

立法會

Legislative Council

LC Paper No. LS62/16-17

Paper for the House Committee Meeting on 12 May 2017

Legal Service Division Report on Proposed Resolution under section 23 of the Hong Kong Export Credit Insurance Corporation Ordinance (Cap. 1115)

The Secretary for Commerce and Economic Development has given notice to move a motion at the Legislative Council ("LegCo") meeting of 24 May 2017 to seek LegCo's approval under section 23 of the Hong Kong Export Credit Insurance Corporation Ordinance (Cap. 1115) to increase the maximum contingent liability of the Hong Kong Export Credit Insurance Corporation ("the Corporation") under contracts of insurance from \$40,000 million to \$55,000 million.

2. The Corporation was established in 1966 under Cap. 1115 to promote and support export trade by providing Hong Kong exporters with insurance protection against non-payment risks arising from commercial and political events. The Corporation is required to operate in accordance with Cap. 1115, such as pursuing a policy directed towards securing revenue sufficient to meet all its expenditure properly chargeable to its revenue account (section 9(4)). Under section 18 of Cap. 1115, the Government must guarantee the payment of all moneys due by the Corporation.

3. Under section 23 of Cap. 1115, the contingent liability of the Corporation under contracts of insurance must not at any time exceed such limit as may be determined by LegCo by resolution. The current limit is \$40,000 million, which has been in force since December 2012 (L.N. 194 of 2012).

4. According to the LegCo Brief (File Ref: CITB 30/02/1) issued by the Commerce and Economic Development Bureau in April 2017, as of 31 March 2017, the Corporation's contingent liability under all valid policies amounted to about \$39,100 million, or 97.8% of the maximum liability limit. The Administration considers that, in light of the continuing volatility in the global markets, the Corporation should be provided with sufficient underwriting capacity so that it could continue to provide export credit insurance covers to Hong Kong exporters. To that end, the Financial Secretary proposed in the 2017-18 Budget that the cap on the Corporation's contingent liability under contracts of insurance be increased from \$40,000 million to \$55,000 million.

5. According to paragraph 5 of the LegCo Brief, if LegCo approves the proposed increase, a notice would be published in the Gazette on 26 May 2017 to give effect to the increase of the maximum contingent liability of the Corporation to \$55,000 million on the same day.

6. As advised by the Clerk to the Panel on Commerce and Industry, an information paper on the exercise to implement the proposal in the 2017-18 Budget to increase the cap on the contingent liability of the Corporation from \$40,000 million to \$55,000 million with a view to strengthening the Corporation's underwriting capacity was circulated to Panel members vide LC Paper No. CB(1)648/16-17(01) on 6 March 2017. Members have not made any request for discussion of the subject at a Panel meeting. An information note on the proposal (LC Paper No. FCRI(2017-18)1) was also issued to the Finance Committee in April 2017.

7. No difficulties have been identified in relation to the legal and drafting aspects of the proposed resolution.

Prepared by

LOO Chi-pong, Bonny
Assistant Legal Adviser
Legislative Council Secretariat
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