

**Speaking Note for the Secretary for Commerce, Industry and Technology
at LegCo's Special Finance Committee Meeting
to be held from 11:35 am to 12:35 pm on Monday 24 March 2003**

Mr Chairman,

Before Honourable Members raise questions, please allow me to introduce briefly the key areas of the work of the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau for the new financial year.

Promoting Free Trade

2. Hong Kong is committed to free and open trade. We will continue to participate actively in the World Trade Organization (WTO) to promote further trade liberalisation. In the negotiations under the Doha Development Agenda, we will spare no efforts to secure maximum market access for our manufactures and services providers. Together with other WTO Members, we will also seek to further improve WTO rules to ensure that they remain conducive to free trade and investment. In this connection, I have met trade ministers of key WTO Members at a number of informal meetings during the past few months, and all are committed to bringing the negotiations to a successful conclusion.

Mainland/Hong Kong Closer Economic Partnership Arrangement

3. A major task this year will be to continue to consult actively with Mainland China on a Closer Economic Partnership Arrangement (CEPA). As the coordinating Bureau of this initiative in the Government, we will make every effort to accomplish the target of reaching an arrangement on the main parts of the Arrangement by June 2003, as announced by the Chief Executive (CE) in January.

Support for Small and Medium Enterprises

4. Since the launch of the four Small and Medium Enterprises (SME) funding schemes, over 12 500 SMEs have benefitted from them, involving a total amount of guarantee/grant of around \$1,400 million. Acknowledging that SMEs require additional support in financing, manpower training and marketing, the CE has endorsed the SME Committee's proposed improvements to the SME funding schemes in December 2002. When the improvement measures are fully implemented in March 2003, the maximum amount of guarantee/grant an SME may receive under the schemes will be \$4.07 million, compared with the current \$1.025 million.

Development of the Fashion Industry

5. Last December, we established the Steering Committee on the Development of the Fashion Industry to formulate strategies to develop Hong Kong into a fashion hub of the Asia Pacific region. It is now examining industry capabilities, manpower training, infrastructure support, as well as marketing and branding. I am confident that the Steering Committee will come up with practical and effective recommendations to help develop Hong Kong into a fashion hub.

Strengthening Hong Kong-Guangdong Economic Cooperation and Attracting Director Investment

6. We will seek the approval of Finance Committee to provide additional funding of \$200 million to Invest Hong Kong in the coming five years to step up various inward investment promotional activities. In particular, we will organise activities jointly with authorities in the Pearl River Delta (PRD) for attracting overseas companies to invest in the Greater PRD and to set up office in Hong Kong. We also plan to leverage on the well-established networks of the business sector to expand our channels for overseas promotion. A number of prominent businessmen have generously agreed to support us in this regard.

Facilitating Trade

7. Last year, the United States (US) Customs introduced a number of new initiatives to tighten the security of sea cargoes entering the US. Such initiatives include the Container Security Initiative (CSI) and a new rule whereby cargo data in respect of US-bound cargoes must be provided to the US Customs 24 hours before lading of the cargoes at a foreign port. As the US is the largest export destination for Hong Kong, a smooth flow of goods from Hong Kong to the US is of vital importance to Hong Kong's trading, shipping and logistics communities. Since early 2002, the Government has been actively assisting the local industry to adjust to the new requirements of the US. We have facilitated direct discussions between the industry and the US Customs, and have been working with the industry in devising practicable procedure. With the industry's support, we will launch a CSI pilot scheme with the US Customs next month to further ensure the smooth flow of containers from Hong Kong to the US.

8. Over the next three months, and subject to the approval of subsidiary legislation by this Council, we will launch services that enable the electronic submission to the Government of cargo manifests by air, sea and rail carriers, and of textile notifications by traders. These services represent another significant step towards paperless processing of trade documentation and in encouraging the trading community to embrace e-commerce.

9. We are considering the best way to establish an electronic system for advance customs clearance of cargo transported by road vehicles to and from the Mainland, with the aim of speeding up cargo flow across the land boundary. We will make a decision in the first half of 2003 after consulting the trade.

10. We are drafting legislation to remove or reduce licensing requirements in respect of 10 categories of transshipment cargoes. We hope to introduce the Bill into this Council in the current session.

Protecting Intellectual Property

11. We are firmly committed to protecting intellectual property (IP), which is essential for the development of Hong Kong into a knowledge economy. In the coming year, we will further enhance IP protection by improving our IP legislation, strengthening law enforcement, and sustaining our public education efforts.

12. Next month, subject to approval of the new rules by the Legislative Council, we will launch a new trade mark registration system under which the registration procedure is much simplified and the cost of registration reduced by over 75%. In addition, the public may submit applications and other documents electronically.

13. Thank you.

Commerce and Industry Branch
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