

**立法會**  
***Legislative Council***

LC Paper No. CB(1)1043/15-16  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 19 April 2016, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon WONG Ting-kwong, SBS, JP (Chairman)  
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)  
Hon Emily LAU Wai-hing, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon Dennis KWOK  
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, SBS, MH, JP  
Hon CHUNG Kwok-pan

**Members absent** : Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP

**Member attending** : Hon Frankie YICK Chi-ming, JP

**Public officers attending** : Agenda item III  
Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Mr David WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry) 2

Ms Ivy CHAN  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry) 4

Mr Hermes TANG, C.M.S.M.  
Deputy Commissioner of Customs and Excise

Mr Gary LAI  
Assistant Government Chief Information Officer  
(Industry Facilitation)

Agenda item IV

Mr Godfrey LEUNG, JP  
Under Secretary for Commerce and Economic  
Development

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

Mr Daniel CHENG, JP  
Deputy Secretary for Constitutional and Mainland  
Affairs 3

Mrs Hedy CHU  
Acting Director-General of Trade and Industry

Mr Johann WONG, JP  
Deputy Commissioner for Innovation and Technology

**Clerk in attendance :** Mr Desmond LAM  
Chief Council Secretary (1)3

**Staff in attendance :** Miss Rita YUNG  
Senior Council Secretary (1)8

Miss Judy YEE  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

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Action

**I. Information paper issued since last meeting**

(LC Paper No. CB(1)750/15-16(01) -- Information paper on "Hong Kong/Shenzhen Co-operation Meeting")

Members noted the above paper issued since the last meeting.

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

(LC Paper No. CB(1)794/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(1)794/15-16(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 17 May 2016 from 2:30 pm to 4:30 pm to discuss the following items proposed by the Administration :

(a) New initiatives for promotion of innovation and technology; and

(b) Progress on the implementation of the revised Industrial Estate Programme.

3. Ms Emily LAU noted that recently some small and medium enterprises ("SMEs") had faced difficulties in obtaining loans from the banks for meeting their business needs, since the banks were in general reluctant to offer loans to local SMEs. In this connection, she suggested that the Administration should brief the Panel on the updated initiatives to support SMEs, including the assistance in helping them tide over their liquidity needs. Dr CHIANG Lai-wan suggested that views from SMEs on their financial and operational difficulties should be received at the meeting. Mr Martin LIAO said that the operation of the banks and lending institutions in approving loans related to financial matters which were under the purview of the Financial Services and the Treasury Bureau ("FSTB"). Members agreed to invite representatives of both the Commerce and Economic Development Bureau and FSTB to attend the meeting.

(*Post-meeting note:* The Secretariat had written to the Secretary for Commerce and Economic Development on 22 April 2016 conveying members' views and suggestions.)

### **III. Setting up of a trade single window**

(LC Paper No. CB(1)794/15-16(03) -- Administration's paper on "Development of a Trade Single Window"

LC Paper No. CB(1)794/15-16(04) -- Paper on setting up a trade single window prepared by the Legislative Council Secretariat (background brief))

#### Presentation by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") briefed members on the proposal to establish a full-fledged Trade Single Window ("SW") for the one-stop lodging of all documents from the trade to the Administration in relation to importing and exporting goods, and the proposed creation of a supernumerary post of Administrative Officer Staff Grade C ("AOSGC") (D2) for an initial period of three years to head a new dedicated Project Management Office ("PMO") that would take forward the SW initiative. Details of the SW proposal and the staffing proposal were set out in the Administration's paper (LC Paper No. CB(1)794/15-16(03)).

5. PSCIT advised that the Administration launched a three-month public consultation exercise on the development of an SW in Hong Kong on 13 April 2016 to gauge the views of stakeholders and the public. Subject to members' views, the Administration would submit the staffing proposal for the creation of a supernumerary directorate post in the PMO to the Establishment Subcommittee for recommendation and the Finance Committee for approval. The Administration planned to submit its first funding proposal to the Finance Committee on the preliminary design of the SW in early 2017.

#### Discussion

6. The Chairman reminded members that in accordance with Rule 83A of the Rules of Procedure of the Legislative Council, they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under

discussion at the meeting before they spoke on the proposals.

7. Mr Andrew LEUNG and Mr Jeffrey LAM disclosed respectively that they were engaged in manufacturing industry involving import and export of goods. Mr LEUNG and Mr LAM said that they were the Legislative Council representative of the Federation of Hong Kong Industries and the Hong Kong General Chamber of Commerce respectively. Mr LAM added that the Hong Kong General Chamber of Commerce was one of the Government Approved Certification Organizations of Certificates of Origin, and provided a wide range of certification and trade documentation services for the business sector.

*Setting up of a Trade Single Window in Hong Kong*

8. Mr Andrew LEUNG, Mr Frankie YICK, Mr CHUNG Kwok-pan and Mr SIN Chung-kai generally supported the establishment of a full-fledged SW to facilitate the trading community in meeting the business-to-government ("B2G") document requirements. Mr Frankie YICK said that the logistics sector had been calling for the setting up of an SW for many years, and urged for expedited implementation of the proposed SW.

9. In response, PSCIT advised that the Administration proposed that the future SW be implemented in three phases. The planning and development for Phase 1 was now underway for rolling out as early as possible, tentatively scheduled for the first quarter of 2018. The development of Phases 2 and 3 would be subject to the passage of the legislative and funding proposals by the Legislative Council. PSCIT called for members' support for the early creation of a supernumerary directorate post to oversee and steer the work of the PMO, including developing the SW infrastructure, reviewing the legal framework and taking forward the legislative amendments relating to the use of the SW.

10. Mr Jeffrey LAM enquired about the implications of the implementation of the SW on the existing service providers and agents. PSCIT advised that the existing service providers and agents of the Government Electronic Trading Services might serve as value-added service providers to develop enhancement services to help SW users make the most of the new SW environment.

11. Mr CHUNG Kwok-pan called on the Administration to actively engage relevant stakeholders, including trade associations and industry bodies (such as the Textiles Advisory Board and other small and medium industry associations), and take into account their views when taking forward the SW project. PSCIT responded that a three-month public consultation exercise was now underway. Industry consultation forums and briefings for various industry stakeholders, chambers of commerce, business associations, advisory bodies, etc. would be organized during the period.

12. Mr SIN Chung-kai supported the establishment of an SW which could streamline business processes and enhance trade efficiency. He considered that the design of the SW information technology infrastructure should be forward-looking so as to cater for future development. The Chairman considered that any new trade control requirements to be introduced in the future should be incorporated into the SW to facilitate the operation of the industry. Dr CHIANG Lai-wan suggested that the Administration should provide appropriate technical support for small and medium enterprise SW users in future. PSCIT took note of members' views.

13. Ms Emily LAU expressed concern about Hong Kong's competitiveness in trade in goods and position as a logistics hub. She asked whether Hong Kong had lagged behind other economies in implementing an SW. In response, PSCIT advised that the setting up of an SW would enable Hong Kong to follow closely the international development and maintain Hong Kong's competitiveness in trade in goods and position as a logistics hub. It would also help the business sector tap the opportunities that would arise from better linkages with other economies. Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2 added that various electronic trade facilitation initiatives had been implemented over the years, including the Government Electronic Trading Services which was introduced in 1997 for the trading community to submit commonly used trade documents to government agencies via private sector service providers. The SW would be an important information technology investment for trade facilitation. The Administration would strive for a user-friendly design for the web-based SW.

#### *Trade Single Window Fees*

14. The Chairman, Mr Andrew LEUNG, Mr Frankie YICK and Mr Jeffrey LAM expressed concern about the future fee levels of the 51 B2G documents and submissions to be covered by the SW. Given that the introduction of the SW would create opportunities for the participating government agencies ("PGAs") to streamline business processes and integrate computer systems, thus help saving manpower and resources, these members urged that the fees to be charged by the SW should be lower than the existing fee levels, and that the existing free-of-charge services should be maintained.

15. PSCIT responded that it was the established policy that fees charged by the Administration should in general be set at levels adequate to recover the full cost of providing the goods or services, unless otherwise justified. PGAs would review the existing fees for their services as well as justifications for those currently free-of-charge services, and identify possible cost savings with a view to achieving full-cost recovery as far as possible in the new SW environment.

PSCIT further said that the change in the submission mode to be brought by the SW was neutral and should not attract a new fee. The Administration would carefully consider the views on SW fees received in the consultation exercise.

16. To support the export sector and promote the development of electronic commerce, Mr Andrew LEUNG called on the Administration to consider waiving the import and export declaration ("TDEC") charges, which were basically calculated on the value of the goods, and simplifying the declaration procedures. PSCIT took note of Mr Andrew LEUNG's suggestion and said that the declaration charge per export declaration was only \$0.2 for the first \$46,000 of the value of the goods and \$0.125 for each additional \$1,000. On simplifying export declaration procedures, PSCIT advised that careful consideration should be given to avoid creating loopholes in and possible abuse of the trade control system.

#### *Pre-shipment documentation regime*

17. As regards the proposal of the new requirement for pre-shipment TDEC and Cargo Reports to replace the existing post-shipment documentation requirement, the Chairman, Mr Andrew LEUNG, Mr Frankie YICK and Mr Jeffrey LAM expressed concerns about the feasibility of a pre-shipment TDEC scheme in Hong Kong as some information might not be available on time. They were also concerned about the legal liability for mis-reporting, as well as the time and costs required to make post-shipment amendments.

18. In response, PSCIT advised that Hong Kong was the only major trading economy in the world allowing submission of post-shipment TDEC. A possible change to a pre-shipment documentation regime would enable Hong Kong to align with the international mainstream practice and facilitate smoother and seamless cargo clearance which would benefit the trading community.

19. PSCIT further advised that in formulating the pre-shipment documentation proposal, the Administration had taken into account the views of industry stakeholders, particularly through the engagement sessions held in the summer of 2015. The Administration acknowledged that requiring pre-shipment TDEC and Cargo Report would represent a paradigm shift from the existing position and would consider the genuine concerns of the industry. The Administration would work closely with stakeholders in developing the future arrangements and finding possible ways to address their concerns, for example, by giving sufficient time for parties to submit pre-shipment TDEC, allowing certain post-deadline amendments that were reasonably or genuinely necessary, and ensuring reasonable information requirement of pre-shipment TDEC.

*Trade Single Window connectivity*

20. Mr Frankie YICK called on the Administration to explore opportunities to connect Hong Kong's SW with that of the Mainland to enhance trade efficiency. Mr CHUNG Kwok-pan called on the Administration to take into consideration the industry's views on external connections of the SW and sharing of information.

21. PSCIT responded that the future connection with SWs of different economies would be subject to bilateral arrangements between customs jurisdictions as well as traders' consent. The Administration would consider the views of stakeholders in formulating future arrangements.

*Proposed creation of a supernumerary directorate post*

22. Dr CHIANG Lai-wan sought elaboration on the proposed creation of a supernumerary directorate post to head a new dedicated PMO to take forward the SW initiative. She also enquired whether manpower would be saved in the PGAs after implementation of the SW.

23. In response, PSCIT advised that the proposed supernumerary AOSGC (D2) post would be designated as Principal Assistant Secretary (Single Window) ("PAS(SW)") in the Commerce and Economic Development Bureau, initially for three years, to oversee and steer the work of the PMO. PAS(SW), together with the 16 non-directorate posts in the PMO, would take forward the SW initiative. The Administration would review the arrangement for the post at an appropriate juncture before its expiry in the light of the project progress, operational experience and an assessment of the updated implementation plan ahead. PSCIT reiterated that the SW was a single information technology platform for the submission of 51 B2G trade documents currently required by nine government agencies. The SW would create opportunities for the PGAs to promote online services, streamline business processes and integrate computer systems, thereby saving manpower and other resources.

*Summing up*

24. The Chairman concluded that the Panel supported in principle the SW initiative and the staffing proposal of the Administration to create a supernumerary post of AOSGC (D2) for an initial period of three years to head a new dedicated PMO to take forward the work. The Panel supported that the proposal be put forward to the Establishment Subcommittee for consideration.



**IV. Trade relations between the Mainland and Hong Kong**

(LC Paper No. CB(1)794/15-16(05) -- Administration's paper on "Trade relations between the Mainland and Hong Kong"

LC Paper No. CB(1)794/15-16(06) -- Paper on trade relations between the Mainland and Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

25. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the latest position of the trade relations between the Mainland and Hong Kong, covering a wide range of areas including the Mainland and Hong Kong Closer Economic Partnership Arrangement; the restructuring and upgrading and the development of domestic sales of Hong Kong enterprises in the Mainland; promotion of investment; and innovation and technology and e-commerce. Details of the latest developments are set out in the Administration's paper (LC Paper No. CB(1)794/15-16(05)).

Discussion

*Capitalizing on the opportunities under the Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road*

26. Ir Dr LO Wai-kwok noted that the Administration would form a steering committee to co-ordinate work between government departments to explore and capture the trade opportunities under the Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road ("Belt and Road") Initiative and suggested that the Administration should invite representatives of the private sector to join the steering committee or to form an advisory council to incorporate the views and experience of the private sector in trade development and formulating policies on the Belt and Road Initiative. Ir Dr LO said that some relevant industries, for example the engineering industry, had been engaged in projects in countries in the Belt and Road region and could share their experience and strategies with the Administration.

27. USCED took note of Ir Dr LO's view and advised that as announced in the Policy Address 2016, \$200 million would be allocated to support the professional services sector in enhancing exchanges and co-operation with countries in the Belt and Road region. At present, the Administration was consulting the related organizations about the implementation details of the scheme. Furthermore, the

Belt and Road Summit would be held on 18 May 2016 where speakers from overseas, the Mainland, as well as Hong Kong would exchange views and ideas on exploring the business opportunities presented by the Belt and Road Initiative.

28. The Chairman shared Ir Dr LO's view on the importance of tapping the opportunities in the Belt and Road region. As the Mainland could now engage in direct trade with many foreign economies, the profits from re-export between the Mainland and overseas markets decreased. To adapt to the new trading environment and expand business, the Chairman urged the Administration to take the initiative in exploring the opportunities in the emerging markets in the Belt and Road region to provide business intelligence and minimize the risks of Hong Kong enterprises in investing in these emerging markets.

29. USCED assured members that the Commerce and Economic Development Bureau ("CEDB") and the Trade and Industry Department had signed the Investment Promotion and Protection Agreements with foreign economies to protect Hong Kong enterprises investing overseas.

30. On fostering trade relations in the Mainland, the Chairman called on the Administration to explore co-operation opportunities in regions other than Southern Mainland which had long trade relations with Hong Kong. Instead, the Administration should consider negotiating regional co-operations in Northeast or Northwest Mainland where there were untapped opportunities.

31. USCED advised that the Administration had newly established one liaison unit in Northeast Mainland, located in Shenyang city of Liaoning Province. In addition, the Administration planned to establish six more liaison offices in the Mainland to broaden the network of the offices of the HKSAR Government in the Mainland. Deputy Secretary for Constitutional and Mainland Affairs supplemented that in an effort to expand the network of its offices in the Mainland, the Administration had set up five offices and five liaison units in the Mainland, including two liaison units in Liaoning and Shandong respectively. The six liaison units planned to be established aimed to tap the business opportunities in regions which were relatively unexplored by Hong Kong enterprises and to provide more assistance to Hong Kong enterprises investing there.

*Assisting Hong Kong enterprises in deteriorating business environment*

32. Dr CHIANG Lai-wan expressed concern over the declining competitiveness of Hong Kong ports and the shrinking volume of import/export trade. Dr CHIANG pointed out that in recent years, the lower costs of Mainland ports had attracted many manufacturers to switch there to conduct import/export trade, rather than Hong Kong ports. To maintain Hong Kong's leading position

in the industry, Dr CHIANG enquired whether the Administration had considered any measures to boost the volume of import/export trade for Hong Kong.

33. USCED advised that currently Hong Kong ranked 5<sup>th</sup> in terms of the volume of import/export trade. USCED added that the operation of ports was under the purview of the Transport and Housing Bureau, but CEDB had implemented a number of measures to assist Hong Kong enterprises in enhancing business operation. For example, the \$1 billion-Dedicated Fund on Branding, Upgrading and Domestic Sale provided funding support to assist Hong Kong enterprises in exploring and developing the Mainland market. Quasi-government organizations such as the Hong Kong Trade Development Council ("HKTDC") and the Hong Kong Productivity Council ("HKPC") also promoted the products and services of Hong Kong enterprises in both the Mainland and overseas markets, and support to Hong Kong enterprises in technological upgrading.

34. Dr CHIANG Lai-wan enquired whether the rising tension between Hong Kong people and Mainland tourists had any negative impact on Mainland/Hong Kong trade. USCED advised that the decrease in the number of tourists may not be necessarily related to trade relation but added that the recent overall volume of trade was slightly below expectation. USCED added that organizations such as HKTDC, HKPC and the chambers of commerce had been providing support to Hong Kong enterprises to enhance their competitiveness.

**V. Any other business**

35. There being no other business, the meeting ended at 3:54 pm.