

Bureau Serial No.

TIB 5

Question Serial No.

0244

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 181 Trade Department Subhead (No. & title) :

Programme : 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : Trade Department will delete 21 posts under Programme (2) in 2000-01. What are the posts to be deleted?

Asked by : The Honourable Mrs Sophie LEUNG LAU Yau-fun, JP

Reply :

The 21 posts to be deleted in 2000-01 comprise the following:

- (a) A net deletion of 10 posts under the Enhanced Productivity Programme. This includes the deletion of three posts of Inspector (Telecommunications), 11 posts of Clerical Officer and two posts of Clerical Assistant; and the creation of six Assistant Clerical Officer posts. These are achieved through re-ranking of licensing officers, redistribution of duties for better utilisation of resources and merging of common services.
- (b) Deletion of 12 posts, namely one Clerical Officer, five Assistant Clerical Officers and six Clerical Assistants upon the full implementation of Electronic Data Interchange System for Certificate of Origin. Discounting the creation of a Chinese Language Officer II post for one year, the net number of posts to be deleted is hence 11.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Bureau Serial No.

TIB 10

Question Serial No.

0245

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 181 Trade Department Subhead (No. & title) :

Programme : 18101 Commercial Relations
 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : The expense for 2000-01 under Subhead 149 is \$34,259,000. How much will be allocated to staff training, enhancement of homepage and EDI-related services and supporting IT development in the department respectively?

Asked by : The Honourable Mrs Sophie LEUNG LAU Yau-fun, JP

Reply :

In 2000-01, we have proposed to reserve under Subhead 149 General departmental expenses, \$5,171,000 for maintenance and continual improvement of Electronic Data Interchange-related services, \$658,000 for staff training (of which \$475,000 will be earmarked for Electronic Data Interchange and other computer training), \$300,000 for homepage enhancement, and \$242,000 for recruitment of a contract IT staff to assist in homepage enhancement work.

Signature _____
Name in block letters Joshua C K LAW
Post Title Director-General of Trade
Date March 2000

Bureau Serial No.

TIB 11

Question Serial No.

0246

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 181 Trade Department Subhead(No. & title) :

Programme: 18101 Commercial Relations
18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : Provision for trade negotiations and associated activities under Subhead 186 registers an increase of 18.8% (i.e. \$523,000) over the last financial year. Please specify the areas in which trade negotiation activities are expected to increase.

Asked by :The Honourable Mrs Sophie LEUNG LAU Yau-fun, JP

Reply :

We envisage that 2000-01 will be a busy year for the Trade Department. The failure of the World Trade Organisation (WTO) Ministerial Meeting at Seattle last year to launch a new round of multilateral trade negotiations means that we would need to continue with intensive negotiations on how the divergent positions of WTO members on various issues could be bridged. Discussions in Geneva will at times need to be augmented at the political level by participation of "capital-based" officials from Hong Kong. In addition, notwithstanding the failure to launch a new round, the WTO negotiations on services have in fact started with effect from 1 January 2000, as mandated in the Uruguay Round Agreement. Given the importance of services trade to Hong Kong, we need to intensify our efforts both in negotiations with other WTO members and in consulting and involving various sectors of the business community that may be affected by the negotiations. We will also continue to engage our major trading partners in a wide range of consultations/negotiations on issues such as initiatives to facilitate electronic data exchange, combating illegal transshipment and origin fraud, anti-dumping/anti-circumvention proceedings that may affect Hong Kong etc.

We estimate that a provision of \$3.3m under Subhead 186 Trade negotiation and associated activities is required to meet the need of the department in 2000-01. The provision is to meet expenses arising from both overseas and local negotiations/consultations, including air tickets and hotel accommodation.

Signature _____
Name in block letters Joshua C K LAW
Post Title Director-General of Trade
Date March 2000

Bureau Serial No.

TIB 20

Question Serial No.

0252

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The amount of guarantees issued by the Government under the Special Finance Scheme for SMEs is more than \$3.3b in 1999 but the estimated amount of guarantees for 2000 is only \$2b. What are the reasons for this reduction?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

The total amount of guarantees that the Administration could commit under the Special Finance Scheme, as approved by the Finance Committee of the Legislative Council in November 1999, was \$5b. As \$3.37b have already been committed by end of 1999, we therefore estimate that the Administration can only commit another \$2b under the Scheme in 2000. This figure takes into account the then uncommitted amount of \$1.63b (i.e. \$5b - \$3.37b) and the recycled funds from expired and released guarantees, which are estimated to be around \$0.37b for 2000.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 21

Question Serial No.

0253

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Industry Department will implement initiatives on the advice of the Small and Medium Enterprises Committee. What are the details and the estimated provision made available for such initiatives?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

The Small and Medium Enterprises Committee (SMEC) advises the Government on issues relating to the development of SMEs in Hong Kong and makes recommendations on measures to support and facilitate their development.

Discussion with the SMEC on initiatives to be taken to support the development of SMEs is a continuous exercise. To-date, it has been agreed that the following support services for SMEs should be provided by the Industry Department in 2000:

- (a) organise the SME Day 2000 with the SMEC on 27 March 2000. Events will include a seminar on how to apply innovation and technology by SMEs and SMEs financing, and a virtual discussion forum on issues relating to the development of SMEs; and
- (b) updating the SME Development Support Plan which was first published in November 1999. The revised Plan will be published in late 2000.

We estimate the cost of organising the SME Day 2000 and updating the Plan to be about \$500,000. Provision has been made under the capital account subhead (General other non-recurrent) for carrying out these and other initiatives which the SMEC may wish to see begin in 2000-01.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 22

Question Serial No.

0254

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Industry Department will update the SME Development Support Plan. What are the details and whether any provision will be involved?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

The SME Development Support Plan (the Plan) was published in hardcopy in November 1999 and also made available on the internet on virtual SME Information Centre's webpage (<http://www.sme.gcn.gov.hk>). The Plan provides comprehensive information on the support services for SMEs that are currently provided by the government and all the major industry support organizations. We aim to update the Plan once a year initially.

We estimate the cost of updating the Plan in both soft and hard copies to be about \$150,000. Provision has been made under the capital account subhead 700 (General other non-recurrent) for this purpose.

Signature _____

Name in block letters Francis HO _____

Post Title Director-General of Industry _____

Date 18.3.2000 _____

Bureau Serial No.

TIB 28

Question Serial No.

0255

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7305 Technology Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Industrial Support Fund (ISF) and the Services Support Fund (SSF) were subsumed under the Innovation and Technology Fund (ITF) since the latter's inception in 1999, and the number of projects funded and monitored under ITF in 1999 was 267. Why is that the estimated number of new projects for this year is only 103? What is the total provision for the new projects?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

The 267 projects represent ongoing projects approved cumulatively over the past few years. The projected number of 370 projects for 2000 comprises 177 ongoing projects and 193 new projects to be approved. The provision for new projects in 2000-01 is \$659m.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 14

Question Serial No.

0264

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7302 Investment Promotion

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Government will establish a new agency for investment promotion under the Trade and Industry Bureau in 2000-01 to take over the investment promotion functions of the Industry Department. Please advise this Council:

Whether the organizational set-up responsible for investment promotion in the Industry Department, which has 15% of its total provision, will be disestablished? If yes, how will the remaining funds be apportioned? If no, what will be the direction of the original organisational set-up and whether there will be changes to the total provision sought?

Asked by : The Honourable SIN Chung-kai

Reply :

It is the intention of Government to set up a new investment promotion agency to be known as "Invest Hong Kong", subject to the approval of the Legislative Council. Upon the setting up of "Invest Hong Kong", the Investment Promotion Division of Industry Department will be disestablished and most of its resources will be re-allocated to the new agency. We are working out the detailed arrangements for the new agency.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 23

Question Serial No.

0265

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Government will transfer the responsibility for supporting industries and small and medium enterprises (SMEs) from the Industry Department to the Trade Department in 2000-01. Would the Government inform this Council how the provision allocated will be dealt with and whether the support to SMEs will be reduced?

Asked by : The Honourable SIN Chung-kai

Reply :

We are working out detailed proposals regarding the reorganisation, including changes to staff establishment and estimates under relevant heads of expenditure. We intend to submit in due course detailed proposals to the Establishment Subcommittee and Finance Committee for approval.

We do not intend to reduce support to SMEs after the reorganisation. The new Trade and Industry Department will become the single front-line department serving industry and trade. Consolidating support services under one department will create synergy, improve efficiency and provide more convenient one-stop services to SMEs and other clients.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Last year, there were nearly 300 000 small and medium enterprises (SMEs) in Hong Kong. However, the estimated amount of guarantees to be issued by the Government under the Special Finance Scheme for SMEs will be significantly reduced by more than \$1.3b in the coming year. What are the reasons for this reduction?

Asked by : The Honourable Mrs Selina CHOW LIANG Shuk-ye, JP

Reply :

The total amount of guarantees that the Administration could commit under the Special Finance Scheme, as approved by the Finance Committee of the Legislative Council in November 1999, was \$5b. As \$3.37b have already been committed by the end of 1999, we therefore estimate that the Administration can only commit another \$2b under the Scheme in 2000. This figure takes into account the then uncommitted amount of \$1.63b (i.e. \$5b - \$3.37b) and the recycled funds from expired and released guarantees, which are estimated to be around \$0.37b for 2000.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**Head : 73 Industry DepartmentSubhead

(No. & title) :

Programme : 7304 Development SupportControlling Officer : Director-General of IndustryBureau Secretary : Secretary for Trade and Industry

Question : Only 7 300 enquiries were received by the Small and Medium Enterprises (SMEs) Information Centre last year, and the estimated number of enquiries to be handled in the coming year is just 8 500. These enquiry figures are disproportionate to the large number of the SMEs established in Hong Kong. Does it mean that the Centre can neither attract the patronage of SMEs nor perform its functions properly? Would the Government explain why is it the case and ensure the resources allocated are utilised appropriately?

Asked by : The Honourable Mrs Selina CHOW LIANG Shuk-ye, JPReply :

The enquiries figures are not a good indicator of the utilisation of the Small and Medium Enterprises Information Centre (the Centre). This is because the figures have only taken into account issue-specific enquiries formally lodged with the Centre but have not taken into account general enquiries. Therefore, the number of enquiries received does not reflect the number of visitors of the Centre. We believe that the latter is a better reflection of the utilisation of the Centre.

As the Centre has only been in operation since August 1999, we only have statistics regarding the utilisation of the Centre for the past six months at this stage. Between 30 August 1999 and 29 February 2000, there were 42,000 visitors to the physical or virtual Centre whereas the number of issue-specific enquiries received during this period was only about 4,000. On the basis of this information, we project that the annual number of visitors to the Centre over the next year would be between 80,000 – 100,000. We are hopeful that the actual outturn figure may be even higher as more SME operators become aware of and familiar with the services offered by our Centre as a result of our publicity efforts and their actual experiences in using the Centre. To enhance SMEs' awareness of the services provided by the Centre, we have recently stepped up publicity efforts by placing advertisements about the Centre in MTR stations and local newspapers.

Moreover, we are extremely conscious of the fact that the services and facilities provided by the Centre should be able to meet the needs of SMEs. We are currently carrying out a customer satisfaction survey to gauge the extent to which SMEs are satisfied with the information services provided by the Centre. We have undertaken to achieve 75% user satisfaction by September 2000. We will use the findings of the survey to further improve and enhance the services of the Centre.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department Subhead (No. & title) :

Programme : 7305 Technology Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

- Question :
- (a) How much funding has been disbursed under the Innovation and Technology Fund in 1999-2000? What are the funding allocation and the number of projects funded under the Teaching Company Scheme, the Matching Grant for Joint Research, the Industrial Research Chair Scheme, the Patent Application Grant, the Small Entrepreneur Research Assistance Programme, the Industrial Support Fund and the Services Support Fund?
- (b) What are the amount of funding allocation, nature of business and the name of the venture capital company in respect of the 13 projects supported by the Applied Research Fund?

Asked by : The Honourable CHEUNG Man-kwong

Reply :

- (a) In 1999-2000, the Innovation and Technology Fund has disbursed \$188.82m. The allocation for and number of projects supported under the various schemes are:
- (i) \$811,425 for 16 approved projects under the Teaching Company Scheme;
- (ii) \$577,700 for two projects under the Matching Grant for Joint Research;
- (iii) No expenditure has been incurred under the Industrial Chair Research Scheme;
- (iv) \$7.2m has been committed for 72 approved cases under the Patent Application Grant;
- (v) \$769,150 for three projects under the Small Entrepreneur Research Assistance Programme;
- (vi) No special allocation has been made for the Industrial Support Fund and the Services Support Fund because both schemes were subsumed under the Innovation and Technology Fund upon the latter's establishment in July 1999. However, the new Fund has borne all the funding commitments of 225 projects brought forward from the two schemes. In 1999-2000, \$186.66m has been disbursed from the Innovation and Technology Fund for this purpose.
- (b) The list of the 13 approved investments, together with the requested information, is attached.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Approved Investment of Applied Research Fund

<u>Item No.</u>	<u>Investee Company</u>	<u>Venture Capital Firm</u>	<u>Technology Area</u>	<u>Funding Approved (HK\$)</u>
1.	Property Market Intelligence Ltd.	AsiaTech	Information Technology - On-line Real Estate Information and Analysis	12,350,000
2.	QuotePower Information Ltd.	AsiaTech	Information Technology - On-line Financial Information and Real-time Electronic Trading	8,000,000
3.	Wafer Systems Holdings Ltd.	HSBC	Telecommunication - Data Networking	46,500,000
4.	InfoTalk Corporation Ltd.	Walden	Information Technology - Automatic Speech Recognition	15,500,000
5.	Unitech Networks Ltd.	Walden	Telecommunication - Internet/Intranet System Integrator	11,634,750
6.	I-Quest Corporation (HK) Limited	AsiaTech	Information Technology - Highspeed Internet Access for the Hospitality Industry, Portal	15,509,000
7.	ecVision Limited	Walden	Information Technology - Business-to-business Electronic Commerce Software and Services	13,584,375
8.	Continuous Technologies International Ltd.	AsiaTech	Telecommunication - Computer Telephony Applications	16,000,000
9.	LECCO Technology Ltd.	Walden	Information Technology - Software Tools	11,650,950
10.	ActionAce.com (HK) Ltd.	AsiaTech	Information Technology – Electronic Commerce Serving Niche Toy Market	23,800,000
11.	Wisers Information Ltd.	Walden	Information Technology - Electronic Aggregation and Distribution of Chinese Language-based Content	7,774,500
12.	Inlooktech.com.Ltd	AsiaTech	Information Technology - System Integration and Application Hosting Services	3,889,500
13.	Uni-Tech Systems Engineering Ltd.	AsiaTech	Information Technology - Enterprise Resources Planning Solutions	15,554,000

Note :

AsiaTech : AsiaTech Ventures Ltd.

HSBC : HSBC Private Equity Technology Ltd.

Walden : Walden Technology Management (HK) Ltd.

Bureau Serial No.

TIB 1

Question Serial No.

0422

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 181 Trade Department Subhead (No. & title) :

Programme : 18101 Commercial Relations

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : The revised estimate for 1999-2000 is \$73 million which is 13% higher than the actual provision of \$64.3 million in 1998-99. Please explain the increase and the activities involved. The estimate for 2000-01 is \$74.3 million which is 1.8% higher than the revised estimate for 1999-2000. Why is the increase necessary?

Asked by : The Honourable Bernard CHAN

Reply :

The revised estimate of \$73m under Programme (1), Commercial Relations, for 1999-2000 is higher than the actual expenditure for 1998-99 by \$8.7m (i.e. 13.5%). The increase is partly due to the additional funds required for employment of consultancy service (\$2.0m) and conducting trade negotiations and associated activities in Hong Kong and overseas (\$1.1m). The remaining part of the increase is the result of general price increase (\$0.5m), full year provision for posts filled in 1998-99 and provision required to meet normal salary increments for existing staff (\$5.1m).

The estimate of \$74.3m for 2000-01 is \$1.3m (1.8%) higher than the revised estimate for 1999-2000. The increase is mainly due to salary increments (\$0.3m), increased expenses for intensifying commercial relations activities (\$0.6m) and part of the cost for replacing the departmental private automatic branch exchange system (\$0.4m).

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**Head : 73 Industry DepartmentSubhead

(No. & title) :

Programme : 7305 Technology SupportControlling Officer : Director-General of IndustryBureau Secretary : Secretary for Trade and Industry

Question : What measures will be taken by the Industry Department in further promoting the Teaching Company Scheme in the coming year? What will be the manpower and resource requirements for such work? What is the progress made so far in respect of the Teaching Company Scheme and what are the research projects being conducted by the participating companies and universities?

Asked by : The Honourable Kenneth TING Woo-shou, JPReply :

The Innovation and Technology Fund and its component programmes, including the Teaching Company Scheme, have been widely publicized to the universities, private enterprises, industry-support bodies, trade associations and the general public through the printed and electronic media, as well as through direct mail. Advertisements were put up at MTR and KCR stations. Seminars and briefing sessions on the Fund have also been organised.

Industry Department will continue to publicize the Fund. It will utilize its internal manpower and resources, and will also work closely with the Information Services Department in carrying out this work.

So far, we have supported 39 projects under the Teaching Company Scheme. Three applications are being considered. Distribution of the supported projects is as follows:

Electronics/Electrical	12
Information Technology	9
Construction/Building Services	5
Textiles	4
Metals	3
Biotechnology	3
Plastics	1
Materials	1
Business Management	1

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**Head : 73 Industry DepartmentSubhead

(No. & title) :

Programme : 7303 Infrastructure SupportControlling Officer : Director-General of IndustryBureau Secretary : Secretary for Trade and IndustryQuestion : The Industry Department will assist the Trade and Industry Bureau in taking forward the merging of the Hong Kong Science Park, the Hong Kong Industrial Estates Corporation and the Hong Kong Industrial Technology Centre Corporation in 2000-01. What progress would be made? What are the manpower and resources to be allocated for this merger exercise?Asked by : The Honourable Kenneth TING Woo-shou, JPReply :

Provision for the resources for the merger exercise has been made in the 2000-01 Estimates under Head 152 - Government Secretariat: Trade and Industry Bureau where the Secretary for Trade and Industry is the Controlling Officer. The provision includes the creation of six posts, namely 1 Administrative Officer Staff Grade 'C', 1 Senior Administrative Officer, 1 Executive Officer I, 1 Personal Secretary I, 1 Personal Secretary II and 1 Assistant Clerical Officer, involving \$3.813m a year. The posts would be created for a two-year period. During 2000-01, we plan to work out the organisation structure and pay packages of the merged body of the Hong Kong Industrial Estates Corporation, Hong Kong Industrial Technology Centre Corporation and Hong Kong Science Park. We will also look into the public mission, role, functions and financing needs of the merged body. We aim to introduce the legislation on the establishment and operation of the merged body into the Legislative Council by the end of 2000.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 31

Question Serial No.

0427

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7305 Technology Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : What progress has been made so far in respect of the Matching Grant for Joint Research, the Industrial Chair Research Scheme and the Patent Application Grant administered by the Technology Development Division? How much was spent on these schemes last year? When compared with last year, will there be any increase or reduction in the provision needed for these schemes in the new financial year?

Asked by : The Honourable Kenneth TING Woo-shou, JP

Reply :

The Matching Grant for Joint Research was launched on 1 November 1999. So far, we have received 19 applications. Three of them have been approved. The other 16 are being considered. The expenditure for this scheme in 1999-2000 was \$577,700. The provision for 2000-01 is \$27.5m.

The Industrial Research Chair Scheme was also launched on 1 November 1999. So far, 1 application has been received and it has just been approved. There was no expenditure for this scheme in 1999-2000. The provision for 2000-01 is \$17m.

The Patent Application Grant was launched in April 1998. So far, we have received 355 applications, of which 158 cases have been approved. 110 cases are being processed. The remaining cases have been rejected or withdrawn. The amount of funds committed in 1999-2000 was \$7.2m. We intend to inject \$7m into the scheme in 2000-01.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 15

Question Serial No.

0429

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

(No. & title) :

Programme : 7302 Investment Promotion

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : How will the seven Investment Promotion Units in Hong Kong's overseas Economic and Trade Offices attract more inward investment to promote the development of the local high-technology industries, especially the IT-related industries, in the new financial year? What will be the provision required for such activities?

Asked by : The Honourable Kenneth TING Woo-shou, JP

Reply :

Subject to the approval of the Legislative Council, a new "Invest Hong Kong" agency will be set up to take over the investment promotion function of Industry Department. "Invest Hong Kong" will adopt new arrangements for promoting investment, but prior to the implementation of these arrangements, the current investment promotion programme will continue to be implemented.

For the better part of the new financial year, the Investment Promotion Units (IPUs) in overseas Hong Kong Economic and Trade Offices will be vigorously promoting investment in technology industries, including information technology, electronics, biotechnology, environmental technology, telecommunications services and software and computer-related services. To this end, IPU staff will visit companies in the targeted technology industries and publicize the competitive advantages of Hong Kong at major technology exhibitions and seminars.

For 2000-01, a provision of \$48.4 million has been included in Head 96 Government Secretariat: Overseas Offices and \$5.7 million has been included in Head 73 Industry Department Programme 2 Investment Promotion for attracting investment to Hong Kong. A substantial portion of these provisions is related to promoting investment in the local technology industries. The organisation of "Invest Hong Kong" and the resources required to carry out its activities are being worked out. We will make a submission to the Establishment Subcommittee and Finance Committee in due course.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 16

Question Serial No.

0456

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

(No. & title) :

Programme : 7302 Investment Promotion and 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The Government is going to revamp the existing institutional framework for rendering support services to the trade and industry sectors by disestablishing the Industry Department, setting up an investment promotion agency, and revamping the Trade Department as the Trade and Industry Department, etc. Will there be any savings or increase in the manpower and resources allocated for supporting the industries and small and medium enterprises after the reorganisation? How much resources will the Government allocate to promote our professional services overseas?

Asked by : The Honourable Mrs Selina CHOW LIANG Shuk-ye, JP

Reply :

We are working out detailed proposals regarding the reorganisation, including changes to staff establishment and estimates under relevant heads of expenditure. We intend to submit in due course detailed proposals to the Establishment Subcommittee and Finance Committee for approval.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 12

Question Serial No.

0491

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 181 Trade Department Subhead (No. & title) :

Programme : 18101 Commercial Relations
18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : The approved estimate for trade negotiations and associated activities for 1999-2000 is \$3,300,000 whereas the revised estimate has been reduced to \$2,777,000. Is this the result of certain activities not going ahead according to schedule? The estimate for the Subhead in 2000-01 is again \$3,300,000. Please specify whether the work in this area is expected to increase or decrease in the coming year when compared with last year.

Asked by : The Honourable HUI Cheung-ching

Reply : In 1999-2000, we participated actively in various trade negotiation activities in a bid to further the trade interest of Hong Kong. Among others, we attended the third ministerial meeting of the World Trade Organisation (WTO) held in Seattle in end 1999, and briefed local traders of the latest developments in the WTO in March 2000. We also engaged our major trading partners in a wide range of consultations/negotiations of bilateral concerns. We have adjusted the revised estimate under Subhead 186 Trade negotiation and associated activities from \$3,300,000 to \$2,777,000 in 1999-2000 to reflect the actual spending and the projected spending up to the end of 1999-2000.

We envisage that 2000-01 will be a busy year for the Trade Department. The failure of the World Trade Organisation (WTO) Ministerial Meeting at Seattle last year to launch a new round of multilateral trade negotiations means that we would need to continue with intensive negotiations on how the divergent positions of WTO members on various issues could be bridged. Discussions in Geneva will at times need to be augmented at the political level by participation of "capital-based" officials from Hong Kong. In addition, notwithstanding the failure to launch a new round, the WTO negotiations on services have in fact started with effect from 1 January 2000, as mandated in the Uruguay Round Agreement. Given the importance of services trade to Hong Kong, we need to intensify our efforts both in negotiations with other WTO members and in consulting and involving various sectors of the business community that may be affected by the negotiations. We will also continue to engage our major trading partners in a wide range of consultations/negotiations on issues such as initiatives to facilitate electronic data exchange, combating illegal transshipment and origin fraud, anti-dumping/anti-circumvention proceedings that may affect Hong Kong etc.

Based on past experience, we estimate that a provision of \$3,300,000 is required to meet the need of the department in 2000-01. The provision is to meet expenses arising from both overseas and local negotiations/consultations, including air tickets and hotel accommodation, which may fluctuate from year to year depending on the frequency of meetings, the destinations at which the meetings are held, the range and complexity of the issues and hence the number of officers involved.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Bureau Serial No.

TIB 6

Question Serial No.

0492

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 181 Trade Department Subhead(No. & title) :

Programme : 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : Under 'Matters Requiring Special Attention in 2000-01', Trade Department has indicated that it is committed to (a) extending EDI services to other trade documents. What are these 'other trade documents'? What are the expenses involved? (b) the implementation of electronic delivery services for textiles licences and certificates of origin. What are the expenses involved?

Asked by : The Honourable HUI Cheung-ching

Reply :

Following introduction of full Electronic Data Interchange (EDI) service for Restrained Textiles Export Licences in January 1999, EDI services for Production Notifications (PN) and Certificates of Origin (CO) were launched in July and August 1999 respectively. Full EDI service for PN has since 28 February 2000 been implemented. Full migration for CO is planned for the latter half of 2000. The total project cost for EDI services covering PN and CO is \$49.9m for all relevant government departments.

A new project under planning is to introduce EDI service for submission of Cargo Manifests by carriers to Trade Department, Customs & Excise Department and Census & Statistics Department by 2001. The total project cost covering the development of the new service for relevant government departments is estimated to be \$126m. Approval for funds for the project was obtained from Finance Committee on 9 July 1999.

Another proposal under consideration is the feasibility of introducing EDI service for registered textiles traders to submit textiles notifications under the Textiles Traders Registration Scheme electronically. Preliminary consultation with Tradelink Electronic Commerce Ltd. and relevant departments concerned is underway. No provision of fund has been made at this stage until the feasibility of the proposal has been established.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Examination of draft Estimates of Expenditure 1999-2000**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**Head 181 Trade Department Subhead (No. & title)Programme : 18101 Commercial RelationsControlling Officer : Director-General of TradePolicy Secretary : Secretary for Trade & Industry

Question : Under 'Matters Requiring Special Attention in 2000-01', Trade Department has indicated that it will continue its efforts in (a) supporting activities to be conducted by the Mainland/Hong Kong Joint Commission on Commerce and Trade. What is the budget for this task and the proportion of total expenses in the relevant programme? (b) strengthening Hong Kong's ties with trade authorities of the Mainland of China at the central government and provincial levels. What is the budget for this task and the proportion of total expenses it represents in the relevant programme?

Asked by : The Honourable HUI Cheung-chingReply :

- (a) Trade Department is involved in supporting the activities of the Mainland/Hong Kong SAR Joint Commission on Commerce and Trade co-chaired by the Secretary for Trade and Industry on the Hong Kong side and an Assistant Minister of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC). The Joint Commission was established in November 1999. A number of working groups have been established under it, including the Working Group on Trade with the Director-General of Trade as Co-convenor. The Working Group on Trade is scheduled to meet later this month, and depending on needs, will reconvene in fall 2000. Matters for discussion under the Working Group include trade and trade-related subjects of common interest or concern to the Mainland authorities as well as Hong Kong (e.g. the trade and investment environment on Mainland, new rules and regulations having an impact on Hong Kong traders doing business on the Mainland).
- (b) Trade Department is also committed to strengthening Hong Kong's ties with the trade authorities of the Mainland at the central government and provincial levels. Our aim is to enhance communication and cooperation with the relevant Mainland authorities with a view to facilitating the development of the most favourable environment for trade and investment between the two places. It involves, among other things, visits by Trade Department officials to their counterparts in the Central People's Government (mainly the MOFTEC) and the provincial as well as municipal governments.

We have not set aside a special provision for the tasks in (a) and (b) above as they are largely carried out by existing manpower resources at the Director-General of Trade, Deputy Director-General of Trade, Assistant Director-General of Trade and Principal Trade Officer levels, with support from a Trade Officer and an Assistant Trade Officer II working full time on Mainland-related duties, and from some clerical and secretarial staff.

Signature _____
 Name in block letters Joshua C K LAW
 Post Title Director-General of Trade
 Date March 2000

Bureau Serial No.

TIB 7

Question Serial No.

0499

Examination of draft Estimates of Expenditure 1999-2000

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 181 Trade Department Subhead (No. & title)

Programme: 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Policy Secretary : Secretary for Trade & Industry

Question : The Government announced in the Budget that Trade Department would take over from Industry Department support services for the industrial sector and small and medium-sized enterprises so as to provide 'one-stop services' to clients in both trade and industry. Will this arrangement involve redeployment of staff and change in provision? What items are included in 'one-stop services'?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

Under the organisational changes announced recently by the Financial Secretary, the Trade Department will take over from Industry Department support services for the industrial sector and small and medium-sized enterprises. It will be renamed 'Trade and Industry Department' to reflect its expanded scope of work. The new Trade and Industry Department will become the single front-line department serving our clients in both the trade and industrial sectors, as they can approach the new department on their needs and concerns on both industrial development (e.g. on manpower and infrastructural requirements) as well as trade-related matters (e.g. on trade licensing and facilitation, access to Mainland and overseas markets, and liaison and cooperation with the Mainland). Consolidating support services under one department will also create synergy, improve efficiency and provide more convenient one-stop services to our clients.

We expect that there would be resources redeployed from the Industry Department. We are working out detailed proposals regarding the reorganisation, including changes to staff establishment and estimates under relevant heads of expenditure. We intend to submit in due course detailed proposals to the Establishment Sub-committee and Finance Committee for approval.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head 181 Trade Department Subhead (No. & title) :

Programme : 18101 Commercial Relations

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : Regarding 'Matters Requiring Special Attention in 2000-01', out of the 11 items – (a) Trade Department only mentions that it will 'monitor' the development of six. What is Trade Department's specific work in these areas? What are the expenses involved? (b) Trade Department indicates that it will monitor the plan for graduation of beneficiaries from the Generalised Systems of Preferences Scheme run by Japan. Has Trade Department set aside any provisions for lobbying? If yes, what is the budget?

Asked by : The Honourable HUI Cheung-ching

Reply :

- (a) All the eleven items set out in paragraph 14 of the Controlling Officer's Report are areas which the Department will give special attention to by way of monitoring and overseeing their progress. The specific work involved in the six areas requiring monitoring are explained as follows -
- (i) *monitoring the US' plans to globalise controls on imports of solid wood packing materials (SWPM)* - we exchange information with relevant government agencies on clearance and compliance matters concerning shipments from Hong Kong, and monitor any possible new legislation in the pipeline. On the multilateral front, we have been monitoring notifications of any new SWPM control measures submitted to the World Trade Organisation (WTO) Committee on Sanitary and Phytosanitary Measures. Locally, we, in conjunction with the Agriculture, Fisheries and Conservation Department, have kept relevant trade associations and traders informed of development.
 - (ii) *monitoring any changes in major trading partners' origin rules and reviewing domestic origin rules in consultation with local industries* – this involves obtaining up-to-date information from various sources; gauging the positions of our trading partners; keeping the trade closely informed of any changes; and maintaining a practical set of origin rules to take full advantage of the globalisation of trade.
 - (iii) *monitoring any changes in major trading partners' trade laws and regulations* - this involves close liaison with our local traders and overseas trading partners, studying and analyzing publications and reports from their advisory committees, and collecting information and intelligence from our traders, media reports and the internet. This is to enable timely dissemination of information to the trade and to allow prompt pre-emptive action to safeguard Hong Kong's trade interest.
 - (iv) *monitoring the plan for graduation of beneficiaries from the Generalised Scheme of Preferences (GSP) run by Japan* - our focus is to ensure that Hong Kong's graduation would be in pace with other beneficiaries at a similar level of economic development.
 - (v) *monitoring the accession negotiations between the European Union (EU) and certain*

European countries and related institutional reform to ensure Hong Kong's trade interests and market access to the enlarged EU will not be adversely affected - we study and examine the European Commission's assessment reports, statements released at the EU's Council meetings, and information collected through other channels to keep track of the development.

- (vi) *monitoring the developments of regional economic integration and assessing their impact on Hong Kong* - though not a party to any of the regional economic integration agreements (REIAs) notified to the WTO, we keep a close watch on their implementation as well as the formation of new agreements. We also participate actively in the work of the WTO Committee on Regional Trade Agreements which is tasked to examine the WTO compatibility of REIAs.

The areas of work outlined in the above are performed by a number of Divisions which handles Commercial Relations work within the Department. Given the wide range of areas concerned, it is difficult to give a breakdown on the expenditure incurred on each and every item.

- (b) As far as the graduation of GSP by Japan is concerned, the purpose of the GSP Scheme is to encourage export from developing economies and promote their economic development. In the case of Japan's GSP, Hong Kong has been a beneficiary economy since 1971. We are expecting to be graduated from the Scheme in 2000/2001. We have decided not to lobby for the continuation of the GSP benefit because Hong Kong's economic development (as measured by, say, per capital GNP) and share of international trade do not support any demand for retention of such preferences. Indeed, given that Hong Kong's current trade and economic development, it is hard for us to convince the Japanese authorities that Hong Kong should still be considered as a developing economy to justify the retention of GSP.

In addition, other beneficiaries at a similar level of economic development as Hong Kong, including Singapore, the Republic of Korea and Chinese Taipei are also expected to be graduating from the scheme.

In practical terms, the implication of Hong Kong's graduation from Japan's GSP will be insignificant. In January – August 1999, the total value of domestic exports to Japan receiving GSP benefit was HK\$266 million, representing only 7.2% of Hong Kong's domestic export to Japan, or 0.2% of our total domestic exports in the reference period.

Signature _____
Name in block letters Joshua C K LAW
Post Title Director-General of Trade
Date 18 March 2000

Bureau Serial No.

TIB 19

Question Serial No.

0673

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7303 Infrastructure Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : The estimated provision for the infrastructure support programme of the Industry Department in 2000-01 is increased by 83.9%. What are the respective estimated expenditure and ratio of funding allocation for the supply of land and skilled manpower, and the industrial development support programmes?

Asked by : The Honourable CHAN Kwok-keung

Reply :

The increase in provision for the infrastructure support programme in 2000-01 is mainly due to the provision of \$64.1m to cover the recurrent expenditure of the Provisional Hong Kong Science Park Company Limited (PHKSPCL). Most of the key staff of the PHKSPCL will be in place in 2000-01 in order to take up the management of the Science Park, the first phase of which will open at the end of 2001. This amounts to 75% of the total provision for the infrastructure support programme in 2000-01.

The remaining portion (i.e. \$21.4m) covers the personal emoluments and departmental expenses of the department in pursuing its aim to ensure adequate supply of land and skilled manpower to support industrial development.

Signature _____

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 32

Question Serial No.

0674

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

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(No. & title) :

Programme : 7305 Technology Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : What are the reasons for a 60-70% reduction in the estimated provision for this programme in 1999-2000 and 2000-01?

Asked by : The Honourable CHAN Kwok-keung

Reply :

The drastic reduction in the estimates for the above programme has arisen from the closure of the capital account for the Industrial Support Fund on 9 July 1999 when it was subsumed under the Innovation and Technology Fund.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 17

Question Serial No.

0675

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

(No. & title) :

Programme : 7302 Investment Promotion

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Would the Government advise this Council on the specific plans that will be implemented by the Investment Promotion Division of the Industry Department to promote inward investment in the local technology industries in the coming year? Would the Government explain why there will be a reduction in the number of investment exhibitions and seminars to be organised by the Investment Promotion Units in 2000?

Asked by : Dr. the Honourable LUI Ming-wah, JP

Reply :

Subject to the approval of the Legislative Council, a new "Invest Hong Kong" agency will be set up to take over the investment promotion function of Industry Department. The Investment Promotion Division will be disestablished accordingly. "Invest Hong Kong" will adopt new arrangements for promoting investment, but prior to the implementation of these arrangements, the current investment promotion programme will continue to be implemented. We are working out the detailed arrangements for the new agency.

For the better part of 2000, the seven Investment Promotion Units (IPUs) in overseas Hong Kong Economic and Trade Offices will be vigorously promoting investment in technology industries, including information technology, electronics, biotechnology, environmental technology, telecommunications services and software and computer-related services. To this end, IPU staff will visit companies in the targeted technology industries and publicize the competitive advantages of Hong Kong at major technology exhibitions and seminars.

The number of investment promotion exhibitions and seminars came to 47 in 1999 because the Department was able to co-organise an unexpectedly larger number of unscheduled exhibitions and seminars with other Hong Kong agencies in overseas locations. The estimate of 43 exhibitions and seminars for 2000 reflects the normal situation.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 26

Question Serial No.

0676

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Why is the revised estimate for development support in 1999-2000 substantially reduced by nearly 60% as compared to the actual expenditure for 1998-99? Has the Government assessed the impact of such a reduction in funding?

Asked by : Dr. the Honourable LUI Ming-wah, JP

Reply :

The revised estimate for "development support" in 1999-2000 is \$ 21.8m (i.e. 52.7%) less than the actual expenditure of 1998-99. This is mainly due to a re-distribution of duties within the Industry Department in March/April 1999. As a result, some duties which were originally carried out under the "development support" programme, namely, the implementation of the Services Support Fund (now subsumed under the Innovation and Technology Fund) and the Techno-economic and Market Research Studies on textiles and clothing industries, have been transferred to other programmes under the Industry Department. This has led to the corresponding transfer of eight posts from the Development Support Division to other divisions which have taken over these duties. The reduced estimate for "development support" in 1999-2000 reflects this internal transfer of duties and resources.

Signature _____

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 27

Question Serial No.

0677

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead
(No. & title) :

Programme : 7304 Development Support

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : It is estimated that in 2000 about \$2b will be disbursed as guarantees to applicants under the Special Finance Scheme for SMEs. Would the Government inform this Council whether the amount of \$2b represents the outstanding amount brought forward from last year?

Asked by : Dr. the Honourable LUI Ming-wah, JP

Reply :

The total amount of guarantees that the Administration could commit under the Special Finance Scheme, as approved by the Finance Committee of the Legislative Council in November 1999, was \$5b. As \$3.37b have already been committed by end of 1999, we therefore estimate that the Administration can only commit another \$2b under the Scheme in 2000. This figure takes into account the then uncommitted amount of \$1.63b (i.e. \$5b - \$3.37b) and the recycled funds from expired and released guarantees, which are estimated to be around \$0.37b for 2000.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB04

Question Serial No.

0750

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 181 Trade Department

Subhead (No. & title) :

Programme : 18101 Commercial Relations

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : According to 'Matters Requiring Special Attention in 2000-01', (a) Trade Department will strengthen Hong Kong's ties with trade authorities of the Mainland of China at the central government and provincial levels. Can the department provide details on these activities, and the manpower and funding allocation that will be required? (b) Trade Department will support activities to be conducted by the Mainland/Hong Kong Joint Commission on Commerce and Trade. Can the department provide details on these activities, and the manpower and funding allocation that will be required?

Asked by : The Honourable SIN Chung-kai

Reply :

- (a) Trade Department is committed to strengthening Hong Kong's ties with the trade authorities of the Mainland at the central government and provincial levels. Our aim is to enhance communication and cooperation with the relevant Mainland authorities with a view to facilitating the development of the most favourable environment for trade and investment between the two places. It involves, among other things, visits by Trade Department officials to their counterparts in the Central People's Government (mainly the Ministry of Foreign Trade and Economic Cooperation (MOFTEC)) and the provincial as well as municipal governments.
- (b) Trade Department is involved in supporting the activities of the Mainland/Hong Kong SAR Joint Commission on Commerce and Trade co-chaired by the Secretary for Trade and Industry on the Hong Kong side and an Assistant Minister of MOFTEC. The Joint Commission was established in November 1999. A number of working groups have been established under it, including the Working Group on Trade with the Director-General of Trade as Co-convenor. The Working Group on Trade is scheduled to meet later this month, and depending on needs, will reconvene in fall 2000. Matters for discussion under the Working Group include trade and trade-related subjects of common interest or concern to the Mainland authorities as well as Hong Kong (e.g. the trade and investment environment on Mainland, new rules and regulations having an impact on Hong Kong traders doing business on the Mainland).

We have not set aside a special provision for the tasks in (a) and (b) above as they are largely carried out by existing manpower resources at the Director-General of Trade, Deputy Director-General of Trade, Assistant Director-General of Trade and Principal Trade Officer levels, with support from a Trade Officer and an Assistant Trade Officer II working full time on Mainland-related duties, and from some clerical and secretarial staff.

Signature _____
Name in block letters _____ Joshua C K LAW
Post Title _____ Director-General of Trade
Date _____ March 2000

Bureau Serial No.

TIB08

Question Serial No.

0951

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 181 Trade Department Subhead (No. & title) :

Programme : 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade

Bureau Secretary : Secretary for Trade and Industry

Question : Trade Department's work in implementing the strategic commodity control system is vital to Hong Kong's access to advanced technology. Please specify Trade Department's work plan, establishment and estimated expenses for implementing the strategic commodity control system in 2000-01.

Asked by : The Honourable CHAN Kam-lam

Reply : As a responsible trading entity, Hong Kong remains fully committed to maintaining a stringent, comprehensive and autonomous system of control over trade in strategic commodities. We have strong economic interest to do so. We need continued access to advanced technology to sustain our growth and fulfill our vision to become a centre of innovation and technology.

In the coming year, on an international level, Trade Department would keep up its intensive lobbying effort, to dispel misconceptions and enhance understanding of the Hong Kong system. We will maintain close contacts with the local Consulate Generals, continue to pay visits to trading partners and receive delegations from them, in order to reinforce support and cooperation. We would continue to actively participate in seminars and workshops organized by international non-proliferation regimes to introduce our system to the world, and exchange views and experience with trading partners over different systems of control. In this regard, about six overseas trips including visits to trading partners and attendance at non-proliferation seminars are envisaged in the coming financial year. Around \$830,000 is set aside for these purposes.

On the US front, Trade Department would work closely with the US Administration under the Agreed Minute signed between the two Governments in 1997, which provides for, inter alia, exchanges of visits once every six months to discuss matters of common interest in the context of strategic trade control. The fifth of such meeting has just taken place in Hong Kong in mid March 2000. The sixth inter-agency meeting is tentatively planned for the latter part of this year in Washington.

On a local level, Trade Department would continue to adopt the highest international standards set by international non-proliferation regimes in controlling trade in strategic commodities. We would follow suit whenever these regimes amend their control framework to ensure that on the one hand, we would always be upholding controls to the highest international standards and on the other, we would be exempting

traders from licensing controls whenever international standards are being relaxed. We would also continue to take steps to streamline the licensing procedures with a view to further enhancing the licensing service without compromising control.

The implementation of strategic commodities control involves input at the Director-General of Trade, Deputy Director-General of Trade, Assistant Director-General of Trade and Principal Trade Officer levels, with the support of a team of technical and licensing staff working full time on control work. This involves a total of 40 staff from various grades including Trade Officer, Telecommunications Engineer, Trade Controls Officer, Controller (Telecommunications), Inspector (Telecommunications), Data Processor and Clerical Officer/Assistant. The total salaries of these 40 staff will be \$14.4m in 2000-01.

Signature _____
Name in block letters Joshua C K LAW
Post Title Director-General of Trade
Date 18 March 2000

Bureau Serial No.

TIB 9

Question Serial No.

1032

Examination of draft Estimates of Expenditure 1999-2000

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 181 Trade Department Subhead (No. & title)

Programme: 18102 Trade Support and Facilitation

Controlling Officer: Director-General of Trade

Policy Secretary: Secretary for Trade & Industry

Question: The increase in provision under Programme (2) is mainly due to a one-off capital commitment for replacing the departmental private automatic branch exchange system. What is the system for? How much is the capital commitment? What is the expected life span of the system?

Asked by: The Honourable CHAN Kam-lam

Reply:

The private automatic branch exchange system (PABX) installed in the Trade Department Tower is used to support internal and external telephone communication for occupants of the building. The system is managed by Trade Department as the main user.

The existing PABX was first acquired by the Rating and Valuation Department in 1986. It was upgraded and relocated to the Trade Department Tower in 1990. Having been used for over a decade, the system has posed numerous maintenance problems. The Office of the Telecommunications Authority has confirmed that the system has reached the end of its life span and is due for replacement. Retaining the system would jeopardise the operational efficiency of the user departments and the public enquiry services offered to traders.

A capital sum of \$6.09 million is required to build a new PABX room and to acquire a new system. Subject to funding approval, the new system will be installed in early 2001. According to the Office of the Telecommunications Authority, the normal life span of a PABX is about ten years.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Bureau Serial No.

TIB 13

Question Serial No.

1033

Examination of draft Estimates of Expenditure 1999-2000

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 181 Trade Department

Subhead (No. & title)

Programme: 18101 Commercial Relations
18102 Trade Support and Facilitation

Controlling Officer: Director-General of Trade

Policy Secretary: Secretary for Trade & Industry

Question: A provision of \$3,300,000 has been set aside for trade negotiations and associated activities in 2000-01. What are the purposes and breakdown of the expenses? Please list out briefly each expense item.

Asked by: The Honourable CHAN Kam-lam

Reply:

We envisage that 2000-01 will be a busy year for the Trade Department. The failure of the World Trade Organisation (WTO) Ministerial Meeting at Seattle last year to launch a new round of multilateral trade negotiations means that we would need to continue with intensive negotiations on how the divergent positions of WTO members on various issues could be bridged. Discussions in Geneva will at times need to be augmented at the political level by participation of "capital-based" officials from Hong Kong. In addition, notwithstanding the failure to launch a new round, the WTO negotiations on services have in fact started with effect from 1 January 2000, as mandated in the Uruguay Round Agreement. Given the importance of services trade to Hong Kong, we need to intensify our efforts both in negotiations with other WTO members and in consulting and involving various sectors of the business community that may be affected by the negotiations. We will also continue to engage our major trading partners in a wide range of consultations/negotiations on issues such as initiatives to facilitate electronic data exchange, combating illegal transshipment and origin fraud, anti-dumping/anti-circumvention proceedings that may affect Hong Kong etc.

We estimate that a provision of \$3,300,000 under Subhead 186 Trade negotiation and associated activities is required to meet the need of the department in 2000-01. The provision is to meet expenses arising from both overseas and local negotiations/consultations, including air tickets and hotel accommodation, which may fluctuate from year to year depending on the frequency of meetings, the destinations at which the meetings are held, the range and complexity of the issues and hence the number of officers involved. Based on past experience, we estimate that WTO negotiations/consultations, and bilateral consultations with the US/Canada and the European Commission will account for about 50%, 40% and 10% of the budget respectively.

Signature _____

Name in block letters Joshua C K LAW

Post Title Director-General of Trade

Date March 2000

Bureau Serial No.

TIB 33

Question Serial No.

1264

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 73 Industry Department

Subhead

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(No. & title) :

Programme : 7301 Quality

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : In prior years, responses to questions regarding expenditures on consultants and outside contractors have resulted in vague responses such as :

"while we do not anticipate any immediate savings through contracting out services, the employment of contractors permits greater flexibility in varying the number of staff employed on the various types of services according to demand. We anticipate that this will result in savings in costs in the longer term, though it is difficult to quantify these savings." (11 March 1999 response by the Director of Lands to question on consultants and contractors, Bureau Serial Number PEL173).

This year, there has been \$500,000 included in the approved commitments and estimated 1999-2000 expenditures for various consultations by just Industry Department alone.

In light of the stated difficulty in quantifying savings through contracting out services, what criteria are established to ensure that the government and taxpayers are getting value for money?

<u>Subhead (Code)</u>	<u>Item (Code)</u>	<u>Approved commitment</u>
		\$'000
700	534	500

Asked by : The Honourable Christine LOH

Reply :

Expenditure under Item 534, Subhead 700 is not aimed at achieving savings by contracting out. The purpose of the proposed expenditure is to obtain specialist expert advice which is not available within the Industry Department. In procuring consultancies or services, the Industry Department would normally follow a standard procurement procedure laid down in the Government's Stores and Procurement Regulations. This, for example, requires, inter alia, bids to be obtained from at least five consultants or contractors demonstrating that they have the relevant expertise and experience, and that the quoted price is reasonable before entering into a contract. In inviting bids, we would aim to draw up a clear brief for the work, setting out the deliverables and the milestones to be achieved by the successful bidder. In the course of the contract the Department would monitor the progress of work, and release staged payment to the consultant/contractor only upon satisfactory completion of each stage of the work. Moreover, the Department would also retain a predetermined percentage of the total cost of the work which would only be released upon full and satisfactory completion of the work in accordance with the terms of the contract.

Signature _____

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB 34

Question Serial No.

0114

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 111 Innovation and Technology

Subhead (No. & title) : 101 Innovation and
Technology (block vote)

Programme :

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question :

- a) The provision for innovation and technology projects apportioned from the Innovation and Technology Fund is \$872.25m in 2000-01, which represents a significant increase of 375.86% as compared with that for last year. What are the reasons for this considerable increase?
- b) How many projects have received funding support since the establishment of the Fund? What are their details?
- c) How many projects have yet to be vetted and approved? What are their details?

Asked by : The Honourable CHAN Kwok-keung

Reply :

- a) The provision under the Innovation and Technology Fund in 2000-01 is higher than that in 1999-2000 because \$400m has been earmarked for projects to be undertaken by the Applied Science and Technology Research Institute which will be established in 2000-01. No such provision was included in 1999-2000. In addition, the estimate for 1999-2000 only covers nine months' expenditure since the Fund was established in July 1999. The estimate for 2000-01 covers a full year.
- b) 240 projects are being supported by the Fund. They include:
 - (i) 225 projects brought forward from the then Industrial Support Fund and Services Support Fund, both of which have been subsumed under the Innovation and Technology Fund upon the latter's establishment in July 1999;
 - (ii) 4 projects approved under the University-Industry Collaboration Programme; and
 - (iii) 11 projects approved under the Small Entrepreneur Research Assistance Programme.

- c) 323 project proposals are currently being vetted. They can be categorised as follows:
- (i) 189 of the project proposals are under the Innovation and Technology Support Programme;
 - (ii) 90 are under the General Support Programme;
 - (iii) 18 are under the University-Industry Collaboration Programme; and
 - (iv) 26 are under the Small Entrepreneur Research Assistance Programme.

Signature	_____
Name in block letters	Francis HO
Post Title	Director-General of Industry
Date	18.3.2000

Bureau Serial No.

TIB 35

Question Serial No.

0176

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 111 Innovation and Technology Subhead 101 Innovation and Technology
(No. & title) : (block vote)

Programme :

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Please provide an analysis of expenditure under the Innovation and Technology Fund.

Asked by : The Honourable Christine LOH

Reply :

The estimated expenditure under the Innovation and Technology Fund in 2000-01 is \$872.25m, which can be broken down as follows:

- (i) \$172.54m is to cover the funding commitment of projects brought forward from the then Industrial Support Fund and Services Support Fund, which were subsumed under the Innovation and Technology Fund upon the latter's establishment in July 1999;
- (ii) \$134.5m is to cover project expenditure in 2000-01 under the Innovation and Technology Support Programme of the Fund;
- (iii) \$57.28m is to cover project expenditure in 2000-01 under the University-Industry Collaboration Programme of the Fund;
- (iv) \$32.8m is to cover project expenditure in 2000-01 under the General Support Programme of the Fund;
- (v) \$75.13m is to cover project expenditure in 2000-01 under the Small Entrepreneur Research Assistance Programme of the Fund; and
- (vi) \$400m is earmarked for projects to be undertaken by the Applied Science and Technology Research Institute, which will be established in 2000-01.

Signature _____

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB56

Question Serial No.

0235

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question :

As regards the work to lobby the United States for the grant of permanent Normal Trade Relations status to China, please state the estimated expenditure, staffing provision and work programmes scheduled for 2000-01 and compare such figures with those of 1999-2000.

Asked by : The Honourable NG Leung-sing

Reply :

On March 8, the US President submitted the Permanent Normal Trade Relations (PNTR) legislation to the Congress. We have intensified our lobbying accordingly.

The Trade and Industry Bureau (TIB) is responsible for co-ordinating the lobbying efforts. Together with the departments under its purview, including the Trade Department and the Economic and Trade Office in Washington (Washington Office), TIB is in close contact with the Hong Kong and the US business sectors in formulating the lobbying strategy.

The Washington Office has already started approaching the US congressmen and their staffers to convey to them the importance of China being granted the PNTR from the perspective of the SAR. Meanwhile, it strives to explain our position in the US press so as to solicit wider support.

We are also making detailed preparations for the Chief Executive's coming visit to Washington in early April. The Chief Executive will lobby the US

Congress leaders personally.

As existing resources are used to fund the lobbying work, which covers a wide variety of activities, we do not have separate figures on the staffing provision and expenditure summary. Nor can we provide such figures.

Name in block letters	CHAU Tak Hay
Post Title	Secretary for Trade and Industry
Date	18 March 2000

Bureau Serial No.

TIB54

Question Serial No.

0243

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead :

Programme : 9603 Inward Investment

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

In the 2000-01 estimates, it is estimated that there will be 1 210 visits to overseas investors to encourage investment in Hong Kong. Will the Government inform us what types of foreign companies are they and which countries or regions do they come from? What is the average cost of a visit?

Asked by : The Honourable Mrs Sophie LEUNG LAU Yau-fan, JP

Reply :

The Investment Promotion Units of the Hong Kong Economic and Trade Offices are targeting to conduct 1 210 visits to companies to encourage inward investment in the manufacturing and service sectors in 2000. A breakdown of the company visits by industries and regions is tabled below.

Breakdown of company visits to be conducted by Overseas Offices in 2000 by industries and regions

	North America	Europe	Australasia	Japan	Total by industry
Manufacturing Industries					
Electronics	80	45	25	25	175
Information technology	30	0	5	0	35
Biotechnology and pharmaceuticals	25	0	5	0	30
Environmental technology and equipment	12	13	5	0	30
Food and beverages	2	15	10	0	27
Metal engineering	3	9	5	10	27
Chemicals	0	25	0	0	25
Plastics	4	10	0	9	23
Construction and building materials	0	13	0	6	19
Others	24	14	5	5	48
<i>Sub-total</i>	180	144	60	55	439
Service Industries					
Software and computer-related services	84	54	50	5	193
Professional services	59	27	5	8	99
E-commerce	65	0	0	0	65
Trading and related services	22	22	0	21	65
Financial services	31	15	10	7	63
Telecommunications services	26	18	5	0	49
Air, land and maritime transport support services	5	23	0	6	34
Business services	11	23	0	0	34
Entertainment services including film and multi-media based information	21	1	0	0	22
Construction project development and management services	0	0	15	0	15
Environmental management services	5	0	5	0	10
Others	71	3	20	28	122
<i>Sub-total</i>	400	186	110	75	771
Total	580	330	170	130	1 210

2. For 2000-01, the financial provision devoted to the Inward Investment Programme under Head 96 – Government Secretariat : Overseas Offices will be \$48.4 million. In addition, \$5.7 million has been included in Head 73 Industry Department Programme 2 (Investment Promotion) for investment promotion by overseas offices. However, as company visits are part of the overall promotional effort, it is not practicable to identify the resources attributable to this aspect of work alone and work out the average cost of a visit.

Signature

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

20 March 2000

Bureau Serial No.

TIB51

Question Serial No.

0247

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead : 205 - Publicity

Programme : 9602 Public Relations

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

Of the provision of \$14,641,000 under Subhead 205 - Publicity, how much will be used in engaging public relations consultants? How many public relations consultants will be engaged? Where will they be engaged?

Asked by : The Honourable Mrs Sophie LEUNG LAU Yau-fan, JP

Reply :

In 2000-01, the Economic and Trade Offices have plans to engage public relations consultants essentially in the United States, Japan and major ASEAN countries including Indonesia, Malaysia, the Philippines and Thailand. The current estimate is about \$5 million. The public relations consultants are essentially engaged for event management, research and media monitoring. In the United States, a national public relations consultant is engaged to help raise Hong Kong's profile.

Signature

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

20 March 2000

Bureau Serial No.

TIB58

Question Serial No.

0256

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN / SUPPLEMENTARY WRITTEN QUESTION

Head : 152 Government Secretariat: Subhead (No. & title) :
Trade and Industry Bureau

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question(s) : There are reports that since many overseas innovation and technology companies would like to start business in Hong Kong as soon as possible, the Science Park may have to commence operation one year earlier. Are such reports true? If yes, what are the details and the financial provision involved?

Asked by : Hon James TIEN Pei-chun, JP

Reply : The Legislative Council approved a provision of \$1,982,700,000 on 21 January 2000 to carry out Phase 1a and 1b of the Hong Kong Science Park Project. The two phases are scheduled for completion and opening within the end of 2001 and the second half of 2002 at the earliest. We are still working out the cost required for completing the remaining projects of Phase 1 of the Science Park.

17 companies have now submitted their applications to the Provisional Hong Kong Science Park Company Ltd. To satisfy market needs, the Company intends to work with the Hong Kong Industrial Estates Corporation so as to rent the vacant premises in Tai Po Industrial Estate for temporary use by potential tenants before the opening of the Science Park. However, the proposal is still under discussion. The length of tenancy and the cost required will depend on the final outcome of the discussion.

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

18.3.2000

Bureau Serial No.

TIB68

Question Serial No.

0261

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN QUESTION**

Head 177 Subventions : Non-Departmental
Public Bodies

Subhead (No. & title) : 444 Hong Kong
Trade Development Council

Programme : Subvention : Hong Kong Trade Development Council, Consumer Council

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : As China will be entering the World Trade Organization soon, has the Hong Kong Trade Development Council (TDC) set aside funds for taking corresponding measures? If it has, please give the details.

Asked by : The Honourable James TIEN Pei-chun, J.P.

Reply : Helping Hong Kong companies to penetrate the Mainland market has been a major part of the TDC's promotional activities over the years. In view of China's imminent accession to the World Trade Organization (WTO), the TDC will step up efforts in this regard to help Hong Kong companies tap the opportunities associated with China's accession. The TDC will adopt the following strategies:

- » strengthen the lead of Hong Kong companies already operating/ selling in or seeking to enter the Mainland markets;
- » promote Hong Kong's capabilities to help Mainland entities reach out to global markets;
- » promote Hong Kong's capabilities to help overseas entities penetrate the Mainland markets;
- » strengthen Hong Kong's role as a source of market intelligence and contacts;
- » promote business opportunities which build on Hong Kong's role as a business hub or base; and
- » strengthen the capabilities and positioning of Hong Kong's SMEs in capturing new business opportunities.

For 2000-01, the TDC has earmarked \$45 million for activities in relation

to the penetration of the Mainland market. Such activities include:

- » organize various WTO-related seminars and conferences for Hong Kong companies, such as the “China Investment Policy Seminar” to be co-organized with the Ministry of Foreign Trade and Economic Cooperation in June 2000. Most of the seminars and conferences will have Mainland officials as speakers;
- » organize local exhibitions, e.g. “MoneyWorld Asia”, “Hong Kong International Film and TV Market”, and “Hong Kong Information Infrastructure Expo”, with an emphasis on business opportunities relating to China’s accession to the WTO;
- » organize courses and workshops for SMEs on how to tackle the Mainland market;
- » strengthen the information services on China trade at the TDC Business InfoCentre.
- » stage image promotion events, roadshows, seminars, conferences and exhibitions in various parts of the Mainland. Examples include:
 - a seminar titled “Opportunities of Urban & Environment Development in China: World Bank’s Perspective” to be co-organized with the World Bank in Chongqing;
 - "Hong Kong Expo" to be held in the midwest provinces of the Mainland to promote Hong Kong's brand name products;
 - fashion shows in major Mainland cities;
 - "Hong Kong Design Services Expo & Conference" to be held in Shanghai;
 - "Hong Kong Marketing Services Expo & Conference" to be held in Shanghai;
 - "Hong Kong Real Estate Services Expo & Conference" to be held in Beijing;
- » organize study missions and business delegations for various manufacturing and services industries to different parts of the Mainland;
- » sponsor supplements and special columns in Mainland newspapers to introduce the advantages of Hong Kong’s services and the role of Hong Kong companies as strategic partners for the Mainland’s enterprises; and
- » strengthen the TDC’s research capability in the Mainland to identify new business opportunities and to introduce related laws and regulations.

Bureau Serial No.

TIB 37

Question Serial No.

0262

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title) :

Subhead (No. &

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : What measures will Customs take to combat the production and sale of pirated and counterfeit products this year and what is the amount of provision in this respect?

Asked by : The Hon James TIEN Pei-chun, JP

Reply :

Customs will take the following measures to combat the production and sale of pirated and counterfeit products -

- (a) to strengthen intelligence collection and analysis on manufacturing and distribution of infringing and counterfeiting goods;
- (b) to conduct high profile and intensive street-level raiding operations against the sale of infringing goods;
- (c) to maintain expeditious seizure processing to facilitate prosecution;
- (d) to exercise the new statutory powers under the Organised and Serious Crimes Ordinance;
- (e) to enhance co-operation and communication with copyright holders and trade mark owners; and
- (f) to strengthen co-operation with relevant Mainland Authorities.

An amount of \$208.5 million has been earmarked for these activities.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 75

Question Serial No.

0263

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions : Subhead 441 & 905 Hong Kong
Non-Departmental Public Bodies (No. & title) : Productivity Council

Programme : Subvention : Hong Kong Productivity Council

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Why are the estimated amounts of “income from training courses” and “income from manufacturing support/process control” in 2000-01 lower than those for last year?

Asked by : The Honourable James TIEN Pei-chun, JP

Reply :

The programme and estimates of the Hong Kong Productivity Council (HKPC) for 2000-01 were prepared last September when there was no clear indication of economic recovery. Since demand for training normally declines during difficult economic times, HKPC adopted a more conservative approach in preparing its estimates and forecast a lower income from training courses for 2000-01.

As for income from manufacturing support/process control, the apparent decrease is actually a result of re-classification in HKPC's income forecast. Past experience of the HKPC indicates that after an introductory period focusing on awareness and education, interested clients normally require in-depth and tailor-made consultancy services and training programmes, to meet their individual requirements. Income from such services is now shown under consultancy services instead. Therefore, while HKPC has forecasted a lower income from manufacturing support/process control, there is a corresponding increase in income from consultancy services in 2000-01.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN QUESTION**

Head 177 Subventions : Non-Departmental
Public Bodies

Subhead (No. & title) : 444 Hong Kong
Trade Development Council

Programme : Subvention : Hong Kong Trade Development Council, Consumer Council

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : According to the analysis of financial provision, government subvention received by the Hong Kong Trade Development Council (TDC) is calculated by making reference to the net yields of declaration charge on domestic exports and imports collected in the preceding financial year. Due to the reduction in declaration charge on domestic exports and imports collected in 1999-2000, provision for 2000-01 will be substantially reduced by 19.5%. Would the Administration advise this committee on the details of the provision mechanism and the impact of the reduction in provision on the services provided by the TDC?

Asked by : The Honourable SIN Chung-kai

Reply : Government subvention for the TDC in a particular year is equivalent to the net yield from the declaration charge on domestic exports and imports of the preceding year. The net yield is derived by subtracting the full cost of collecting declaration charge on domestic exports and imports incurred by the relevant departments from the total amount of declaration charge on domestic exports and imports received.

Government subvention is not a main source of income for the TDC. It accounted/accounts for about 26% and 27% of the TDC's total expenditure in 1998-99 and 1999-2000 respectively. In 2000-01, the corresponding percentage will be around 22%.

While the reduction in Government subvention has put some pressure on the finances of the TDC, this has not affected the TDC's services. Through stringent control on costs, rationalization of resources, staff re-deployment, and enhancement in productivity, not only has the TDC been able to maintain its services, it has also introduced new services and improved the quality of its services. Notable examples of new services include an Internet-based portal site "*tdctrade.com*" that provides comprehensive trade information and value-added services, and the new Exhibition Services and Logistics Centre in Tseung Kwan O Industrial

Estate that provides better services for exhibitors of local exhibitions. In 2000-01, the TDC plans to form a new department by re-deploying existing staff to upgrade customer services.

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date March 2000

Bureau Serial No.

TIB61

Question Serial No.

0268

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN QUESTION**

Head : 152 Government Secretariat: Trade and Industry
Bureau

Subhead(No. & title) :

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question :

The Financial Secretary recently announced that an agency would be set up under the Trade and Industry Bureau (TIB) in 2000-01 to attract investment. The agency will work closely with all Economic and Trade Offices and the overseas offices of the HKTDC. Would the Administration advise this committee on the specific terms of reference of and the distribution of work among the HKTDC, the Industry Department, the TIB and other existing investment promotion agencies, and provide details on the allocation of resources? Would the Administration also advise this committee on the changes in these aspects arising from the new arrangement?

Asked by : Hon. SIN Chung-kai

Reply :

At present, the Trade and Industry Bureau is responsible for the formulation of policies on investment promotion, while the One Stop Unit of the Industry Department and the Investment Promotion Units in seven of Hong Kong's overseas Economic and Trade Offices (HKETOs) in Brussels, London, New York, San Francisco, Toronto, Tokyo and Sydney are responsible for carrying out inward investment promotion activities. Through company visits, exhibitions and investment seminars, and by identifying local business partners and arranging meetings, they make contacts with prospective investors and provide them with assistance. On the other hand, the Hong Kong Trade Development Council (TDC) is mainly responsible for the promotion and development of Hong Kong's external trade. To this end, TDC has been promoting Hong Kong's overall image abroad as well as publicising Hong Kong as the business and service centre of Asia. In the 1999-2000 financial year, the Industry Department and the HKETOs incurred about \$84m for promoting inward investment. As the TDC has no provision specifically earmarked for investment promotion, it is not possible to calculate the actual expenditure in this aspect.

In the 2000-01 Budget Speech, the Financial Secretary announced that an agency named "Invest Hong Kong" would be established to take over the functions of the Industry Department in respect of the promotion of inward investment. Under the new institutional arrangement, TIB will continue to be responsible for the formulation of the policies concerned, while the new agency and the ETOs will be tasked to attract inward investment from specific companies in the targeted sectors, and TDC will continue to focus on brand building and business matching/referral. The resources required for

investment promotion and the specific terms of reference and distribution of work of the agency and the ETOs are still under consideration. We are working out the detailed proposals regarding the reorganization, including the changes to staff establishment for investment promotion purposes and the expenditure under the relevant heads of expenditure. We intend to submit in due course detailed proposals to the Establishment Subcommittee and the Finance Committee for approval.

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date 18 March 2000

Bureau Serial No.

TIB70

Question Serial No.

0269

Examination of draft Estimates of Expenditure 2000-01

CONTROLLING OFFICER'S REPLY TO

written question

Head 177 Subventions : Non-Departmental
Public Bodies

Subhead (No. & title) : 444 Hong
Kong Trade Development Council

Programme : Subvention : Hong Kong Trade Development Council, Consumer Council

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : According to the information provided by the Hong Kong Trade Development Council (TDC), the worldwide circulation of TDC's trade publications has remained unchanged at 2.1 million for three consecutive years. Is it because there has been insufficient financial input in expanding the circulation network?

Asked by : The Honourable SIN Chung-kai

Reply : The TDC's trade publications are mainly sourcing guides on Hong Kong's products and services. They are distributed to targetted importers and buying firms worldwide.

In the past two and current financial years, the circulation of the TDC's printed trade publications has remained unchanged at the level of 2.1 million because:

- (a) the bulk of circulation has been accounted for by a number of trade publications that have been in the market for many years (e.g. the *Hong Kong Enterprise* was launched over 30 years ago), and the circulation lists have been well developed, covering almost all important overseas buyers with small changes in the number from time to time. Hence there have not been significant changes in the circulation of these publications;
- (b) the TDC has been regularly reviewing the cost effectiveness of the printed trade publications, and in recent years have cancelled the less effective ones and increased the number of issues of the more effective ones. The worldwide circulation however has remained at 2.1 million; and
- (c) in view of the new development that more and more buyers are using the Internet as a channel to receive and release information in recent years, the TDC does not see a need to considerably increase the

Bureau Serial No.

TIB 38

Question Serial No.

0283

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title) :

Subhead (No. &

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : The estimated financial provision under this programme registers an increase while the estimated figures for seizures (including the number of cases and the value of seizures) in respect of Intellectual Property Rights do not indicate corresponding upward adjustment. Why?

Asked by : The Hon Mrs Selina CHOW LIANG Shuk-ye, JP

Reply :

The increase in financial provision is mainly due to the full year provision for the various posts created in 1999-2000, the full year effect of the formation of the Special Task Force and the temporary deployment for 33 months of 60 clerical staff to replace non-civil service contract staff.

The piracy and counterfeiting situation has been put under control. We intend to maintain the same level of operation as in the previous year, but given the shrinking supply we do not expect any increase in seizures.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 39

Question Serial No.

0284

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head31 Customs and Excise Department

Subhead(No. & title) :

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : Will Customs deploy more manpower to combat pirated optical discs than on other infringing articles such as leatherware and textiles? Please give detailed breakdown of the distribution of manpower.

Asked by : The Hon Mrs Selina CHOW LIANG Shuk-ye, JP

Reply :

We are concerned about copyright piracy as well as trade mark counterfeiting activities. We have deployed flexibly our departmental resources to address both problems. The official distribution of resources in Intellectual Property Investigation Bureau (IPIB), which does not necessarily reflect day-to-day operational deployment, is set out below –

- (a) 64 officers for combating trademark infringements;
- (b) 87 officers for tackling copyright piracy;
- (c) 38 officers for intelligence collection and analysis, surveillance and follow-up enforcement actions on both copyright piracy and trademark counterfeiting activities;
- (d) 54 officers for seizure identification as well as disposal of pirated and counterfeit goods;
- (e) 42 officers for administration, licensing and support services; and
- (f) 60 temporary clerical posts, created in 2000-2001 for 33 months to replace non-civil service contract staff, for expediting the handling and sorting of pirated and counterfeit goods.

In addition to the set up in IPIB, 185 officers have been deployed since June 1999 to create a Special Task Force for reinforcing, among other things, anti-piracy operations at the retail level. Officers in other Customs formations also take part in operations against copyright piracy and trade mark counterfeiting on a need basis.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB52

Question Serial No.

0375

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead : 205 - Publicity

Programme : 9602 Public Relations

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

In respect of the public relations functions/events to be organised by the overseas offices -

- a) What kinds of functions/events are they;
- b) Are arts and cultural events being included? If yes, what is the proportion and who are the organisers?
- c) As compared to the 655 functions/events organised last year, what are the reasons for the number of functions/events to be reduced to 605 this year?

Asked by : The Honourable Cyd HO Sau-lan

Reply :

- 1) Except for the Economic and Trade Office (ETO) in Geneva, whose primary function is to represent Hong Kong at the World Trade Organisation, the other nine ETOs organise or sponsor various promotional PR activities including business conferences and seminars, exhibitions, receptions, festivals, cultural events and roadshows. They also play a key role in organising high-level official visits.
- 2) In 2000, about 20% of these activities are cultural events or contain some cultural elements to promote arts and culture. These activities will be either organised or sponsored by the ETOs or co-organised with other organisations or government departments, such as the Hong Kong Tourist Association, local Hong Kong associations or business organisations, and Government's Information Services Department. These events will include

film festivals, Dragon Boat Festivals, dance and music performances, Chinese New Year receptions with lion dance, photo exhibitions/funfairs featuring arts and culture.

- 3) The number of functions/events organised in 1999 was much higher than the previous year, in which 582 functions/events were organised. This was largely a result of the higher number of overseas visits by senior officials. In 2000, the number of functions/events being planned is 605 which is similar to the 1998 level. Also these will include some functions/events on a scale larger than similar ones held previously in order to create a greater impact.

Signature

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

20 March 2000

Bureau Serial No.

TIB62

Question Serial No.

0408

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 - Government Secretariat : Trade and Industry Bureau

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question(s) : In 1999-2000, how is the performance of the Competition Policy Advisory Group in the following aspects:

- (a) Apart from the 32 practices identified in 1998 to be not in full compliance with the competition policy, any other such practices have been identified? What rectification actions have been suggested accordingly?
- (b) What actions have been taken to rectify the practices identified in 1998? How is the progress so far?
- (c) How many complaints have been received during this financial year? What are the details of and follow-up actions for these complaints?
- (d) Has additional resources been allocated for this scope of work?

Asked by : The Honourable CHEUNG Man-kwong

Reply : In the *Competition Policy Advisory Group Report 1998*, we set out 32 measures proposed by bureaux and departments. Some of these measures were aimed to rectify behaviour not totally in line with the Government's competition policy. The remaining measures were not proposed in response to identified anti-competitive behaviour, but were initiated by the bureaux/departments to promote competition in their respective sectors.

The Government will again publish a report this year to inform the public of the work carried out by the Government in the past year in the promotion of competition. Apart from setting out new work or initiatives, the report will also briefly report on the updated positions of those initiatives reported last year, as well as provide information on the complaints received in the past year.

Promotion of competition is a government-wide responsibility.

COMPAG is responsible for reviewing competition-related issues which have policy or systemic implications, while the bureaux and departments are responsible for overseeing competition-related issues within their portfolios. In 1999-2000, bureaux and departments carried out work relating to the promotion of competition with the approved provisions, and did not request for additional resources for this purpose.

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date 20 March 2000

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : What are the post titles, scope of responsibilities, ranking and remuneration of the net 18 posts to be created by the Trade and Industry Bureau in the coming financial year ?

Asked by : The Honourable Kenneth TING Woo-shou, JP

Reply :

The creation of a net 18 posts comprises the creation of 22 posts and the deletion of 4 posts. The details of the proposed new posts required are as follows :

- (a) To implement the recommendations of the Final Report of the Chief Executive's Commission on Innovation and Technology (CIT), i.e. -
- (i) to work on the merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Science Park;
 - (ii) to form the common secretariat to service an advisory body and an inter-bureau policy group to strengthen the formulation, co-ordination and implementation of policy on innovation and technology; and
 - (iii) to provide secretarial support to two science advisers to be recruited to help strengthen the technological capabilities of the Government.

For planning purpose, the 14 posts we have in mind are –

<u>No. of Post</u>	<u>Rank</u>	<u>Salary Scale</u> (\$)
2	Administrative Officer, Staff Grade C	116,650 - 123,850
2	Senior Administrative Officer	76,485 - 88,115
2	Executive Officer I	36,940 - 46,485
4	Personal Secretary I	21,010 - 26,805
2	Personal Secretary II	10,420 - 20,010
2	Assistant Clerical Officer	9,785 - 20,010
<hr/>		
14		

- (b) To support the Chair's Office of the Pacific Economic Cooperation Council (PECC) during Hong Kong's two-year Chairmanship from October 1999, and the hosting of the Fourteenth General Meeting of the PECC and related meetings in 2000 and 2001 in Hong Kong. Initially, the following 8 posts are required to be created commencing October 2000 -

<u>No. of Post</u>	<u>Rank</u>	<u>Salary Scale</u> (\$)
1	Chief Executive Officer	76,485 - 88,115
2	Senior Executive Officer	47,970 - 73,815
2	Executive Officer I	36,940 - 46,485
1	Personal Secretary II	10,420 - 20,010
1	Clerical Officer	21,010 - 26,805
1	Workman II	9,785 - 10,175
<hr/>		
8		

Actual creation and filling of posts will be subject to the Budget strategy in containing the size of the civil service.

Separately, the posts of 1 AOSGC, 1 Executive Officer I, 1 Personal Secretary I and 1 Assistant Clerical Officer which were created to service the CIT will be deleted upon its disbandment.

Signature	
Name in block letters	<hr/> CHAU Tak Hay
Post Title	<hr/> Secretary for Trade and Industry
Date	<hr/> 18 March 2000

Bureau Serial No.

TIB 59

Question Serial No.

0428

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN QUESTION**

Head : 152 Government Secretariat: Subhead(No. &
Trade and Industry Bureau title) :

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : What will be the total amount of loans estimated to be approved under the Special Finance Scheme for small and medium enterprises in the coming financial year? How many enterprises will be benefitted? What is the current financial position of the Scheme?

Asked by : The Honourable Kenneth TING Woo-shou, J.P.

Reply :

The credit guarantees of \$5 billion under the Special Finance Scheme for Small and Medium Enterprises (SMEs) have all been committed by 9 March 2000. Further applications have since been put on a waiting list and processing of the cases will only be reactivated when recycled funds are available from expired and discharged guarantees on a first-come-first-served basis. We are now conducting a review on the future arrangement of the Scheme and will announce the result in due course.

As at 14 March 2000, 11 713 applications were approved under the Scheme and the cumulative amount of loans involved was \$8.746b. The cumulative amount of guarantee was \$5.528b and 9 729 enterprises had benefitted from the Scheme. A total of 90 cases have defaulted and the amount of claims was \$75m.

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date 18 March 2000

Bureau Serial No.

TIB48

Question Serial No.

0490

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 78 – Intellectual Property Department Subhead (No. & title) : —

Programme : (7801) Statutory Functions

Bureau Secretary : Secretary for Trade & Industry

Controlling Officer : Director of Intellectual Property

Question(s) :

It is indicated in Item 5 of Programme (1) that, during 1999-2000, the Intellectual Property Department contracted out some data input activities. I would like to know

- (1) how much was saved by the IPD through contracting out;
- (2) the information about the company concerned; and
- (3) whether the IPD has planned to further contract out other activities.

Asked by : Hon. HUI Cheung-ching

Reply :

- (1) During 1999-2000, the contracting out of data input activities cost \$0.64 million per year. It substituted the service of 6.7 Assistant Clerical Officers (ACOs), an equivalent of \$2.20 million per year in terms of full average staff cost. Three ACO posts were deleted, and the remaining posts became vacant.
- (2) The names of the companies concerned are Kodak (Far East) Ltd. and Sinodata (HK) Ltd.

- (3) Between 2000 and 2002, we plan to outsource non-core services to the private sector. These comprise information management and processing of existing computer systems, development and administration of new information technology systems and office operations. A commitment of \$122.63 million to meet the total expenditure required was approved by Finance Committee at its meeting on 10 March 2000.

Signature _____

Name in block letters STEPHEN SELBY

Post Title Director of Intellectual Property

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 152 - Government Secretariat : Trade and Industry Bureau Subhead (No. & title) :

Programme: 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question :

What will be the number of staff and expenditure required for (a) making the Community Electronic Trading Service available to cargo manifests and dutiable commodities permits; and (b) monitoring and reviewing the operation of the Special Finance Scheme for small and medium enterprises, both under *Matters Requiring Special Attention in 2001-01*?

Asked by : The Honourable HUI Cheung-ching

Reply :

(a) On 9 July 1999, the Finance Committee approved the commitment for the implementation of the Electronic Data Interchange System for Cargo Manifests under the Community Electronic Trading Service. The non-recurrent expenditure over three years from 1999-2000 to 2001-2002 amounts to \$125,980,000. It comprises \$110,070,000 for the acquisition of computer hardware and software, and \$15,910,000 for the employment of staff for four departments concerned. During the three years of project development, the man-months of staff required by the four departments, namely, Customs & Excise Department, Census and Statistics Department, Trade Department and Information Technology Services Department are 87, 90, 33 and 30 respectively.

On 25 June 1999, the Finance Committee approved the commitment for the implementation of the Electronic Data Interchange System for Dutiable Commodities Permits under the Community Electronic Trading Service. The non-recurrent expenditure amounts to \$37,340,000 over three years from 1999-2000 to 2001-2002. It comprises \$31,690,000 for the acquisition of computer hardware and software, and \$5,650,000 for the employment of staff for two departments concerned. During the three years of project development, the man-months of staff required by the two departments, namely, Customs & Excise Department and Information Technology Services Department are 54 and 24 respectively.

(b) The number of Government staff directly responsible for operating, monitoring and reviewing the Special Finance Scheme for Small and Medium Enterprises, as well as remuneration costs are listed as follows:

	<u>Number of staff</u>	<u>Estimated Percentage of Time Spent on the Matter</u> %	<u>Notional Annual Mid-point Salary</u> \$	<u>Estimated Remuneration costs</u> \$
(Trade and Industry Bureau)				
Administrative officer	1	30	660,000	198,000
(Treasury)				
Senior Treasury Accountant	1	20	985,260	197,052
Accounting Officer I	1	100	508,860	508,860
Clerical Officer	1	100	291,840	291,840
Assistant Clerical Officer	2	100	181,920	363,840
(Industry Department)				
Principal Trade Officer	1	10	985,260	98,526
Trade Officer	1	15	722,280	108,342
Assistant Trade Officer	1	20	508,860	101,772
				<u>1,868,232</u>

Where need arises, we will also seek advice on the Scheme from the staff of the Finance Bureau, the Financial Services Bureau, the Hong Kong Monetary Authority and the Department of Justice.

Name in block letters : CHAU TAK HAY

Post Title : Secretary for Trade and Industry

Date : 18 March 2000

Bureau Serial No.
TIB53
Question Serial No.
0496

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead : 205 - Publicity

Programme : 9602 Public Relations

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

Regarding the provision of \$14,641,000 under Subhead 205 - Publicity, please provide a breakdown of the requirements for engaging public relations consultants, newspaper clipping service, sponsored visits to Hong Kong, etc.

Asked by : The Honourable HUI Cheung-ching

Reply :

The provision of \$14,641,000 sought under Subhead 205 – Publicity is to meet expenses on the engagement of public relations consultants (about \$5 million), newspaper clipping service (about \$1 million), production of newsletters and various public relations activities. Sponsored visits to Hong Kong are essentially funded by the Information Services Department's sponsored visitors programme.

Signature _____

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date 20 March 2000

Bureau Serial No.

TIB67

Question Serial No.

0500

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 152 Government Secretariat: Trade and Industry Bureau

Subhead (No. & title) :

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : It is announced in the Budget that the functions of the Business and Services Promotion Unit will be merged with the Trade and Industry Bureau. Will there be any changes in their establishment? Is any estimated funding involved?

Asked by : The Hon James Tien Pei-chun, JP

Reply : We are working out detailed proposals regarding the reorganisation, including changes to staff establishment and estimates under relevant heads of expenditure. We intend to submit in due course these proposals to the Establishment Sub-committee and Finance Committee for approval.

Name in block letters CHAU TAK HAY
Post Title Secretary for Trade and Industry
Date 15 March 2000

Bureau Serial No.

TIB 36

Question Serial No.

0583

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 31 Customs and Excise Department Subhead (No. & title) :

Programme: (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security/Secretary for Trade and Industry
/Secretary for the Treasury

Question : In the past two years, among vehicles crossing the land boundary, 99.9% cleared the Customs within 60 seconds; and it is estimated that the same level (99.9%) can also be attained in 2000. Will the Commissioner of Customs and Excise consider raising the performance standard and reducing the time needed for clearance?

Asked by : The Hon Mrs Miriam LAU Kin-ye, JP

Reply :

Customs officers at the boundary kiosks, working under tremendous pressure, have been able to achieve the 60 second clearance target with a great deal of hard work. We would not be able to reduce the time needed for clearance without compromising our enforcement responsibility under the existing mode of operation.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 47

Question Serial No.

0584

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department

Subhead (No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement (2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security/Secretary for Trade and Industry
/Secretary for the Treasury

Question : Please give the breakdown figures for the following items in the past year under subhead 103 Rewards and Special Services: the total expenditure on payment to informers, the biggest amount paid as informer fee, the number of informers who received the payment, the cost of manpower and the number of officers allocated.

Asked by : The Hon James TO Kun-sun

Reply :

The number of reward payments made under subhead 103 "Rewards and Special Services" in the first eleven months of 1999-2000 was about 45. Expenditure under this subhead includes payments of rewards, special services and operational expenses incurred in covert operations. It would not be appropriate to reveal details under this subhead because further disclosure would compromise the operational effectiveness of our investigations.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Bureau Serial No.

TIB 40

Question Serial No.

0585

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title):

Subhead (No. &

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : (a) What is the amount of provision reserved for combating infringement and piracy activities in 2000-2001 and what is the staff establishment for the purpose? (b) Vested with the statutory power, law enforcement officers will be in a position to investigate into intellectual property rights offences that are classified as organised and serious crimes. Is the existing establishment of the law enforcement officers concerned adequate for the additional task?

Asked by : The Hon CHAN Kam-lam

Reply :

- (a) There are 285 posts in the Intellectual Property Investigation Bureau (IPIB) tasked with the responsibility to combat copyright piracy and trade mark infringement activities. In addition, a Special Task Force of 185 officers has been in existence since June 1999 for enhanced enforcement action against infringement activities. A further 60 temporary posts will be created in 2000-2001 to expedite the handling and sorting of optical discs seized during operations. The total amount of provision is \$208.5 million.
- (b) Existing staff within IPIB will be able to discharge the responsibility of handling investigations of copyright and counterfeiting offences under the Organised and Serious Crimes Ordinance.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 41

Question Serial No.

0586

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title) :

Subhead (No. &

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : What is the number of officers deployed by the Customs for seizure disposal? Is the manpower deployed in proportion to the difficulty faced by the Customs in seizure disposal?

Asked by : The Hon CHAN Kam-lam

Reply :

Customs has deployed a significant amount of resources in seizure disposal. A dedicated core team of 54 officers is responsible for seizure identification as well as disposal of pirated and counterfeit goods. They are assisted by 27 general and common grades officers, mostly Supplies Officer grade staff, who are responsible, among other things, for all seizure storage and related record-keeping duties in the Department. Separately, 60 non-civil service contract staff have been employed in 1999-2000 on a temporary basis for expediting the handling and sorting of optical discs seized during operations.

The problem facing the department in seizure management is the vast number of pirated optical discs seized which must be sorted and identified individually by Customs staff and copyright owners, but we have managed to keep the seizure position under control. Since last year, we have implemented efficiency measures to shorten seizure examination time from seven to four months, and to increase the disposal of the number of forfeited goods by 467% from 1.8 million in 1998 to 10.2 million in 1999.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 42

Question Serial No.

0590

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department

Subhead (No. & title) :

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : What are the numbers of factory inspections and factory audit checks conducted to enforce the Certification of Origin System for textiles in the past three years?

Asked by : The Hon LEE Cheuk-yan

Reply :

The number of factory inspections and consignment checks and the number of factory audit checks (FAC) conducted in 1997, 1998 and 1999 are as follows –

	<u>1997</u>	<u>1998</u>	<u>1999</u>
No. of Factory Inspections and Consignment Checks	96,107	79,161 ⁽¹⁾	76,894
No. of Factory Audit Checks	270	42 ⁽²⁾	130

(1) In July 1998, we abandoned the single officer inspection routine and adopted a team approach in the conduct of Factory Inspections and Consignment Checks. Fewer inspections were conducted as a result but we are satisfied that this is a more effective means to detect illegal transshipment.

(2) Of the FAC cases completed in 1997, the average number of licences audited in each case was about 100. As regards the FAC cases completed in 1998, most of them involved the auditing of more than 200 licences. This has inevitably prolonged the time required for completing an audit check in 1998. Hence the drop in the number of checks.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 16.3.2000

Bureau Serial No.

TIB 43

Question Serial No.

0591

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 31 Customs and Excise Department Subhead (No. & title) :

Programme: (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : What are the breakdown figures of textile origin fraud cases and illegal transshipment cases investigated and in which prosecution was instituted by the Customs and Excise Department in 1999-2000? And what are the differences between these figures and those for 1998-1999?

Asked by : The Hon James TO Kun-sun

Reply :

The figures are as follows:

	<u>1998-1999</u> (1.4.98-31.3.1999)	<u>1999-2000</u> (1.4.99-29.2.200)
No. of textile origin fraud and illegal transshipment cases investigated	1,096	1,184
No. of persons/companies prosecuted	858	645

Note : We do not keep separate investigation and prosecution figures for textile origin fraud cases and illegal transshipment cases.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 44

Question Serial No.

0592

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head 31 Customs and Excise Department Subhead (No. & title) :

Programme: (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : It is mentioned in paragraph 30 that Customs will maintain its efforts to combat textile origin fraud and illegal transshipment. Then why do the authorities expect the number of factory and consignment inspections to be less than that of 1998?

Asked by : The Hon CHAN Kam-lam

Reply :

In July 1998, we abandoned the single officer inspection routine and adopted a team approach in the conduct of consignment and factory inspections to combat illegal textiles transshipment. Fewer inspections were conducted in 1999 than in 1998 as a result but we are satisfied that this is a more effective means to detect illegal transshipment activities. The year 2000 figure is a realistic projection based on the actual number of inspections conducted in 1999.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 45

Question Serial No.

0593

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title) :

Subhead (No. &

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : With the gradual drop in the level of rice reserve consequent upon the new requirement of the Trade Department, can the manpower and expenditure that Customs allocates to inspections to enforce Reserved Commodities Control be reduced in the coming three years?

Asked by : The Hon CHAN Kam-lam

Reply :

We would not be able to reduce the existing level of manpower and expenditure to enforce reserved commodity control in the coming three years. Two officers are currently deployed to deal with enforcement of rice control in addition to their work on the enforcement control of frozen meat and poultry. Subject to the review on the need to maintain a reserve stock for rice, we will review the manpower situation when the rice trade is liberalized in 2003.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17.3.2000

Bureau Serial No.

TIB 46

Question Serial No.

0594

Examination of draft Estimates of Expenditure 2000-2001

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 31 Customs and Excise Department
title) :

Subhead (No. &

Programme: (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Trade and Industry

Question : Under Programme (5), the financial provision for 2000-2001 will be \$0.3 million less than that for 1999-2000. Please provide the following information: (a) How much can be saved for the public coffer as a result of the deletion of 19 posts upon the implementation of Electronic Data Interchange for trade declaration lodgement and three posts under the Enhanced Productivity Programme? (b) What are the purposes for creating four posts for driving duties and administrative support and what is the amount of provision reserved for this?

Asked by : The Hon CHAN Kam-lam

Reply :

(a) The deletion of the 22 posts will result in savings of \$6 million.

(b) The four posts comprise two Motor Drivers and two Data Processors. The total provision is \$0.6 million. The two drivers are required to provide conveyance service for staff to facilitate their conduct of inspections and investigations. The two Data Processors, who have been allocated to us for one year only, are required to input into the Trade Declaration Sub-system of the Electronic Data Interchange System trade declarations received in paper form before the change-over to the full EDI mode.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 16.3.2000

Bureau Serial No.

TIB 75

Question Serial No.

0840

Examination of draft Estimates of Expenditure 2000-01

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions : Subhead 533 Hong Kong Applied Science
Non-Departmental Public Bodies (No. & title) : and Technology Research Institutes

Programme : Subvention : Hong Kong Applied Science and Technology Research
Institutes

Controlling Officer : Director-General of Industry

Bureau Secretary : Secretary for Trade and Industry

Question : How will the provision of \$65.2m allocated in 2000-01 be spent and
what are the detailed breakdown?

Asked by : The Honourable SIN Chung-kai

Reply :

The \$65.2m allocation for ASTRI in 2000-01 comprises \$46.95m for
ASTRI's staff cost; \$1.83m for rental cost of ASTRI's temporary office; and
\$16.43m to cover other expenses such as office overheads, promotional activities,
staff recruitment cost, etc.

Signature

Name in block letters Francis HO

Post Title Director-General of Industry

Date 18.3.2000

Bureau Serial No.

TIB71

Question Serial No.

0841

Examination of draft Estimates of Expenditure 2000-01

CONTROLLING OFFICER'S REPLY TO

written question

Head 177 Subventions : Non-Departmental
Public Bodies

Subhead (No. & title) : 444 Hong
Kong Trade Development Council

Programme : Subvention : Hong Kong Trade Development Council, Consumer Council

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : Regarding the provision for trade development, what proportion will be used to enhance the growth of e-commerce? What are the specific plans in this area and how much will be required as their main costs?

Asked by : The Honourable SIN Chung-kai

Reply : The Hong Kong Trade Development Council (TDC) has been promoting e-commerce and the use of information technology, especially the Internet, for more than three years. In 2000-01, the TDC will continue to do so and many of the TDC's promotional activities will contain such elements.

Activities planned for 2000-01 which are directly related to the promotion of e-commerce and the use of the Internet include:

- » continue to develop the comprehensive trade portal site "*tdctrade.com*" to provide comprehensive trade information and related services;
- » provide Internet-based services such as the *Hong Kong Enterprise Internet* (a sourcing guide of Hong Kong products) and *TDCLink* (a trade matching service based on a database of 100,000 Hong Kong companies, 500,000 global business contacts, and 18,000 brand names);
- » provide training courses, seminars, and advisory services on e-commerce for SMEs;
- » organize e-commerce-related exhibitions and conferences, e.g. the "Hong Kong Information Infrastructure Expo", "Hong Kong Information Infrastructure Conference" and "TDC Market Day Exhibition"; and
- » publicity and promotional activities, e.g. promotional stands at major trade fairs, newspaper supplements, advertising, TV commercials, and

guide books for SMEs.

The budgetted provision for activities directly relating to the promotion of e-commerce and the use of the Internet will be \$106.7 million in 2000-01. This amount does not include the costs of other promotional activities which also contain the elements of e-commerce and the use of the Internet.

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date March 2000

Bureau Serial No.

TIB72

Question Serial No.

0998

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

- Head: 177 Subventions: Non-departmental Public Bodies
- Subhead: 429 and 955, Consumer Council
(No. & title)
- Programme: Subvention: Hong Kong Trade Development Council,
Consumer Council
- Controlling Officer: Secretary for Trade and Industry
- Bureau Secretary: Secretary for Trade and Industry
- Question: It was stated under "Matters Requiring Special Attention in 2000-01" that the Consumer Council would strengthen consumer safeguards in the area of electronic commerce. Will the Government inform this Council of the specific measures to be undertaken by the Consumer Council in this respect and the details on the staffing provision and allocation of subvention for this purpose?
- Asked by: The Honourable Fred LI Wah-ming, J.P.
- Reply: In recent years, the Consumer Council has started the following work in respect of consumer protection in the area of electronic commerce:
- (1) participation in the Internet shopping survey conducted by the Consumers International;
 - (2) co-operation with foreign consumer protection agencies in investigating and eliminating problematic Internet advertisements with a view to enhancing consumers' awareness of self-protection ;

- (3) publication of a number of articles in the Choice magazine, reminding consumers of traps in Internet shopping;
- (4) printing and distributing pamphlets on guidelines for Internet shopping; and
- (5) actively encouraging the trade to formulate self-regulatory mechanism on electronic commerce.

Apart from continuing the above measures, the Council would in the coming year-

- (1) participate in another Consumers International's Internet shopping survey, and plan to cooperate with the Office of the Privacy Commissioner for Personal Data with a view to enhancing privacy protection for consumers involved on Internet shopping;
- (2) study business practices of Internet-based traders', e.g. Internet auction;
- (3) mobilize business associations to adopt and implement OECD's "Guidelines for Consumer Protection in the Context of Electronic Commerce", with the aim of enhancing consumers' confidence in participating in Internet transactions; and
- (4) study ways to promote electronic commerce self-regulatory mechanism, e.g. electronic label certificate and assisting trade associations in formulating self-regulatory system.

The above tasks will be undertaken within the existing resources. No additional manpower and subvention would be necessary.

Name in block letters: CHAU TAK HAY

Post Title: Secretary for Trade and Industry

Date: 20 March 2000

Bureau Serial No.

TIB73

Question Serial No.

0999

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head: 177 Subventions: Non-departmental Public Bodies

Subhead: 429 and 955, Consumer Council
(No. and title)

Programme : Subvention: Hong Kong Trade Development Council,
Consumer Council

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : It was stated under "Matters Requiring Special Attention in 2000-01" that the Consumer Council would examine the feasibility of enhancing statutory consumer protection against misleading advertisements. Will the Government inform this Council of the specific measures to be undertaken by the Consumer Council in this respect and the details on the staffing provision and allocation of subvention for this purpose?

Asked by : The Honourable Fred LI Wah-ming, J.P.

Reply : The Consumer Council has completed its consultation of various sectors on their views concerning the regulation of misleading advertisements. In the coming year, the Council has planned the following specific measures:

- (6) mobilizing advertising industry, business sector, and related media organisations to establish a self-regulatory body and formulate a self-regulatory mechanism to control misleading advertisements;

(7) continuing the study of misleading advertisements in different spheres to alert consumers' awareness. The result of the study could also form the basis for formulating legislative amendments; and

(8) continuing the examination, in collaboration with Government departments, of the feasibility of introducing legislative amendments to regulate misleading advertisements.

The above tasks will be undertaken within the existing resources. No additional manpower and subvention would be necessary.

Name in block letters: CHAU TAK HAY

Post Title: Secretary for Trade and Industry

Date: 20 March 2000

Bureau Serial No.

TIB64

Question Serial No.

1034

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : In which areas will the 18 additional posts be created under the Trade and Industry Programme? What is the amount of funds involved?

Asked by : The Honourable CHAN Kam-lam

Reply :

The creation of a net 18 posts comprises the creation of 22 posts and the deletion of 4 posts. The proposed new posts required are for the following purposes :

- (a) To implement the recommendations of the Final Report of the Chief Executive's Commission on Innovation and Technology (CIT), i.e. -
 - (i) to work on the merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Science Park;
 - (ii) to form the common secretariat to service the advisory body and an inter-bureau policy group to strengthen the formulation, co-ordination and implementation of policy on innovation and technology; and

- (iii) to provide secretarial support to two science advisers to be recruited to help strengthen the technological capabilities of the Government.
- (b) To support the Chair's Office of the Pacific Economic Cooperation Council (PECC) during Hong Kong's two-year Chairmanship from October 1999, and the hosting of the Fourteenth General Meeting of the PECC and related meetings in 2000 and 2001 in Hong Kong.

However, actual creation and filling of posts will be subject to the Budget strategy in containing the size of the civil service.

Separately, four posts which were created to service the CIT will be deleted upon its disbandment.

The additional personal emoluments required for the creation of a net 18 posts is \$7.364m in 2000-01.

Signature	_____
Name in block letters	CHAU Tak Hay
Post Title	Secretary for Trade and Industry
Date	18 March 2000

Bureau Serial No.

TIB65

Question Serial No.

1035

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : What is the expenditure required for implementing the recommendations of the Chief Executive's Commission on Innovation and Technology?

Asked by : The Honourable CHAN Kam-lam

Reply :

The recommendations of the Chief Executive's Commission on Innovation and Technology (CIT) are being implemented by existing resources of the Trade and Industry Bureau and the Industry Department. In addition, a provision of \$13.813m in recurrent expenditure is required in 2000-01 for implementing the recommendations of the Final Report of the CIT under Head 152 – Government Secretariat : Trade and Industry Bureau, i.e. –

- (i) the creation of a team to oversee the merging of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Science Park;
- (ii) the establishment of a common secretariat to service an advisory body and an inter-bureau policy group on innovation and technology; and
- (iii) the engagement of two science advisers.

Furthermore, we have earmarked an amount of \$65.217m in 2000-01 under Head 177 – Subventions : Non-Departmental Public Bodies for the establishment of the Applied Science and Technology Research Institute. We have also included \$872m for expenditure in 2000-01 under the Innovation and Technology Fund.

Signature

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

18 March 2000

Bureau Serial No.

TIB55

Question Serial No.

1036

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead :

Programme : 9603 Inward Investment

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

- a) Paragraph 13 mentions that the Overseas Offices will continue to encourage and attract overseas manufacturers to invest in Hong Kong. What are the major work plans of the Overseas Offices in the coming year and what are the amount of resources involved? What achievements are to be expected?
- b) Paragraph 12 mentions the indicator on the estimated number of projects to be handled in 2000. Among them, the estimated number of committed projects will increase from 57 in 1999 to 77 in 2000. Please provide a breakdown of these projects. In what ways will these projects benefit the economy of Hong Kong?

Asked by : The Honourable CHAN Kam-lam

Reply :

- a) In the coming year, the Investment Promotion Units (IPUs) in the Economic and Trade Offices will continue their ongoing proactive investment promotional activities, including company visits to some 440 manufacturing companies to encourage inward investment in the manufacturing sector. Mailing campaigns will also be directed to overseas manufacturing companies in the United States, Japan, the UK, the Netherlands, Germany, France, Italy, Spain, Ireland and Scandinavia. Besides, the IPUs will

organise investment seminars and participate in major trade and industry exhibitions. They will also organise investment promotion missions to cities with a high concentration of manufacturing companies. For 2000-01, the financial provision devoted to the Inward Investment Programme under Head 96 – Government Secretariat : Overseas Offices will be \$48.4 million. Furthermore, \$5.7 million will be made available from Head 73 Industry Department Programme 2 (Investment Promotion) to fund investment promotional activities overseas.

It is anticipated that promotional efforts would attract and facilitate overseas companies to develop and expand their business in Hong Kong. The estimated number of completed manufacturing and related projects for 2000 is 38.

- b) The 77 committed projects estimated for 2000 are related to different sectors including electronics, information technology, biotechnology and pharmaceuticals, software and computer-related services, telecommunications equipment and services, and financial services. These projects are expected to bring about employment and business opportunities to Hong Kong and result in technology and skill transfer. They are also conducive to the development of Hong Kong as a telecommunications hub and a financial centre and the promotion of our vision of becoming an IT and knowledge-based economy.

Signature _____

Name in block letters CHAU Tak Hay

Post Title Secretary for Trade and Industry

Date 20 March 2000

Bureau Serial No.

TIB50

Question Serial No.

1260

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead : 700 – Capital Account, Item 593 – Consultancy services on commercial relations and non-trade issues in Europe

Programme : 9601 Commercial Relations

Controlling Officer : Secretary for Trade & Industry

Bureau Secretary : Secretary for Trade & Industry

Question :

In previous years, responses to questions regarding expenditure on consultants and outside contractors have resulted in vague responses such as :

“while we do not anticipate any immediate savings through contracting out services, the employment of contractors permits greater flexibility in varying the number of staff employed on the various types of services according to demand. We anticipate that this will result in savings in costs in the longer term, though it is difficult to quantify these savings.” (11 March 1999 response by the Director of Lands to question on consultants and contractors, Bureau Serial Number PEL173).

This year, there has been \$4,428,000 included in the approved commitments and estimated 1999-2000 expenditure for various consultations by just Government Secretariat : Overseas Offices alone.

In light of the stated difficulty in quantifying savings through contracting out services, what criteria are established to ensure that the government and taxpayers are getting value for money?

Asked by : The Honourable Christine LOH

Reply :

The expenditure of \$4.428m under Item 593, Subhead 700 is not aimed at achieving savings by contract out the services. The purpose of engaging the consultancy services is to obtain specialist expert advice and analyses on issues affecting our market access to Europe and to assist in collecting and analysing regulatory information concerning the European Union to support Hong Kong in the conduct of commercial relations work in Europe.

In procuring consultancies or services, we would follow the standard procedures laid down in Government's Stores and Procurement Regulations. Rigorous measures are in place to ensure that consultancies or services are engaged only where necessary and that they are conducted in a cost-effective manner. For the purpose of inviting bids, we would draw up a clear brief setting out the deliverables and the milestones to be achieved by the successful bidder. The subsequent selection and appointment of the consulting firms or contractors would go through open and competitive tendering procedures. To ensure that government obtains value for money, we assess the qualitative as well as price aspects of all bids before selecting a consulting firm or contractor.

In the course of the contract, we would closely monitor the performance and progress of work of the selected consulting firm or contractor. In addition, for those consultancies valued over \$1.3m, we would submit reports to the Central Consultants Selection Board on the performance of the selected firm on a regular basis, i.e. every three or six months and at the end of the consultancy agreements. We would only release payment upon satisfactory completion of each stage of the work. Furthermore, we would, where appropriate, retain a predetermined percentage of the total cost of the work which would only be released upon full and satisfactory completion of the work in accordance with the terms of the contract.

Signature

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Trade and Industry

Date

21March 2000

Bureau Serial No.

TIB49

Question Serial No.

1287

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 78 – Intellectual Property Department Subhead(No. & title) :

Programme : (7802) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Bureau Secretary : Secretary for Trade & Industry

Question(s) :

Provision for Programme (2) is 12.8% higher than that for last year. This is mainly due to the promotion and publicity campaigns on protection of intellectual property rights (IPR). Please state the related staffing provision, the estimates of expenditure, the content and programmes of the publicity campaigns, the estimates for the next three years and the intended results.

Asked by : Hon. CHAN Kam-lam

Reply :

The promotion and education activities for IPR are carried out by four full-time staff (two of whom have specialized marketing and media experience), an equivalent of \$1.4m in staffing provision. They are assisted by other staff on a part-time basis. The estimated expenditure on IPR promotion and education for 2000/01 and 2001/02 are \$7.6m and

\$6.1m respectively. We have not yet planned for the requirements of 2002/03.

The Department's promotion and publicity activities have been developed as a professionally-planned marketing exercise. It is based on a benchmarking survey which included opinion polls to gauge public awareness of IPR protection and to assess the effectiveness of our efforts. The survey will be repeated annually. Specific activities include -

- television and press advertising;
- regular visits to secondary schools and preparation of school teaching materials;
- targetted handbooks and Internet materials for specific groups such as the press, teachers and SMEs; and
- public functions organized in conjunction with district organizations.

Through the above activities, we intend to achieve public support for the protection of intellectual property, peer-pressure against people who use pirated and counterfeit goods and a better appreciation by industry and commerce sectors of the need to protect their IP assets effectively.

Signature : _____

Name in block letters : PETER K F CHEUNG

Post Title : Acting Director of Intellectual Property

Date : 18 March 2000

Bureau Serial No.

TIB57

Question Serial No.

1288

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question :

What is Trade Department's plan in the coming months in lobbying for the unconditional renewal of the US's NTR trading status and the granting of permanent NTR trading status for the Mainland of China? What is the manpower requirement and expense involved?

Asked by : The Honourable CHAN Kam-lam

Reply :

On March 8, the US President submitted the Permanent Normal Trade Relations (PNTR) legislation to the Congress. We have intensified our lobbying accordingly.

The Trade and Industry Bureau (TIB) is responsible for co-ordinating the lobbying efforts. Together with the departments under its purview, including the Trade Department and the Economic and Trade Office in Washington (Washington Office), TIB is in close contact with the Hong Kong and the US business sectors in formulating the lobbying strategy.

The Washington Office has already started approaching the US congressmen and their staffers to convey to them the importance of China being granted the PNTR from the perspective of the SAR. Meanwhile, it strives to explain our position in the US press so as to solicit wider support.

We are also making detailed preparations for the Chief Executive's coming visit to Washington in early April. The Chief Executive will lobby the US

Congress leaders personally.

As existing resources are used to fund the lobbying work, which covers a wide variety of activities, we do not have separate figures on the staffing provision and expenditure summary. Nor can we provide such figures.

Name in block letters	CHAU Tak Hay
Post Title	Secretary for Trade and Industry
Date	18 March 2000

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 152 Government Secretariat : Trade and Industry Bureau

Subhead : -

Programme : 15201 Trade and Industry

Controlling Officer : Secretary for Trade and Industry

Bureau Secretary : Secretary for Trade and Industry

Question : It is expected that a net 18 posts will be created in 2000-01.
What will be the ranks, job content and salary for each of these posts ?

Asked by : The Honourable HUI Cheung-ching

Reply :

The creation of a net 18 posts will comprise the creation of 22 posts and the deletion of 4 posts. The details of the proposed new posts required are as follows :

- (a) To implement the recommendations of the Final Report of the Chief Executive's Commission on Innovation and Technology (CIT), i.e. -
- (i) to work on the merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Science Park;
 - (ii) to form the common secretariat to service an advisory body and an inter-bureau policy group to strengthen the formulation, co-ordination and implementation of policy on innovation and technology; and
 - (iii) to provide secretarial support to two science advisers to be recruited to help strengthen the technological capabilities of the Government.

For planning purpose, the 14 posts we have in mind are –

<u>No. of Post</u>	<u>Rank</u>	<u>Salary Scale</u> (\$)
2	Administrative Officer, Staff Grade C	116,650 - 123,850
2	Senior Administrative Officer	76,485 - 88,115
2	Executive Officer I	36,940 - 46,485
4	Personal Secretary I	21,010 - 26,805
2	Personal Secretary II	10,420 - 20,010
2	Assistant Clerical Officer	9,785 - 20,010
<hr/>		
14		

- (b) To support the Chair's Office of the Pacific Economic Cooperation Council (PECC) during Hong Kong's two-year Chairmanship from October 1999, and the hosting of the Fourteenth General Meeting of the PECC and related meetings in 2000 and 2001 in Hong Kong. Initially, the following 8 posts are required to be created commencing October 2000 -

<u>No. of Post</u>	<u>Rank</u>	<u>Salary Scale</u> (\$)
1	Chief Executive Officer	76,485 - 88,115
2	Senior Executive Officer	47,970 - 73,815
2	Executive Officer I	36,940 - 46,485
1	Personal Secretary II	10,420 - 20,010
1	Clerical Officer	21,010 - 26,805
1	Workman II	9,785 - 10,175
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Actual creation and filling of posts will be subject to the Budget strategy in containing the size of the civil service.

Separately, posts of 1 AOSGC, 1 Executive Officer I, 1 Personal Secretary I and 1 Assistant Clerical Officer which were created to service the CIT will be deleted upon its disbandment.

Signature	_____
Name in block letters	CHAU Tak Hay
Post Title	Secretary for Trade and Industry
Date	18 March 2000

Bureau Serial No.

TIB74

Question Serial No.

1344

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head: 177 Subventions: Non-departmental Public Bodies

Subhead: 429 and 955, Consumer Council
(No. & title)

Programme: Subvention: Hong Kong Trade Development Council,
Consumer Council

Controlling Officer: Secretary for Trade and Industry

Bureau Secretary: Secretary for Trade and Industry

Question:

(a) The data provided by the Consumer Council show that the number of product tests, consumer surveys and in-depth studies remains unchanged from 1998 to 2000. May I ask the authorities concerned to explain to this Council the reasons why these activities have become stagnant? Is this due to inappropriate manpower deployment and resource allocation or other factors?

(b) May I ask the authorities concerned to explain to this Council the reasons why the non-recurrent expenditure of the Consumer Council for 2000-01 will decrease significantly by 51% over the revised estimates for 1999-2000? Will such a significant change affect the services provided by the Consumer Council?

Asked by: The Honourable Fred LI Wah-ming, J.P.

Reply:

(a) Although the number of product tests, consumer surveys and in-depth studies conducted by the Consumer Council ("Council") remains unchanged from 1998 to 2000, this does not mean stagnation. In fact, there is a substantial growth in both quality and quantity in terms of studies and product tests. Details are as follows:

Wider and More In-depth Scope of Studies

The scope of studies have become increasingly wider and more in-depth. For example, during the study on misleading advertisement in 1999, the number of advertisements involving in-depth analysis amounted to 2033. To facilitate comparison, it was necessary to collect information on various pieces of national legislation. The study took over a year to complete.

Increase in the number of models for product tests

With the increased opening up of markets, the number of models for product test has also increased accordingly. For instance, in a recently published product tests on condoms and genetically-modified food, the number of models and types involved were 66 and 105 respectively. Such increase in the number of models implies that samples purchasing, data analysis and handling of product recall would necessitate significant resources.

Exclusion of some Studies from the Number of In-depth Studies Reported

The number of in-depth studies only includes those already published in the "Choice" monthly magazine. However, quite a number of the Council's previously conducted studies require long-term follow-up, with a view to providing the media and public with the latest information. These cumulative studies require resources but are not counted as part of the number of in-depth studies.

(b) The provision of non-recurrent expenditure is determined on the basis of actual need for a particular year. During 1999/00, the Council's non-recurrent expenditure was \$1.795 million. \$1 million was for the relocation and decoration of Kwun Tong and Kwai Ching Consumer Advisory Centres and the remaining \$0.795 million was for purchase of computer equipment, celebration of the Council's 25th Anniversary, and rental payment of Tsimshatsui Advisory Centre. Except the rental payment, the above-mentioned non-recurrent items have been completed during the current year and hence will not appear in the year 2000/01.

For 2000/01, the Council's non-recurrent expenditure will be \$0.877 million. \$0.81 million is for purchase of computers, audio-visual equipment and furniture for the use by the Consumer Education Information Centre, which is expected to be completed in early 2001. The remaining \$67,000 is for paying the rental of the Tsimshatsui Advisory Centre, which will be moved into the new Consumer Education Information Centre later.

After the completion of the Consumer Education Information Centre, the Council would be able to provide the public with more efficient advisory services and larger scale consumer education activities. Thus the change in non-recurrent expenditure does not affect the services provided by the Council.

Name in block letters: CHAU TAK HAY

Post Title: Secretary for Trade and Industry

Date: 20 March 2000

