

(Translation)

**Speaking Note for the Secretary for Commerce, Industry and Technology
at LegCo's Special Finance Committee Meeting
on Wednesday 31 March 2004**

Chairman,

Before Honourable Members raise questions, I wish to introduce briefly the key areas of the work of the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau (CITB) for the new financial year.

Mainland and Hong Kong Closer Economic Partnership Arrangement

2. The implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) remains a top priority of this Bureau in 2004-05. We will continue to work closely with the Mainland authorities to ensure the smooth implementation of CEPA. At the same time, we will promote the business opportunities under CEPA among local and overseas business communities, and make use of the standing consultation mechanism of CEPA to seek further trade liberalization and additional market access opportunities for Hong Kong goods and services, including the expansion of the scope of products enjoying zero tariff, mutual recognition of professional qualifications and lowering the entry thresholds for different sectors.

3. Furthermore, the Trade and Industry Department (TID) and the Hong Kong Customs will continue their endeavour to ensure the integrity of the CEPA Certificate of Origin and Certificate of Hong Kong Service Suppliers systems so that the systems will not be abused. TID will also continue to provide an enquiry service for CEPA, through the operation of a hotline and an electronic mail service.

Strengthening Economic Cooperation with the Mainland

4. The further cooperation between Hong Kong and the Mainland, in particular, the Pearl River Delta, will only not be to the mutual benefit of both places, but will also facilitate the economic development of the region. The Greater Pearl River Delta (including Hong Kong and Macao) has a combined population of 49 million. Hong Kong stands to gain from the huge potentials generated by the rapid development of the region. In 2002, the region boasted a GDP of US\$282 billion, which is higher than European Union economies such as Switzerland and Sweden. Although not big in geographical terms, it ranks as the 17th largest economic entity in the world.

5. We are keenly aware of the strengths of the two places and the dynamic opportunities we offer to each other. Both the HKSARG and the Guangdong Provincial Government place great importance on enhancing cooperation. At the sixth meeting of the Hong Kong Guangdong Cooperation Joint Conference held last August, it was agreed to establish 15 Expert Groups. These expert groups include those relating to the implementation of CEPA and joint overseas promotion to attract foreign businessmen to invest in the Greater Pearl River Delta. In 2004-05, we will continue to participate in work of these expert groups.

6. In addition, we will continue to promote exchanges and contacts between Hong Kong and the Mainland. The CITB, TID and the Economic and Trade Office of the Government of HKSAR in Guangdong (GDETO) will continue to keep a close watch and collect the latest information on Mainland trade and economic laws and regulations released by the various ministries and commissions of the Central People's Government, such as the Ministry of Commerce and the General Administration of Customs as well as by local authorities (such as the economic and trade departments in Guangdong). The types of information include policies on trade, investment and taxation, laws and regulations, the quota system for import and export commodities, the application procedures for starting up businesses in the Mainland for those services sectors allowed under CEPA, and the investment opportunities arising from CEPA. Relevant departments of the HKSARG also disseminate information to local businessmen doing

business in Hong Kong and the Mainland through various channels such as Commercial Information Circulars, publications like newsletters and leaflets, departmental websites and the hyperlinks with official websites of the Mainland authorities, as well as seminars and forums. In the new financial year, the GDETO will continue to provide, through its resource centre, different types of information related to doing business in Guangdong as well as information on the latest economic situation for the public's reference and use free of charge.

World Trade Organisation

7. On the trade front, we will continue to promote a free, open and non-discriminatory multilateral trading system through active participation in the work of the World Trade Organisation (WTO), in particular, in the new round of multilateral trade negotiations, and work closely with the WTO with a view to hosting the Sixth Session of the WTO Ministerial Conference in Hong Kong within 2005.

Support for Small and Medium Enterprises

8. Small and medium enterprises (SME) make up the majority of enterprises in Hong Kong. They are the backbone of our economy and they provide sizeable employment opportunities. Since the launch of the four SME funding schemes, more than 30 000 SMEs have benefited from the schemes, involving a total amount of guarantee or grant of over \$3,900 million. To ensure the effectiveness of the funding schemes, we will continue to work with the Small and Medium Enterprises Committee in monitoring the business environment for SMEs and introduce improvements as required.

Promotion of Inward Investment

9. We will continue to spearhead our efforts to attract and retain in Hong Kong direct investments from overseas and the Mainland which bring benefits to our economy. Last year, Invest Hong Kong successfully assisted 142 foreign and Mainland companies to set up or expand operations in Hong Kong, representing an increase of 21% over the result in 2002.

10. We have obtained \$200 million of additional resources for boosting investment promotion work over five years. In the new financial year, the budget for investment promotion will be \$110.7 million with a target to assist 200 foreign and Mainland companies to invest in Hong Kong. Moreover, we will continue to highlight the combined strength of Hong Kong and the Pearl River Delta as a core message in our promotional initiatives and we will enhance our investment promotion efforts by organising joint promotional events overseas with the Guangdong authorities. Eight joint promotional events have been planned by the Invest Hong Kong this year.

Intellectual Property Rights Protection

11. We are determined to protect intellectual property rights to support the development of a knowledge-based economy in Hong Kong. In the new financial year, we will review the scope of end-user criminal liability of the Copyright Ordinance with a view to working out a formulation which is generally acceptable to copyright work owners and users. At their request, we will also review some of the other provisions in the Copyright Ordinance.

12. Subject to the approval of the new rules by the Legislative Council, we will launch in May this year electronic services on registration matters related to patent and design. We will also simplify some of the existing registration procedures. These measures will not only facilitate the registration process, but also substantially reduce the relevant registration fees. We believe those measures will be welcomed.

Facilitating Trade and Business

13. We will continue with our work in facilitating trade and business. Last year, we launched services enabling the electronic submission of a number of trade related documents. In the new financial year, we will continue to examine possible ways to enable electronic submission of cargo information by cross boundary road vehicles. We will also continue to assist the trade in adjusting to new requirements concerning advance provision of sea cargo information introduced by foreign countries such as the US and Canada.

14. With regard to facilitating business, Government launched the Helping Business Programme in 1996 with the aim of securing a business-friendly environment and maintaining Hong Kong's position as one of the best places in the world for doing business. Work under the programme includes eliminating unnecessary or outdated regulations, streamlining and speeding up government licensing procedures. We have so far completed over 100 studies and projects and implemented more than 370 improvement measures. The newly established Economic and Employment Council will examine the further development of the programme. The Council is chaired by the Financial Secretary and comprises representatives from the political, business, labour and academic sectors as well as bureau directors of concerned bureaux.

15. Thank you.

Commerce and Industry Branch
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