok-pan

**Public officers  
attending**

: Agenda item IV

Commerce and Economic Development Bureau

Mr Andrew H Y WONG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Ms Carol YUEN, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry) 1

Mr Clement LEUNG, JP  
Commissioner for Economic and Trade Affairs,  
USA

Ms Linda LAI, JP  
Special Representative for Hong Kong Economic  
and Trade Affairs to the European Union

Ms Sally WONG, JP  
Principal Hong Kong Economic and Trade  
Representative, Tokyo

Ms Irene YOUNG, JP  
Permanent Representative of the HKSAR of China  
to the World Trade Organization

Mr Steve BARCLAY, JP  
Director, Hong Kong Economic and Trade Affairs,  
New York

Miss Erica NG  
Director-General, Hong Kong Economic and Trade  
Affairs, London

Ms Subrina CHOW  
Director, Hong Kong Economic and Trade Affairs,  
San Francisco

Mr Arthur AU  
Director, Hong Kong Economic and Trade Affairs,  
Sydney

Mr FONG Ngai  
Director, Hong Kong Economic and Trade Affairs,  
Singapore

Miss Gloria LO  
Director, Hong Kong Economic and Trade Affairs,  
Toronto

Ms Betty HO  
Director, Hong Kong Economic and Trade Affairs,  
Berlin

Constitutional and Mainland Affairs Bureau

Miss Charmaine LEE, JP  
Deputy Secretary for Constitutional and Mainland  
Affairs 2

Miss Cathy CHU, JP  
Director, Beijing Office

Mr John LEUNG, JP  
Director, Hong Kong Economic, Trade and Cultural  
Office (Taiwan)

Mr Danny LAU  
Director, Hong Kong Economic and Trade Affairs,  
Chengdu

Miss Victoria TANG  
Director, Hong Kong Economic and Trade Affairs,  
Shanghai

Mr Albert TANG  
Director, Hong Kong Economic and Trade Affairs,  
Guangdong

Miss Sara TSE  
Director, Hong Kong Economic and Trade Affairs,  
Wuhan

Agenda item V

Mr Andrew H Y WONG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Mrs Alice CHEUNG CHIU Hoi-yue, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry) 3

Miss Charmaine LEE, JP  
Deputy Secretary for Constitutional and Mainland  
Affairs 2

Mr John LEUNG, JP  
Director, Hong Kong Economic, Trade and Cultural  
Office (Taiwan)

Agenda item VI

Mr Gregory SO, GBS, JP  
Secretary for Commerce and Economic  
Development

Mrs Alice CHEUNG CHIU Hoi-yue, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry) 3

**Clerk in attendance :** Ms Annette LAM  
Chief Council Secretary (1)3

**Staff in attendance :** Ms Connie HO  
Senior Council Secretary (1)3

Miss Rita YUNG  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

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**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)51/14-15 -- Minutes of meeting held on 9 October 2014)

1. The minutes of the meeting held on 9 October 2014 were confirmed.

**II. Information papers issued since last meeting**

(LC Paper No. CB(1)1735/13-14(01) -- Information on the financial position of the Applied Research Fund for the period from 1 December 2013 to 28 February 2014

File Ref: CITB CR 136/53/1 and -- Legislative Council Briefs on CITB CR 106/53/1 United Nations Sanctions (Côte d'Ivoire) Regulation 2014 and United Nations Sanctions (Democratic People's Republic of Korea) (Amendment) Regulation 2014

LC Paper No. CB(1)2050/13-14(01) -- Information on the financial position of the Applied Research Fund for the period from 1 March to 31 May 2014)

2. Members noted that the above papers had been issued since the last meeting.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)53/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(1)53/14-15(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 18 November 2014 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Comprehensive review of the Innovation and Technology Fund; and
- (b) Consultation on a new set of Copyright Tribunal Rules.

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(*Post-meeting note:* At the request of the Administration and with the concurrence of the Chairman, an item "Application of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks to the Hong Kong Special Administrative Region" had been included in the agenda for the November meeting to replace the item "Consultation on a new set of Copyright Tribunal Rules" originally scheduled for discussion.)

4. The Chairman informed members that he and the Deputy Chairman had met with the Administration to discuss the work plan of the Panel for the 2014-2015 session. Referring to the "List of outstanding items for discussion" (LC Paper No. CB(1)53/14-15(01)), the Chairman said that item 17 "Promoting wider application of intellectual property rights through tax reduction" was related to tax issues, which was not directly under the Panel's purview. The Chairman suggested and members agreed that the Commerce and Economic Development Bureau should exchange views with the Financial Services and the Treasury Bureau on the matter, and report to the Panel during discussion of intellectual property trading in the future.

5. On item 18 "Progress report of the Hong Kong Council for Testing and Certification ("HKCTC")" and item 19 "Research and development of Chinese medicines", members noted that the Administration suggested that the two items be discussed at a later date in 2015 when there were more progress and development in the two areas. Members did not object to the arrangements.

**IV. Report on the work of the Hong Kong Economic and Trade Offices, the Hong Kong Economic, Trade and Cultural Office (Taiwan) and the Office of the Government of the Hong Kong Special Administrative Region in Beijing in 2013-2014**

(LC Paper No. CB(1)53/14-15(03) -- Administration's paper on reports on the work of the overseas Hong Kong Economic and Trade Offices provided by the Commerce and Economic Development Bureau

LC Paper No. CB(1)53/14-15(04) -- Administration's paper on report on the work of HKSAR Government's Offices in the Mainland and Taiwan provided by the Constitutional and Mainland Affairs Bureau

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- LC Paper No. CB(1)53/14-15(05) -- Paper on the work of the Hong Kong Economic and Trade Offices, the Office of the Government of the HKSAR in Beijing, and the Hong Kong Economic, Trade and Cultural Office (Taiwan) prepared by the Legislative Council Secretariat (updated background brief)

Presentation by the Administration

6. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") briefed members on the work of the 11 overseas Hong Kong Economic and Trade Offices ("ETOs"), and HKSAR Government's Offices in the Mainland ("Mainland Offices") and Taiwan in 2013-2014. PSCIT said that in the face of the global economic uncertainties, Heads of overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan had, in the past year, kept a close watch on the economic and trade developments in regions and countries under their coverage that might have an impact on Hong Kong's trade and economic interest. Continued efforts would also be made to promote Hong Kong's advantages as an international business and financial centre, and showcase Hong Kong as an arts and cultural hub in Asia with a view to attracting inward investments and tourists, as well as to facilitate exchanges and to enhance co-operation between Hong Kong and different countries in the world. PSCIT then invited the representatives of some ETOs and Mainland Offices to brief the Panel on their work progress. Details of the work of these offices were set out in the Administration's papers (LC Paper Nos. CB(1)53/14-15(03) and (04)).

7. Commissioner for Economic and Trade Affairs, USA ("C,USA") briefed members on the economic and trade relations between Hong Kong and the United States of America ("US"), and gave members a brief account of the work of the ETOs in Washington, New York and San Francisco in promoting commercial relations between Hong Kong and the US, as well as showcasing Hong Kong's arts and culture in states under their coverage. Members noted that ETOs in the US had conducted a series of investment promotion programmes in various states and assisted 53 companies to establish business operations in Hong Kong. Efforts had also been made to promote Hong Kong's unique strengths, such as offshore Renminbi business and the launch of the Shanghai-Hong Kong Stock Connect. C,USA said that the Washington ETO would continue to keep a close watch on the US political landscape and monitor changes in personalities in both Congress and at the state level after the mid-term elections in November 2014, and would assess the possible impact of these changes on US's economic and trade policies which

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might affect Hong Kong. On the economic front, the Washington ETO would maintain a close watch on the impact of the normalization of the US interest rate on the nation's domestic economy and the global economy, as well as the potential ramifications on Hong Kong.

8. Special Representative for Hong Kong Economic and Trade Affairs to the European Union ("SREU") presented the work report on behalf of the ETOs in Brussels, London and Berlin. She briefed members on the trade relations between Hong Kong and the European Union ("EU"), as well as the social, political and economic landscapes of the EU. Members noted that the 28 EU Member States had held elections between 22 May and 25 May 2014 to select their respective national representatives in the European Parliament ("EP"). Such elections were held once every five years. While a majority of the seats in the EP remained in the centre-right and centre-left parties, there had been a notable increase in the number of seats held by the "Eurosceptic parties". The growing influence of the "Eurosceptic parties" in the EP was expected to have an impact on further European integration in various aspects. SREU said that the Brussels ETO would continue to monitor and report on the formation of the new European Commission ("EC") and the policy priorities set by its President. The new Commissioners of EC were expected to take up their positions in November 2014. As more European companies were eyeing business and market opportunities emerging from Asia and China, the relevant ETOs in EU would step up their efforts in promoting Hong Kong as a super-connector for European companies to do business in this region.

9. Permanent Representative of the HKSAR of China to the World Trade Organization ("PR,WTO") briefed members on the work of the Geneva ETO in the World Trade Organization ("WTO"), and Hong Kong China's ("HKC") participation in the process of implementing the "Bali package", which comprised the Agreement on Trade Facilitation and the Ministerial Decisions on agriculture, development and Least Developed Countries issues, delivered by the Ninth Ministerial Conference of WTO held in Bali, Indonesia, from 3 to 7 December 2013. PR,WTO also reported the progress of the plurilateral negotiations on the Information Technology Agreement, Trade in Services Agreement and Environmental Goods Agreement that HKC had participated, as well as the implementation of the revised Agreement on Government Procurement on 6 April 2014 of which HKC was one of the first parties to ratify the agreement. PR,WTO said that preparatory work for the trade policy review of HKC scheduled for November 2014 had largely been completed, and she was confident that the said review could be completed in a smooth and successful manner.

10. Director of Beijing Office ("D,BJO") reported its work in supporting Hong Kong enterprises in the Mainland. To enhance the dissemination of information on economic and trade policies and regulations, business promotion, investment as



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well as economic and trade activities at the national level and in the provinces/municipalities/autonomous regions under its coverage, BJO had issued to major business chambers and Hong Kong enterprises a weekly Newsletter on Economic and Trade Policies and Regulations in the Mainland, and a monthly Newsletter on Business Promotion, Investment and Economic and Trade Activities in the Mainland. In addition, a Topical Newsletter with information and analysis on policies related to business operations such as taxation, labour, intellectual property and human resources etc., which were of ongoing concerns to Hong Kong enterprises, was disseminated to major chambers of commerce and Hong Kong enterprises from time to time. Workshops and seminars were also organized for experts to explain relevant policies, laws and regulations, for example on taxation and labour laws to Hong Kong enterprises and to answer their enquiries. On attracting Mainland enterprises to establish operations and invest in Hong Kong, the Investment Promotion Unit of BJO had liaised with and visited potential enterprises, as well as relevant commercial and industrial organizations to introduce to them the competitive strengths of Hong Kong, and as a platform for Mainland enterprises to go global. Various events were also organized to showcase Hong Kong's arts and culture. D,BJO said that the Mainland Offices would continue to promote Hong Kong in provinces/municipalities/autonomous regions under their coverage and liaise with the local governments in respect of economic, trade and other matters with a view to enhancing trade, investment, cultural exchanges and communications, etc. between Hong Kong and the Mainland.

11. Director, Hong Kong Economic and Trade Affairs, Shanghai ("D,Shanghai") briefed members on the main functions of the Shanghai ETO which were to enhance liaison and communication between the HKSAR Government and the Mainland authorities in the Municipality of Shanghai and the four Provinces of Jiangsu, Zhejiang, Anhui and Shandong ("the region"); promote Hong Kong and enhance economic and trade co-operation between Hong Kong and the region; as well as provide appropriate information and assistance to Hong Kong enterprises and residents operating, working and living in the region. D,Shanghai said that the Shanghai ETO had been monitoring closely policy development and legislation in the region that might impact on Hong Kong enterprises, such as the latest developments in the China (Shanghai) Pilot Free Trade Zone ("SHFTZ"), the introduction of Shanghai-Hong Kong Stock Connect, the implementation of the "Mainland and Hong Kong Closer Economic Partnership Arrangement" ("CEPA"), and other issues of interest to Hong Kong trades. Relevant information was disseminated to Hong Kong business sectors in a timely manner to enable them to leverage on the business opportunities in the SHFTZ. During the reporting period, the Shanghai ETO had issued 10 special newsletters on SHFTZ and assisted in arranging and participated in a number of visits to the SHFTZ. D,Shanghai said that more than 700 Hong Kong enterprises had established their business operations in the SHFTZ since it was set up in

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September 2013. The Shanghai ETO would continue to devote efforts to promote Hong Kong's competitive edges as a platform for Mainland enterprises to go global, and to identify and attract Mainland enterprises to invest and set up operations in Hong Kong.

12. Director, Hong Kong Economic and Trade Affairs, Singapore ("D,SG") briefed members on the work of Singapore ETO in promoting bilateral economic and trade relations, as well as arts and cultural exchanges between Hong Kong and the 10 member countries of the Association of Southeast Asian Nations ("ASEAN"). Trade between ASEAN and Hong Kong increased by 10% year-on-year from 2009-2013, amounted to USD96.8 billion in 2013. D,SG highlighted that during the reporting period, a number of Principal Officials, including the Chief Secretary for Administration ("CS"), Financial Secretary ("FS"), Secretary for Justice and Secretary for Commerce and Economic Development ("SCED"), visited Malaysia, Singapore, Vietnam and Cambodia, and Myanmar respectively to foster closer bilateral ties. He shared that with the concerted efforts of the Singapore ETO and the Hong Kong Trade Development Council ("HKTDC"), Hong Kong business associations had been set up in the Philippines, Malaysia and Indonesia, in addition to that in Singapore, Thailand and Vietnam. Meanwhile, the negotiation of the Hong Kong-ASEAN Free Trade Agreement ("FTA") had formally commenced in July 2014. To promote Hong Kong's soft strengths, Singapore ETO organized, among others, "Hong Kong's Evolving Harbour Exhibition cum Travel Fair" and "Spotlight Hong Kong in Penang" festival during CS's visit to Malaysia. Through various channels, Singapore ETO also engaged the Hong Kong communities in the region and kept them abreast of the latest developments in Hong Kong; promoted career opportunities in Hong Kong to local students; and fostered people-to-people exchanges through e.g. the "ASEAN Internship for University Students of Hong Kong Scheme" which saw some 90 Hong Kong university students taken up internships in seven ASEAN countries in the inaugural 2014 round. In the coming year, the Singapore ETO would continue to promote the strengths of Hong Kong and foster exchanges between Hong Kong and ASEAN on various fronts with a view to enhancing Hong Kong's presence in and further integration with ASEAN.

13. Principal Hong Kong Economic and Trade Representative, Tokyo ("PRT") gave a brief account on the latest economic situation of Japan and the Republic of Korea ("Korea"), and briefed members on the work of Tokyo ETO in fostering closer economic and trade ties, promoting understanding and co-operation, and enhancing cultural and tourism exchange between Hong Kong and the two countries under their coverage. Members noted that to achieve greater synergy, PRT had chaired a Hong Kong Family Meeting to coordinate the promotion activities of the Tokyo ETO, the HKTDC, Hong Kong Tourism Board ("HKTB") and Invest Hong Kong in Japan and Korea to raise Hong Kong's profile and image.

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Looking forward, the Tokyo ETO would continue to promote Hong Kong and foster closer bilateral relations with both Japan and Korea through Government-to-Government contacts, business promotion, cultural and public relations events. It would also partner with local organizations to maximize reach and impact and leverage on visits of Principal Officials or Hong Kong delegations to widen the network and cultivate relationship.

Discussion

*Promoting cultural co-operation and exchanges*

14. Mr MA Fung-kwok was pleased to note that overseas ETOs had undertaken a range of work to promote cultural co-operation and exchanges between Hong Kong and countries under their respective coverage. He asked whether the Administration would consider retitling the ETOs to better reflect their role on cultural promotion. PSCIT responded that the retitling of ETOs would involve complicated procedures as the naming of an ETO was governed by agreements between the HKSAR Government and governments of the host country or, in some cases, legislation enacted by the host government. PSCIT reiterated that ETOs were dedicated to promoting Hong Kong's trade and economic interests, as well as arts and culture in countries under their coverage. Although the title of the ETOs did not bear out their role on the cultural front, promotion of cultural exchanges between Hong Kong and the regions under their respective coverage was an on-going focus of ETOs' work.

15. Mr MA Fung-kwok enquired about the mechanism adopted by ETOs in selecting performing arts groups ("PAGs") to perform in their arts and cultural promotion events. He considered that more opportunities should be provided for small and medium size PAGs to take part in these cultural exchange activities. PSCIT said that the size of PAGs was not a major consideration in the selection. In view of limited manpower, the ETOs would take into account the advice of relevant bureaux/departments, such as the Leisure and Cultural Services Department ("LCSD") when considering which PAGs to invite to perform in their arts and cultural promotion activities. To minimize cost, ETOs would take advantage of opportunities presented by PAGs that were on performance tours in the countries under their respective coverage, and invite them to participate in ETO-initiated arts and cultural exchange activities.

*Opening up business opportunities in the Mainland*

16. Mr Andrew LEUNG enquired about the achievements made by the Chengdu ETO ("CDETO") and the Wuhan ETO ("WHETO") in the past year, particularly in opening up business opportunities for Hong Kong enterprises in the central and western regions of China respectively.

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17. Director, Hong Kong Economic and Trade Affairs, Chengdu ("D,Chengdu") advised that investment of Hong Kong business sector in western region had increased in the past ten years since the implementation of the "Development of the Western Region" policy. At present, there were over 4 000 and 2 000 Hong Kong enterprises in Sichuan and Chongqing respectively. D,Chengdu said that the CDETO had strived to promote economic and trade co-operation and ties between the HKSAR and the region covered by CDETO. The major events/projects organized/undertaken by CDETO included the research studies conducted in Shaanxi and Guizhou respectively on the implementation of CEPA with a view to further promoting the implementation of CEPA in the area; the "Ani-Com Exhibition Hong Kong 2014" that aimed to promote the creative industry of Hong Kong and the "Chongqing-Hong Kong Week 2014" jointly organized by the HKSAR Government and the Chongqing Municipal People's Government.

18. Director, Hong Kong Economic and Trade Affairs, Wuhan ("D,Wuhan") responded that the main functions of WHETO, which commenced operation on 1 April 2014, were to enhance liaison and communication between the HKSAR Government and the Mainland authorities in the five provinces of Hubei, Hunan, Shanxi, Jiangxi and Henan; promote Hong Kong and enhance economic and trade co-operation between Hong Kong and the region; and provide appropriate information and assistance to Hong Kong enterprises and residents operating, working and living in the region. D,Wuhan remarked that while considerable time and effort had been dedicated during the last few months to the preparation for the establishment of WHETO and the commencement of its operation, WHETO had, in parallel, launched trade promotion work and Government-to-Government liaison work with provinces/municipalities in the region. WHETO had proactively reached out to Hong Kong enterprises in the Hubei, Hunan and Henan provinces, as well as students in the Hubei province. Looking forward, WHETO would continue to maintain close relation with Hong Kong trade associations as well as Hong Kong enterprises in the region and conduct an in-depth study on the business opportunities brought about by the development of the central region for Hong Kong business sector. Continued efforts would be made to enhance communication with major chambers of commerce in Hong Kong to help Hong Kong enterprises better capitalize on the business opportunities in the region.

*Promoting Hong Kong's image in the Mainland*

19. The Deputy Chairman enquired about Mainland people's reaction towards the earlier incident of harassment of Mainland visitors by some local residents in the vicinity of Canton Road, Tsim Sha Tsui. He was concerned that news broadcast of this incident in Mainland TV channels might damage Hong Kong's

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image and discourage Mainland people from visiting. Director, Hong Kong Economic and Trade Affairs, Guangdong ("D,Guangdong") said that GDETO had promptly briefed the local authorities of Shenzhen, Fujian and Guangdong that the Canton Road incident reflected the attitude of only a very small sector of Hong Kong community that was certainly not shared by the community at large. He said that judging from the statistics on visitor arrivals from the Mainland, the incident did not seem to have a significant impact on Mainland people's visits to Hong Kong. PSCIT added that the HKTB had stepped up publicity in the Mainland on Hong Kong's hospitality for tourists, and would continue its work in this regard.

*Promoting inward investment*

20. Dr CHIANG Lai-wan opined that the relocation of industries to the Mainland had reduced job opportunities for young people and impeded their upward mobility, contributing to the recent social instability. Pointing out that Hong Kong economy should not over rely on tourism, she said that efforts should be made to diversify industries to create more job opportunities for the young people. Dr CHIANG urged the ETOs to strengthen their work in attracting overseas investment to Hong Kong, particularly for high-value-added pharmaceutical industry which she regarded as having good potential for further development in Hong Kong.

21. In response, PSCIT advised that one of the main functions of ETOs was to promote inward investment. In doing so, the ETOs had accorded priority to promoting business opportunities in and attracting companies from the sectors and industries where Hong Kong enjoyed a competitive edge, including in particular the financial services, innovation and technology and creative industries sectors. The promotion of inward investment to various sectors would in turn help diversify Hong Kong's industries. PSCIT added that the Economic Development Commission ("EDC") had been looking at the overall strategy and policy to broaden Hong Kong's economic base, as well as identifying industries that presented opportunities for Hong Kong's further economic growth so as to formulate a holistic industrial policy. The Administration would brief the Panel once the EDC had drawn up the recommendations on measures and policies for supporting individual industries.

*Other views and concerns*

22. Mr SIN Chung-kai enquired whether the overseas ETOs had received any enquiries in relation to the Occupy Central movement in Hong Kong. PSCIT responded that the Occupy Central movement had attracted extensive media coverage in overseas countries, and the ETOs had briefed their interlocutors in government bodies, business communities and the media in the host countries on

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the latest development of the movement. The ETOs had also put across the message to overseas business communities that Hong Kong remained a free and safe society and the Occupy Central movement did not have a substantial impact on Hong Kong's overall business environment.

23. In response to Mr SIN Chung-kai's enquiry about the role of the HKSAR Government in the meetings of the Asia-Pacific Economic Cooperation ("APEC") to be held in Beijing in November 2014, PSCIT advised that Hong Kong was represented by the Chief Executive, FS and SCED respectively at APEC Economic Leaders' Meeting, APEC Finance Ministers' Meeting and APEC Ministerial Meeting. The Trade and Industry Department was the Government department responsible for the overall co-ordination of Government bureaux'/departments' participation in APEC while the BJO would provide logistical support for HKSAR Government officials attending the relevant APEC meetings.

*Summing up*

24. The Chairman expressed appreciation for the reports given by Heads of ETOs and Mainland Offices. He advised that in the light of recent social instability brought about by the Occupy Central movement, the ETOs should brief their interlocutors that Hong Kong would uphold the rule of law and the implementation of "One Country, Two Systems".

**V. Trade relations between Hong Kong and Taiwan**

(LC Paper No. CB(1)53/14-15(06) -- Administration's paper on trade relations between Hong Kong and Taiwan

LC Paper No. CB(1)53/14-15(07) -- Paper on trade relations between Hong Kong and Taiwan prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

25. At the invitation of the Chairman, PSCIT and Director, Hong Kong Economic, Trade and Cultural Office (Taiwan) ("D,HKETCO") briefed members on the latest development of the trade relations between Hong Kong and Taiwan and the work of the HKETCO in 2013-2014, covering the key areas of trade promotion, investment promotion, cultural promotion and public relations. Details of the latest developments were set out in the Administration's papers (LC

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Paper Nos. CB(1)53/14-15(04) and (06)).

26. On commercial relations between Hong Kong and Taiwan, D,HKETCO highlighted that HKETCO had co-operated with the Taiwan Office of the Hong Kong Trade Development Council in supporting the establishment of the "Hong Kong Business Association in Taipei" which was officially founded in August 2014. To foster closer economic co-operation and exchanges between Hong Kong and Taiwan, a "Hong Kong-Taiwan Economic Co-operation Forum" focusing on the prospects of economic collaboration on Renminbi business was organized in Taipei in October 2013 while another forum was held in Kaohsiung in May 2014 to discuss the development of and co-operation in the tourism and logistics industries. As regards investment promotion work in Taiwan, the Investment Promotion Division ("IPD") of HKETCO visited 320 companies located across northern, central and southern Taiwan and outlying islands and initiated 284 new projects and completed 5 projects. IPD of HKETCO had also assisted Invest Hong Kong and the Guangzhou Municipal Government in preparing for the seminar on "Hong Kong and Guangzhou: Your Business Partners in Mainland China" held in Taipei in October 2014 in which over 200 representatives from the Taiwan business sector participated. Various activities were also held to promote cultural exchanges between Hong Kong and Taiwan. The major ones included the organization of six cultural talks entitled "Art & Culture @ Hong Kong" in Taipei, Taichung and Kaohsiung from May to October 2014, and the publishing of the "Dialogues between Hong Kong and Taiwan" column at Taiwan's Global Views Monthly from May 2013 to March 2014 as well as a monthly column at Taiwan's Commonwealth Magazine featuring Hong Kong's latest developments and opportunities for co-operation with Taiwan.

27. Looking forward, D,HKETCO said that HKETCO would continue to foster closer economic relationship between Hong Kong and Taiwan, encourage Taiwan companies to invest in Hong Kong and support Hong Kong businesses in Taiwan. In this connection, another "Hong Kong-Taiwan Economic Co-operation Forum" would be organized in December 2014. Continued efforts would also be made to promote cultural exchanges between the two places by organizing activities such as "Hong Kong Week 2014" in Taipei from October to November 2014 and publishing the fourth issue of "Art & Culture @ Hong Kong".

Discussion

28. The Chairman said that in the 2012-2013 legislative session, the Panel had discussed the feasibility of a duty visit to Taiwan which was subsequently put on hold. Given that the HKETCO had been in operation for almost three years and in view of the increasingly closer economic co-operation and cultural exchanges between Hong Kong and Taiwan, the Chairman considered it an opportune time for the Panel to reconsider visiting Taiwan. He said that the development of

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Taiwan's industries, such as the electronic industry, the agricultural industry and the tourism industry, in particular the promotion of cruise tourism between Hong Kong and Taiwan, were some possible areas of interest. Members might even wish to consider taking a side-trip to visit the newly established WHETO via Fujian. The Chairman invited Members to consider the suggestion.

29. PSCIT said that the HKETCO would be pleased to offer advice to the Legislative Council ("LegCo") Secretariat should the Panel decide to visit Taiwan. Regarding Hong Kong-Taiwan collaboration on cruise tourism, PSCIT said that the HKTB, together with the Taiwan tourism authorities, had launched the world's first "Asia Cruise Fund" in April 2014. The Fund pooled together financial incentives from participating ports to support cruise companies in developing and marketing cruise products that would benefit the further development of the cruise tourism markets for the participating ports and the region as a whole.

30. Mr SIN Chung-kai remarked that many Legislative Council Members had visited Taiwan on a number of occasions before. Referring to the proposed visit to Israel originally scheduled for end July/early August 2014 that was subsequently cancelled due to the tension between Israel and Palestine, Mr SIN said that he was personally more interested in innovation and technology development in Israel.

**VI. Government assistance for small and medium enterprises affected by "Occupy Central"**

(LC Paper No. CB(1)53/14-15(08) -- Administration's paper on Government assistance for small and medium enterprises affected by "Occupy Central")

Presentation by the Administration

31. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the Administration's liaison with trade associations, particularly small and medium enterprises ("SMEs") associations, since the start of the "Occupy Central" movement, and the current assistance schemes available to help businesses. He also appealed to lending institutions to render assistance to the affected SMEs as far as possible. Details of the liaison and assistance for SMEs were set out in the Administration's paper (LC Paper No. CB(1)53/14-15(08)).



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Discussion

*Assistance for SMEs affected by the "Occupy Central" movement*

32. The Chairman, the Deputy Chairman, along with Mr Andrew LEUNG and Dr CHIANG Lai-wan, expressed grave concern that the businesses of many SMEs in various sectors, in particular retail, tourism, and catering, had been adversely affected by the "Occupy Central" movement. The Chairman and Dr CHIANG Lai-wan said that the "Occupy Central" movement had dampened consumer sentiments. Although September and October were usually one of the peak seasons for consumer spending and inbound tourism, businesses of SME retailers, eateries as well as hotels and tourist attractions, especially those in the vicinity of the protests areas, had been hard hit by the "Occupy Central" movement this year. The Deputy Chairman and Mr Andrew LEUNG pointed out that the drastic decline in business turnover had created a tremendous strain on the working capital of many affected SMEs whose business survival relied heavily on daily turnover and short-term income. Mr Tommy CHEUNG said that the business of the catering trade as a whole across Hong Kong, not only those near the protests areas, had dropped sharply. The operators were facing critical cash-flow problems in paying for rentals and employees' salaries. If the situation continued, SME shop operators might have to lay off staff or close down.

33. SCED responded that the Administration had been closely monitoring the "Occupy Central" movement's possible impact on enterprises. The Administration had met with 20 chambers of commerce or sectoral trade associations to understand the situation. Those sectors directly affected included retail, tourism, catering, and transportation, while other sectors might be indirectly affected. The overall actual impact could be ascertained only upon the release of economic data of the next quarter. The Deputy Chairman thanked the Administration for meeting with trade association of the retail industry to understand the impact on business operation of the industry.

34. SCED said that the Administration was concerned about cash-flow problem that might be faced by the affected SMEs. Those suffering financial difficulties could apply for the existing cross-sector schemes, including the on-going SME Loan Guarantee Scheme ("SGS") administered by the Trade and Industry Department ("TID") and the special concessionary measures under the SME Financing Guarantee Scheme ("SFGS") of The Hong Kong Mortgage Corporation Limited ("HKMC").

35. Mr Andrew LEUNG was concerned that to wait until more economic data was available in the next quarter could be too late as the affected SMEs needed urgent assistance to address their critical financial difficulties. Mr LEUNG urged the Administration to call on the participating lending institutions of the SGS and

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the SFGS to expedite the processing of applications of the affected SMEs, and enquired whether the Hong Kong Monetary Authority had issued any guidelines in this regard to the lending institutions.

36. In response, SCED said that generally speaking, the TID and the HKMC could complete the application processing and notify the lending institutions of the result of applications within three business days upon receipt of all the required documents and information from the lending institutions. He took the opportunity to appeal to the participating lending institutions of the SGS and the SFGS to render assistance to the affected SMEs as far as possible.

37. Citing the feedback of various SMEs which had applied for the SGS and the SFGS before, the Chairman, the Deputy Chairman and Mr Tommy CHEUNG were not convinced that the loan applications could be processed and approved within three days. Highlighting the importance of providing quick cash-flow relief to help the affected SMEs tide over their liquidity problem and sustain their businesses, these members called on the Administration to urge the lending institutions to simplify the loan application procedures and be more flexible in processing applications of the affected SMEs.

38. The Deputy Chairman said that the SGS and the SFGS which offer guarantees for a loan size of up to \$12 million could not benefit SME retailers as most of the SMEs might require only a small loan size of under \$1 million, preferably interest-free and available quickly to address their pressing cash-flow problem. Sharing a similar concern, Mr Tommy CHEUNG called on the Administration to set up a scheme, similar to the "Loan guarantee scheme for Severe Acute Respiratory Syndrome ("SARS") impacted industries" in 2003, to help the affected SMEs to obtain cash-flow relief for payment of employees' salaries and rentals.

39. SCED responded that at the time of SARS in 2003, there was no SFGS, which was only introduced by the HKMC in January 2011. Further, in May 2012, with the Administration's loan guarantee commitment of \$100 billion, the HKMC introduced time-limited special concessionary measures under the SFGS, providing 80% loan guarantee to enterprises at a concessionary fee rate. In response to the remark that most SME retailers might only require a loan size of under \$1 million, SCED advised that the SGS and the SFGS provided guarantees for a loan of any size which was under \$12 million. In fact, over 1 400 approved cases of the special concessionary measures under the SFGS involved a facility amount of \$1 million or below. In response to Mr Tommy CHEUNG's further enquiry, SCED supplemented that the proceeds of the loan under the SGS and the SFGS might be used for meeting the general working capital needs of business operations and for acquiring business installations, equipment or assets, and revolving credit facility was available under the SFGS. SCED further

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highlighted that the Finance Committee's approval would be required for the introduction of any new assistance scheme, which would take time. As such, it would be more appropriate to make use of the existing SGS and the special concessionary measures of the SFGS to provide timely support to the affected SMEs.

40. Taking reference from the compensation and ex-gratia payments provided to poultry operators affected by avian influenza, Dr CHIANG Lai-wan said that instead of assisting the affected SMEs to apply for loans from the lending institutions, the Administration should consider providing direct financial assistance such as helping them pay for one-month rental. In response, SCED said that using public money to provide direct cash assistance to the affected SMEs would require careful consideration.

41. To relieve the hardship of the business sectors, the Deputy Chairman and Mr Tommy CHEUNG called on the Administration to consider introducing special relief measures such as rates and sewage charge concessions, and waiving the fees of restaurant licence and liquor licence, etc. Pointing out the financial difficulties of the SMEs affected by the "Occupy Central" movement, the Chairman requested the Administration to consider waiving the late payment surcharge of government licence fees and charges to help ease their cash-flow problem. Dr CHIANG Lai-wan called on the Administration to liaise with private property developers, urging them to consider reducing the rental for their commercial premises to ease the hardship of their tenants. Mr Tommy CHEUNG concurred with Dr CHIANG.

42. SCED took note of members' views. He reiterated that the Administration was concerned about the impact of the "Occupy Central" movement on the business operation of SMEs and would continue to closely monitor the latest developments and maintain liaison with the trade, with a view to providing timely and adequate support to enterprises.

*Summing up*

43. The Chairman said that the "Occupy Central" movement had affected Hong Kong's society, economy and people's livelihood to different extent. For the well-being of Hong Kong, he hoped that the "Occupy Central" movement would end as soon as possible so that businesses could resume their normal operation and people could return to normal life. He called on the Administration to convey members' views and suggestions to the Executive Council and to endeavour to provide timely and adequate support to the affected SMEs to tide them over the crisis and sustain their businesses.

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**VII. Any other business**

44. There being no other business, the meeting ended at 4:52 pm.

Council Business Division 1  
Legislative Council Secretariat  
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