

**NOTE FOR PUBLIC WORKS
SUBCOMMITTEE OF THE FINANCE
COMMITTEE**

**Supplementary information on
108KA - Purchase and fitting-out of office accommodation for
the Hong Kong Economic and Trade Office in Brussels**

INTRODUCTION

When Members considered paper PWSC(1999-2000)51 on **108KA** - Purchase and fitting-out of office accommodation for the Hong Kong Economic and Trade Office in Brussels at the PWSC meeting held on 16 June 1999, the Administration undertook to provide the following supplementary information –

- (a) additional information on the increase in workload and scope of activities of the Brussels Office as stated in paragraph 4 of the PWSC paper and relevant bilateral trade statistics in respect of countries under the purview of the Brussels Office;
- (b) the number of meetings and briefings undertaken by the Brussels Office to enhance the understanding or dispel the misconception about the status and operations of the Hong Kong Special Administrative Region (HKSAR), as well as to deal with increased interest from the European media, public and private sector; and
- (c) the number and costs of functions organised by the Brussels Office in rented premises and the estimated savings to be achieved if the Brussels Office is accommodated in the proposed new office.

THE ADMINISTRATION'S RESPONSE

2. As regards (a) in paragraph 1 above, the increase in workload and scope of activities of the Brussels Office in the past few years is due to the following reasons –

- (a) expansion of membership of the European Union (EU) from 12 to 15 in 1995 with the addition of Austria, Sweden and Finland with whom for which the Brussels Office needs to maintain and develop close bilateral commercial relations with;
- (b) launching of the economic and monetary union and of the Euro in January 1999 which requires close monitoring and the establishment of a separate network of contacts with finance and Central Bank officials;
- (c) increasing harmonisation of standards and other internal market reforms throughout the Union which may have an impact on exports from Hong Kong to the EU;
- (d) proliferation of regulations at the EU and Member States (MSS) levels for consumer protection, health and food safety reasons which may have an impact on Hong Kong; and
- (e) institutional reform of the EU which will affect its decision-making procedures.

As a result of the above changes, the Brussels Office has to expand its liaison network and undertake more meetings with European Commission (EC) and MSS officials, non-governmental organizations (NGOs) representatives as well as other private sector contacts. These meetings are necessary to enable us to maintain a good bilateral relationship with the EC and MSS, to gather information, to answer enquiries and, where necessary, to lobby officials on specific economic and trade issues and to put across a more balanced account of the situation in Hong Kong.

3. It should be stressed that Hong Kong's trade with the MSS of the EU (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxemburg, Netherlands, Portugal, Spain and Sweden) and Turkey which are

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under the purview of the Brussels Office has consistently accounted for over 10% of Hong Kong's total external trade in the past five years, as set out below –

	1994	1995	1996	1997	1998
Total trade of the 15 countries under the Brussels Office's purview with Hong Kong (value in HK\$ million)	246,158	292,557	303,827	311,643	286,396
% of Hong Kong's total external trade	10.2	10.3	10.4	10.1	10.3

4. With regard to (b) in paragraph 1 above, the number of meetings undertaken by the Brussels Office in the last five years are set out in the following table –

	1994	1995	1996	1997	1998
Meetings with government officials, NGO representatives, opinion formers and private companies	573	684	761	738	798

5. As regards the European official circle, interest in the developments in Hong Kong has remained and is expected to remain high following our reunification with China. Both the European Council and Commission have indicated that they will continue to monitor the situation in Hong Kong. Moreover, the Commission has been tasked to publish a report on

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Hong Kong on an annual basis. The European Parliament also takes an active interest in Hong Kong and has published a report on Hong Kong after the transition.

6. Similarly, business and media interest in Hong Kong has been high. This is particularly the case after the outbreak of the Asian financial and currency crisis. Media coverage on Hong Kong in major European newspapers and periodicals monitored by the Brussels Office was substantial. For example, there were some 800 press clippings each month on Hong Kong in both December 1997 and January 1998 because of the financial turmoil in the Asian region. Some 700 press clippings were recorded in July 1998 on the first anniversary of the establishment of the HKSAR. Of course, the number of press articles on Hong Kong varies from month to month and, to an extent, is also affected by other major news in Europe. Nevertheless, they provide a good indicator of continued media interest in Hong Kong.

7. The number of media briefings and the number of public relations functions and seminars organised by the Brussels Office in the last five years are set out below –

	1994	1995	1996	1997	1998
Briefings for the media	10	20	35	41	67
Public relations functions and seminars	24	43	31	36	49

8. As regards (c) in paragraph 1 above, the number of functions organised by the Brussels Office in rented premises varies from year to year. Last year, the Brussels Office organised five seminars and three press briefings in rented premises at a cost of some \$70,000¹. It is expected that substantial

¹ For Of the five seminars, one was fully sponsored by a bank and the cost of which has not been included in the above figure. Also the Belgium/Hong Kong Society made a financial contribution to three events based on the number of its members attending the function.

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can be achieved by the Brussels Office if this type of events can be held in the proposed new office. Also, with improved meeting facilities in the proposed new office, the Brussels Office will be able to organise more small group briefings and discussions with both the media and important opinion formers in the public and private sectors on issues relating to or impacting on Hong Kong, in addition to more PR events.

Trade and Industry Bureau
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