

立法會
Legislative Council

LC Paper No. CB(1)312/18-19
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by the Administration)

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Panel on Commerce and Industry

**Minutes of policy briefing-cum-meeting
held on Tuesday, 16 October 2018, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon YIU Si-wing, BBS (Chairman)
Hon Alvin YEUNG (Deputy Chairman)
Hon WONG Ting-kwong, GBS, JP
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon SHIU Ka-fai
Hon CHAN Chun-ying, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
- Members attending** : Hon Holden CHOW Ho-ding
Hon YUNG Hoi-yan
- Members absent** : Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Starry LEE Wai-king, SBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHEUNG Kwok-kwan, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public officers
attending**

: Agenda item III

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Miss Eliza LEE, JP
Permanent Secretary for Commerce and Economic
Development
(Commerce, Industry and Tourism)

Ms Vivian SUM, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)1

Mr Gary POON, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)2

Miss Erica NG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)3

Miss Mary TSANG
Acting Deputy Commissioner for Belt & Road

Ms Salina YAN, JP
Director-General of Trade and Industry

Ms Ada LEUNG, JP
Director of Intellectual Property

Mr PHILLIPS Stephen
Director-General of Investment Promotion

Constitutional and Mainland Affairs

Mr Patrick NIP, JP
Secretary for Constitutional and Mainland Affairs

Mr Roy TANG, JP
Permanent Secretary for Constitutional and Mainland
Affairs

Mr Andy CHAN, JP
Under Secretary for Constitutional and Mainland
Affairs

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

Miss Winnie SO, JP
Deputy Secretary for Constitutional and Mainland
Affairs 3

Ms Maisie CHAN
Deputy Secretary for Constitutional and Mainland
Affairs (Special Duties)

Innovation and Technology Bureau

Mr Nicholas W YANG, GBS, JP
Secretary for Innovation and Technology

Mr CHEUK Wing-hing, JP
Permanent Secretary for Innovation and Technology

Mrs Millie NG, JP
Deputy Secretary for Innovation and Technology (1)

Innovation and Technology Commission

Ms Annie CHOI, JP
Commissioner for Innovation and Technology

Mr Ivan LEE, JP
Deputy Commissioner for Innovation and Technology

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

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Information paper issued since the meeting on 17 July 2018

(File Ref: CITB CR 75/53/11 -- Legislative Council Brief on
United Nations Sanctions (ISIL
and Al-Qaida) Regulation)

Members noted the above paper issued since the meeting on 17 July 2018.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)26/18-19(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)26/18-19(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 20 November 2018 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Report on the work of the overseas Hong Kong Economic and Trade Offices and the Offices of the Government of the Hong Kong Special Administrative Region in the Mainland and Taiwan in 2017-2018; and
- (b) Proposed amendments to the Trade Marks Ordinance (Cap. 559).

III. Briefings by the Secretary for Commerce and Economic Development, the Secretary for Constitutional and Mainland Affairs and the Secretary for Innovation and Technology on the Chief Executive's 2018 Policy Address

- (LC Paper No. CB(1)13/18-19(01) -- Administration's paper on 2018 Policy Address — Policy initiatives of Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau

- LC Paper No. CB(1)13/18-19(02) -- Administration's paper on 2018 Policy Address — Policy initiatives of Constitutional and Mainland Affairs Bureau in relation to Mainland co-operation and Taiwan affairs

- LC Paper No. CB(1)13/18-19(03) -- Administration's paper on 2018 Policy Address — Policy initiatives of Innovation and Technology Bureau

- LC Paper No. CB(1)39/18-19(01) -- Speaking note of the Secretary for Constitutional and Mainland Affairs
(Chinese version only; tabled at the meeting and subsequently issued on 18 October 2018)

- LC Paper No. CB(1)39/18-19(02) -- Speaking note of the Secretary for Innovation and Technology
(Chinese version only; tabled at the meeting and subsequently issued on 18 October 2018)

Relevant papers

The Chief Executive's 2018 Policy Address (*issued on 10 October 2018*)

The 2018 Policy Agenda booklet (*issued on 10 October 2018*)

Presentation by the Administration

3. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed the Panel on the policy initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau featured in the 2018 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)13/18-19(01)).

4. Members noted that although Hong Kong's current economic situation remained sound and economic growth was strong, Hong Kong could not stay immune from the uncertainties in the global economy and the escalating trade dispute between China and the United States ("US"). Against this background, the Administration had taken a number of support measures to assist small and medium enterprises ("SMEs") in various sectors in market development and risk diversification. On 1 August 2018, the Administration rolled out enhancement measures to the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund") and the SME Export Marketing Fund to assist the trade in developing new markets and enhancing competitiveness. The Trade and Industrial Organisation Support Fund (a merger between the SME Development Fund and the Organisation Support Programme) was also implemented on 1 October 2018 to provide funding support to non-profit-distributing organizations to implement projects which aimed at enhancing the competitiveness of non-listed Hong Kong enterprises in general or in specific sectors. In addition to the above measures, the Hong Kong Export Credit Insurance Corporation ("ECIC") had implemented special enhanced measures to strengthen its protection for Hong Kong exporters affected by the US tariff measures. The Administration had also decided to enhance the special concessionary measures under the SME Financing Guarantee Scheme operated by the Hong Kong Mortgage Corporation Insurance Limited and extend the application period to further relieve the financing difficulties of local enterprises.

5. Secretary for Constitutional and Mainland Affairs ("SCMA") was then invited to brief the Panel on the policy initiatives of the Constitutional and Mainland Affairs Bureau ("CMAB") in relation to Mainland co-operation and Taiwan affairs featured in the 2018 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)13/18-19(02)) and SCMA's speaking note (LC Paper No.

CB(1)39/18-19(01)).

6. Members noted that the Hong Kong Special Administrative Region ("HKSAR") Government would, under the "one country, two systems" principle, capitalize on the enormous growth opportunities arising from the 13th Five-Year Plan, the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") to enhance cooperation with the Mainland on various fronts through a series of initiatives with a view to expanding Hong Kong's scope for further development.

7. Lastly, the Secretary for Innovation and Technology ("S for IT") was invited to brief members on the policy initiatives of the Innovation and Technology Bureau ("ITB") in respect of promotion of innovation and technology ("I&T") featured in the 2018 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)13/18-19(03)) and S for IT's speaking note (LC Paper No. CB(1)39/18-19(02)).

8. Members noted that on the I&T front, the foci of this year's Policy Address included expediting "re-industrialization"; unleashing the research and development capability of universities and research institutions and fostering technology transfer; bringing I&T into the daily lives of citizens; and building a technology-savvy Government. The Administration's goal was to develop Hong Kong into an international I&T hub in the Greater Bay Area.

Discussion

Multi-pronged strategy to assist the trade amid the China-United States trade dispute

9. Mr CHAN Chun-ying enquired about the Administration's measures to help SMEs tide over the potential economic downturn caused by the China-US trade dispute and the rising interest rates, apart from the special enhancement measures implemented by the ECIC and the extension of the special concessionary measures under the SME Financing Guarantee Scheme.

10. SCED advised that in addition to the short-term measures to cope with the effect of the trade dispute, the Administration had in the past 18 months implemented multifarious medium- to long-term measures to bolster the local economy, including the two-tiered profits tax rates regime implemented from 1 April 2018, whereby the profits tax rate for the first HK\$2 million of profits of corporations was lowered by 50%, as well as additional injections into different funds applicable to SMEs and start-ups. The Administration had also increased the approved commitment of the Export Marketing and Trade and Industrial Organisation Support Fund as well as the BUD Fund by HK\$1 billion and HK\$1.5

billion respectively to support the trade. Moreover, the Administration would implement measures to leverage the opportunities offered by the Greater Bay Area development and the Belt and Road Initiative.

11. Mr CHUNG Kwok-pan urged the Administration to not only meet with the major trade associations and chambers of commerce, but also listen to the needs of those smaller trade associations and chambers of different sectors affected by the China-US trade dispute. Noting that "made in Hong Kong" products were currently not affected by the US's trade measures imposed on Chinese products, Mr CHUNG urged the Administration to leverage Hong Kong's unique status to encourage business enterprises to relocate their production lines to Hong Kong to develop "made in Hong Kong" products. Moreover, the Administration should also strive for Hong Kong's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP"), formerly the Trans-Pacific Partnership ("TPP") in the wake of the US's withdrawal from TPP.

12. SCED responded that the Administration had met many times with trade associations, including about 10 major chambers of commerce and SMEs' trade associations, and solicited their views on how the Administration could further assist the trade in seizing the opportunities of international markets and meeting the challenges arising from the rise of trade protectionism. The Trade and Industry Department had also been discussing with the trade, including specific sectors, such as the electronics, watches and clocks, fur and garment industries, on applying the existing Hong Kong rules of origin that were consistent with Hong Kong's commitments in bilateral or multilateral agreements. The Administration was also working with the Hong Kong Trade Development Council ("HKTDC") on engaging international trade lawyers to explain to the trade the details of trade measures and possible response. In addition, HKTDC had organized more missions in response to the trade's needs in exploring new supply sources and production relocation.

Setting up additional overseas Economic and Trade Offices

13. The Deputy Chairman was concerned about the manpower situation of the overseas Hong Kong Economic and Trade Offices ("ETOs"), in particular, whether the Washington ETO had sufficient manpower to cope with its work amidst the China-US trade dispute.

14. SCED responded that Hong Kong currently had a total of 12 overseas ETOs. Two additional ETOs, namely the Bangkok and Dubai ETOs, were expected to be established shortly. The Administration would seek support for the creation of the relevant posts and funding approval for the two ETOs from the Establishment Subcommittee and the Finance Committee respectively. At this juncture, the Washington ETO had sufficient manpower resources to cope with its work. The

Administration would continue to regularly review the manpower situation of the ETOs and seek additional resources for them if the situation warranted.

Expansion of network of free trade agreements

15. Noting that the HKSAR Government was exploring a free trade agreement ("FTA") with the four members of the Pacific Alliance, namely Chile, Colombia, Mexico and Peru, the Deputy Chairman enquired about the Administration's strategy in choosing which countries to forge FTAs with, and whether regional trading partners would be given priority in this respect.

16. SCED advised that the Administration had been in active pursuit of closer trade relations with foreign economies through the signing of FTAs. In identifying potential FTA partners, the Administration had taken into account such factors as the economies' existing trade relations with Hong Kong and the potential for deepening Hong Kong's regional economic integration. For example, the signing of the FTA between Hong Kong and the Association of Southeast Asian Nations ("ASEAN") in November 2017 would not only strengthen our trade ties with ASEAN, the second largest merchandise trading partner of Hong Kong, but would also lock in the lowered trade barriers among the 11 parties to this FTA. The Administration observed that the rise of protectionism had also reinforced the resolve of the international community to pursue further trade liberalization by forging bilateral or plurilateral trade agreements that were built on commitments made in the World Trade Organization. The negotiations of the Regional Comprehensive Economic Partnership ("RCEP") among 10 ASEAN Member States and ASEAN's six FTA partners, and negotiations of the CPTPP among 11 economies in the Asia Pacific region were two salient examples of such plurilateral negotiations. In this regard, the Administration had indicated its interest in seeking accession to RCEP in due course. Moreover, building on the good foundation of the Strategic Dialogue on Trade Partnership and the joint statement on closer collaboration on trade and economic matters between Hong Kong and the United Kingdom ("UK"), the Administration was exploring with the UK options for forging even closer economic ties in view of Brexit, including the possibility of an FTA in future.

Leveraging the development of the Greater Bay Area

17. The Chairman said that with the commissioning of the Hong Kong Section of the Guangdong-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the new land boundary control point at Liantang/Heung Yuen Wai, a one-hour living circle encompassing Guangdong, Hong Kong and Macao was basically formed which would bring new areas of economic growth. The development of tourism within the Greater Bay Area, in particular, was of vital importance. He urged the Administration to take forward

the plan to facilitate Hong Kong and Macao residents to enter Mainland cities with their existing travel documents through the electronic pass system at the respective control points, and to explore the possibility of extending the Mainland's 144-hour visa-free transit policy to overseas tourists going to the cities within the Greater Bay Area. He also enquired about Hong Kong enterprises' development opportunities in the Greater Bay Area, and particularly suggested that the Administration should subsidize Hong Kong enterprises to invest in tourism-related activities in the Greater Bay Area. In addition, he opined that trade in services should be further developed to complement the possible loss of merchandise trade as a result of the China-US trade dispute.

18. SCMA advised that the development of the Greater Bay Area would bring plenty of development opportunities. For example, the Administration aspired to build an international I&T hub in the Greater Bay Area. With the commissioning of major infrastructure projects, including the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the enormous opportunities in the development of tourism could be fully leveraged in the Greater Bay Area. In this regard, the Administration had proposed a number of facilitation measures for consideration by the relevant authorities to facilitate the flow of people, goods, capital and information in the Greater Bay Area.

19. SCED added that the Administration had been working on the Closer Economic Partnership Arrangement for liberalization of trade in services in the Mainland, including the facilitation of investment in tourism. In this regard, an international tourism conference focusing on the Belt and Road Initiative and the development of the Greater Bay Area would be held in December 2018.

20. Mr WONG Ting-kwong noted that the Chief Executive ("CE") announced in the 2018 Policy Address the setting up of a high-level Steering Committee for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Steering Committee") under her chairmanship, the establishment of a Greater Bay Area Development Office, and the appointment of a Commissioner for the Development of the Greater Bay Area to implement the relevant work. He enquired about the implementation details, including the respective scopes of work and timetable of the above initiatives.

21. SCMA advised that since the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Co-operation in the Development of the Greater Bay Area between the National Development and Reform Commission ("NDRC") and the governments of Guangdong, Hong Kong and Macao, Central Authorities had been pressing ahead the relevant work relating to the development of the Greater Bay Area. Moreover, the first plenary meeting of the leading group for the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("leading group") was convened in August 2018 by Mr HAN Zheng, Vice

Premier of the State Council, with a view to providing top-tier direction to advance the development of the Greater Bay Area and enhancing the co-ordination of its development. CMAB had also allocated resources in taking forward the relevant work.

22. SCMA added that the Steering Committee, with the participation of all Secretaries of Departments and Directors of Bureaux, was vital for the overall co-ordination of matters relating to the HKSAR's participation in the development of the Greater Bay Area. Individual policy bureaux would review how development opportunities could be leveraged under their respective policy areas to facilitate the development of different trades and sectors, and benefit the development of society and people's livelihood. CMAB planned to seek the Legislative Council ("LegCo")'s approval for the setting up of the Greater Bay Area Development Office as soon as practicable, as well as the appointment of the Commissioner for the Development of the Greater Bay Area, who would be responsible for the co-ordination of the major work within the Government, assisting CE in her participation as a member of the leading group and gauging the views of business associations, chambers of commerce, professional bodies and relevant stakeholders on the innovative policies and measures required to help various sectors leverage the opportunities in the Greater Bay Area.

Leveraging Hong Kong's international commerce, investment and professional platform in pursuing the Belt and Road Initiative

23. Mr MA Fung-kwok noted that the first meeting of the Belt and Road Joint Conference was convened in mid-June 2018 in Beijing to oversee the implementation of the Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative which Hong Kong entered into with NDRC in December 2017. He sought details of the Joint Conference's mechanism, and the effort of the Administration in forging ties with the relevant Mainland authorities.

24. SCED advised that Mr NING Ji-zhe, Vice Chairman of NDRC, attended the first meeting of the Belt and Road Joint Conference, at which the strategy and work priorities for promoting Hong Kong's participation in the Belt and Road Initiative were noted. Other central ministries in attendance included the Hong Kong and Macao Affairs Office of the State Council, the Ministry of Foreign Affairs, the Ministry of Transport, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission, and the China Banking and Insurance Regulatory Commission, etc. The HKSAR Government officials attending included the Secretary for Justice, SCED, SCMA, and Under Secretary for Financial Services and the Treasury, etc. Representatives of HKTDC, the Hong Kong Monetary Authority, and the Insurance Authority were also present. SCED pointed out that the Belt and Road

Initiative was a key impetus in driving Hong Kong's future social and economic development. The HKSAR Government would strive to take forward the Belt and Road Initiative, and would make the most of the Belt and Road Joint Conference mechanism to strengthen communication, collaboration and mutual support with the central ministries. The Joint Conference would be convened at least once a year.

Enhanced cooperation with the Mainland

25. Mr CHUNG Kwok-pan enquired how the Administration would strengthen collaboration with Mainland provinces and municipalities to identify more business and development opportunities for Hong Kong's enterprises, and the measures to enhance Hong Kong/Sichuan, Hong Kong/Shanghai, Hong Kong/Beijing and Hong Kong/Fujian cooperation. He was concerned that as the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area had yet to be promulgated, there was little information on how Hong Kong enterprises could leverage the opportunities brought by the development of the Greater Bay Area.

26. SCMA advised that the Administration had been actively exploring room for closer cooperation with Central Authorities and provincial and municipal governments. The scope of cooperation was no longer confined to trade, finance and investment, but had been extended to cover I&T, creative industries and youth exchanges, etc. Meanwhile, the Administration would continue to maintain close contact with industries, business associations, professional bodies and relevant stakeholders, and to listen to their views on how to effectively take forward the development of the Greater Bay Area, so as to ensure that relevant measures would better suit the needs of different sectors of society. SCMA added that cooperation between Hong Kong and Sichuan/Shanghai/Beijing/Fujian spanned a wide spectrum, including the Belt and Road Initiative and economic and trade matters; cultural cooperation; I&T; finance; youth development and facilitation measures for Hong Kong people working, studying and living in the Mainland. Relevant policies would be announced through the established channels and platforms as and when appropriate.

Promotion of Re-industrialization

27. Mr Jimmy NG welcomed the Administration's proposal to establish a HK\$2 billion "Re-industrialization Funding Scheme". He enquired about the eligibility criteria, vetting mechanism and implementation timetable for the Scheme. He hoped that the Administration would take into account the views of the trade in drawing up the relevant details of the Scheme.

28. S for IT said that the Administration adopted an open attitude and had

started liaising with members of the trade on the details of the Scheme. Reference could be drawn from the Administration's experience in implementing other funding programmes. Commissioner for Innovation and Technology ("CIT") added that the Scheme aimed at subsidizing manufacturers on a matching basis to set up smart production lines in Hong Kong. The vetting mechanism would be streamlined and representatives from the trade would be invited to participate in the vetting process. The Administration planned to apply for the necessary funding from LegCo by mid-2019, with a view to launching the Scheme by end-2019.

29. Mr Holden CHOW sought details of the proposed additional allocation of HK\$2 billion to the Hong Kong Science and Technology Parks Corporation ("HKSTPC") for building manufacturing facilities in the industrial estates to meet the industry's demand for advanced manufacturing facilities, including the proposed timetable for implementation, whether it would be in the form of direct subsidy or a loan, the proposed ceiling of the amount of subsidy or loan per enterprise, and whether the eligible advanced manufacturing facility could be a shared one. Mr CHOW opined that the Administration should strive to attract advanced manufacturing facilities in Europe and the US to relocate to Hong Kong, and promote the "made in Hong Kong" products.

30. S for IT said that the policy objective of "re-industrialization" was to develop high value-added manufacturing that was based on new technologies and smart production which did not occupy much land. To this end, advanced manufacturing facilities, whether they were relocated from outside Hong Kong or newly set up, would be encouraged. CIT clarified that the total amount of the proposed funding for promoting re-industrialization would be HK\$4 billion. The HK\$2 billion to HKSTPC was proposed for converting buildings in the industrial estates for advanced manufacturing operations before the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate could be ready for commissioning in a few years' time, so as to meet the demand from manufacturers to set up production bases in Hong Kong and deploy advanced manufacturing technologies. Another HK\$2 billion was proposed for the setting up of the "Re-industrialization Funding Scheme" to subsidize manufacturers on a matching basis to set up new smart production lines in Hong Kong. The proposed form of assistance would be a direct subsidy rather than a loan. Details of the proposal, such as eligibility criteria, vetting mechanism, funding ceiling, etc., would be worked out and submitted to LegCo for approval in due course.

Pro-innovation government procurement policy

31. In response to Mr CHAN Chun-ying's enquiry about details of the pro-innovation government procurement policy announced in the 2018 Policy Address, S for IT said that the Administration would introduce a pro-innovation

government procurement policy in April 2019. By raising the technical weighting and imposing a requirement to embrace innovation in tender assessment, tenders with innovative suggestions would stand a better chance of winning government contracts. The Administration would implement measures to facilitate the participation of I&T start-ups and SMEs in government procurement, such as breaking down government contracts into smaller ones. In addition, the Office of the Government Chief Information Officer would set up a Smart Government Innovation Lab and invite the industry to put forward proposals on information technology ("IT") applications and product suggestions for used in public services.

32. In response to Mr Jimmy NG's enquiry, S for IT said that the Smart Government Innovation Lab would focus on IT solutions which could add value to and enhance the efficiency of government services, which were not confined to those regarded as pioneer or groundbreaking innovation.

Expansion of convention and exhibition facilities

33. Noting that Shenzhen and Guangzhou already had 140 000 and 370 000 square metres of convention and exhibition ("C&E") venues respectively, the Chairman was concerned that Hong Kong had lagged behind and lost competitiveness to neighbouring regions in the provision of C&E facilities. In this regard, he enquired about the progress of Phase Two expansion plan of the Asia World-Expo ("AWE"), including whether the project would be spearheaded by the Administration or the Airport Authority Hong Kong ("AA"), and whether the financing of the project expenditure would be met by AA itself or through government funding.

34. SCED advised that it would be difficult for Hong Kong to match with Mainland cities in terms of the size of C&E space due to the lack of land in Hong Kong. Hong Kong's edge was on hosting high-end C&E activities. There was a genuine need for expansion of C&E facilities in Wan Chai. As reaffirmed by CE in the 2018 Policy Address, the Administration would redevelop the sites of the three government towers in Wan Chai North and Kong Wan Fire Station into C&E facilities, hotel and office. The redeveloped site could provide about 29 000 square metres of dedicated C&E venue, which would be integrated with the Hong Kong Convention and Exhibition Centre so as to increase flexibility in organizing C&E events. The Administration also planned to construct a convention centre above the future Exhibition Centre Station of the Sha Tin to Central Link. SCED added that with the recent completion of acquisition of private interest in AWE by AA, AA would be in a better position to leverage AWE in hosting C&E events. The Administration would discuss with AA on how to take forward the Phase Two expansion plan of AWE to further increase the supply of C&E facilities in Hong Kong, so as to strengthen the competitiveness of Hong Kong's C&E industry.

Regulation of person-to-person telemarketing calls

35. Noting that CE had announced in the 2018 Policy Address that the Administration was studying the feasibility and scope of proposed legislation regulating person-to-person ("P2P") telemarketing calls and requiring traders to provide a cooling-off period in certain service contracts, Mr SHIU Ka-fai said that he felt strongly about the proposed legislation as it would gravely affect the business environment of the trade. Mr SHIU was of the view that telemarketing calls allegedly made by bank staff soliciting potential customer to apply for a loan were actually made by telemarketers falsifying their identities as legitimate financial institutions. Moreover, there would be enforcement difficulties if the calls were originated overseas as they were hard to trace and their activities were outside Hong Kong's legal jurisdiction.

36. SCED acknowledged the concern of the business sector over enhancing the regulation of P2P calls. That said, the findings of an earlier public consultation conducted by the Administration had indicated widespread public support for strengthening the regulation of P2P calls, and many different political parties in LegCo had also expressed support for the proposed legislation. The Administration's target was to develop a legislative framework for the regulation of P2P calls.

Introduction of a mandatory cooling-off period

37. Mr SHIU Ka-fai noted that the Consumer Council had recommended to the Administration the introduction of a mandatory cooling-off period to allow consumers to cancel a purchase unilaterally and seek refund within a reasonable period of time after the conclusion of a contract. It was proposed that if the consumer had paid by credit card, the trader would be allowed to deduct, when making a refund, an administrative fee of not more than 3% of the credit card transaction value. Mr SHIU said that the proposed administrative fee level was insufficient to offset the related expenses that the trader had incurred and the various handling fees and transaction fees that the bank charged the trader for the refund, which might amount to 4% to 10% of the transaction value.

38. SCED advised that the rationale for considering a statutory cooling-off period for beauty and fitness services contracts on the recommendation of the Consumer Council was that the numbers of complaints against these industries were relatively higher, involved larger amounts, and often related to unfair trade practices. The Administration was studying various issues relating to legislating on the cooling-off period arrangement, including the scope of application, length of the cooling-off period, implementation details such as possible administrative

fees, etc., and would listen to views of various sectors. The Administration's target was to put forward a proposed legislative framework for consulting the public and LegCo in early 2019, which would serve as a starting point for focused discussion and deliberations.

39. Noting that the Administration had proposed to hold a joint meeting of the Panel, Panel on Economic Development and Panel on Information Technology and Broadcasting to discuss the proposed framework for implementing a cooling-off period and legislative proposals for the establishment of a statutory Do-not-call Register for strengthening regulation of P2P telemarketing calls, Mr SHIU Ka-fai reiterated his suggestion made in the last Panel meeting that separate discussions should be arranged for the subjects of "the proposed framework for implementing a cooling-off period" and "the legislative proposals for the establishment of a statutory Do-not-call Register for strengthening regulation of P2P telemarketing calls", so as to allow more focused discussion and sufficient time for members' deliberations on the subjects. The Chairman said that the Clerk would follow up the matter with the Administration.

(Post-meeting note: In response to Mr SHIU Ka-fai's suggestion, the Administration subsequently proposed that the "cooling-off" item be discussed at the regular meeting of the Panel on Economic Development in January 2019, and the "P2P telemarketing calls" item be discussed at the regular meeting of the Panel on Information Technology and Broadcasting in April 2019. Panel members would be invited by the two Panels to join the respective discussions. At the meeting on 20 November 2018, Panel members noted the Administration's above latest proposal and raised no objection thereto.)

Tourism strategies

40. Mr CHU Hoi-dick said that in 2017, Hong Kong had a total of 58.5 million visitor arrivals, and there was a double-digit year-on-year growth rate in visitors from the Mainland. He enquired whether the Administration would review the "one trip per week" Individual Visit Endorsements policy so as to alleviate the heavy pressure on Hong Kong's public resources, and enhance the quality of the visitors' experience rather than striving for an ever-increasing number of visitors.

41. SCED advised that as set out in the Development Blueprint for Hong Kong's Tourism Industry promulgated in October 2017, one of the four development strategies was to develop a diversified portfolio of visitor source markets for Hong Kong. To facilitate the balanced, healthy and sustainable development of the tourism industry and to formulate forward-looking strategies for the future development, the Administration had been actively pressing ahead various initiatives, including promoting the in-depth district tourism to enable

visitors to experience Hong Kong's local life and district characteristics. The Administration would continue to identify suitable local areas for district tourism promotion to divert tourists from traditional tourist attractions, and to promote the development of green and eco-tourism. The Administration would also continue to establish cooperation platforms with the Greater Bay Area cities to jointly develop more "multi-destination" tourism products, and to encourage the Hong Kong travel trade to seize the development opportunities in the Greater Bay Area to develop more tourism products featuring the Greater Bay Area for Hong Kong people and "multi-destination" visitors. SCED added that the Administration considered the "one trip per week" policy effective in monitoring the number of Mainland visitors. It would be inappropriate for Hong Kong as a free city to impose any quota on incoming visitors.

Making use of innovation and technology to protect the environment

42. In response to Mr CHU Hoi-dick's enquiry about ITB's role in combatting global climate change, S for IT said that in addition to economic development, ITB attached great importance to social development and environmental issues. In this regard, ITB would continue to discuss with the Environment Bureau on the formulation of smart city initiatives to create a low-carbon and more sustainable environment. For example, the Multi-functional Smart Lamp-posts announced in the 2017 Policy Address would be installed with light-emitting diode (LED) lighting and sensors for the collection of various real-time city data, including meteorological data.

Other issues

43. Mr MA Fung-kwok welcomed CE's announcement in the 2018 Policy Address to make a one-off injection of HK\$1 billion into the Film Development Fund to support initiatives for boosting the development of the film industry in the next few years. He said that Hong Kong's practitioners in the television, film and entertainment industries still faced many restrictions in trying to enter the Mainland market, and urged the Administration to strive with the Mainland authorities for the removal of such restrictions.

44. SCED advised that the Administration would continue to work on the further opening up of the Mainland market to Hong Kong's creative industries. Issues relating to policy initiatives that would facilitate the development of creative industries in the Mainland market would be discussed at the Policy Briefing of the Panel on Information, Technology and Broadcasting.

IV. Any other business

45. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
17 December 2018