

**Replies to initial written questions raised by Finance
Committee Members in examining the Estimates of Expenditure 2004-05**

Director of Bureau : Secretary for Commerce, Industry and Technology

Session No.: 10

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Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)001
Question Serial No.
1676

Head: 152 Government Secretariat:
Commerce, Industry and Technology
Bureau (Commerce and Industry
Branch)

Subhead: 838 Minor Consultancy Studies
(Block Vote)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The main responsibilities of the Commerce and Industry Branch include “assessing impact of regulatory proposals” (hereinafter referred to as “assessment”). Please set out in detail the “assessments” completed in the previous year, the time taken and resources required for each assessment, the number of outstanding assessments and those completed over the past three years as well as how to implement the findings of the assessments.

Asked by: Hon. CHOW LIANG Shuk-yee, Selina

Reply:

In October 2003, the Commerce and Industry Branch in conjunction with the Environmental Protection Department commenced a consultancy study to assess the impact of the Department's proposed product responsibility schemes for vehicle tyres and rechargeable batteries. The study is still in progress and is expected to finish in June 2004. The consultancy fee is estimated at \$898,000 and is charged to the vote of the Environmental Protection Department.

From 2001-02 to 2003-04, impact assessment had been done on the following regulatory proposals -

- (a) legislation on Family Entertainment Centres;
- (b) amendments to existing anti-smoking legislation; and
- (c) regulation of the vehicle maintenance trade.

We plan to conduct an assessment in 2004-05 on the impact of the proposed labeling scheme for nutrition information relating to food products.

Impact assessment of regulatory proposals is aimed at examining the cost and benefits of different regulatory options to traders, government and the community as a whole. The result of the assessment would be taken into account by the relevant bureaux/departments for formulating policies and initiatives.

Signature	_____
Name in block	Miss Denise Yue
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	24.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title):
(Commerce and Industry Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The main responsibilities of the Commerce and Industry Branch included “continuing preparation for the establishment of a new exhibition and convention centre in Hong Kong”. What is the actual progress of the preparation work?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

On 23 August 2003, the Government entered into a joint venture agreement with Airport Authority and a private consortium led by Dragages et Travaux Publics (HK) Limited for the design, construction and operation of a new exhibition centre at the Hong Kong International Airport, known as AsiaWorld-Expo.

The design and construction contract has been awarded. The design and site formation works are proceeding on schedule. Phase one development will be completed for full operation in the first quarter of 2006.

As part of the development package for AsiaWorld-Expo, a new Mass Transit Railway station will be constructed. The scheme was published in Gazette on 5 March 2004.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 24.3.2004

Reply :

- (1) The details of the consultancy studies for which financial provision has been allocated in 2003-04 are as follows:

Head 152 - Government Secretariat: Commerce, Industry and Technology Bureau (Commerce and Industry Branch)

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy Studies (planning/ in progress/ completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.
GML Consulting Ltd in association with Maunsell Consultants Asia Ltd.	Departmental Business Study for the Transport Department	1,187,250 (Total consultancy fee is \$1,978,750 of which \$791,500 was paid in 2002-03)	Completed	Recommendations under implementation	Yes, through the trade
Crow Maunsell Management Consultants Ltd.	Review on licensing and other regulatory requirements for the construction industry	938,000	Completed	Recommendations under implementation	Yes, through the trade
Crow Maunsell Management Consultants Ltd.	Departmental Business Study for Fire Services Department	728,000	Completed	Recommendations under implementation	Yes, through the trade
Sandler, Travis & Rosenberg, P.A.	Consultancy service on matters that affect Hong Kong's trade interests with the USA on the textiles and apparel front	780,000	In progress	The consultant's advice has been taken into account when we assessed various trade issues.	No. The consultant's advice is used as references for us to assess various trade issues on the textiles and apparel front in the US.

Head 96 - Government Secretariat: Hong Kong Economic and Trade Offices (HKETO)

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy Studies (planning/ in progress/ completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.
White and Case LLP	Consultancy services on commercial relations and non-trade issues in Europe	890,000	In progress	HKETO will follow up advice in conjunction with relevant government departments	No. The consultancy reports are mostly legal and technical analyses of World Trade Organisation (WTO) and European Union trade issues. They are used as references for formulating Hong Kong's negotiation positions in multilateral and bilateral trade negotiations.

Head 181 – Trade and Industry Department (TID)

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy Studies (planning/ in progress/ completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods and WTO dispute settlement	527,000	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including our preparations for the Ministerial Conference in 2003. In addition, we enlisted the consultant's assistance in compiling analytical notes for Department's database on WTO dispute settlement cases in 2003-04.	No. TID maintains a database on WTO dispute cases. The consultant is requested to provide summary and detailed analysis on these dispute cases. As the database contains confidential information which is not released outside the WTO, dissemination of the consultant's work to the public is not appropriate.

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy Studies (planning/ in progress/ completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.
International Development Systems Inc.	Textiles matters relevant to Hong Kong/US textiles trade	525,000	In progress	The consultant's contributions form part of the basis for our evaluation of various trade issues as appropriate.	No. Instead of disseminating individual study reports to the public direct, we have drawn on the input and advice of the consultant for monitoring development of and conducting analysis on various trade issues. Information of relevance to the trade was promulgated through notices/circulars issued by TID from time to time.
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	553,000	In progress	- ditto -	- ditto -
Malcolm Smith	To render technical advice on matters relating to control of trade in strategic commodities and international non-proliferation regimes	71,000	In progress	We make reference to the technical advice of the consultant in implementing the strategic trade control system.	No. The consultant's technical advice has been taken into account in implementing the strategic trade control system. Information of relevance to the trade was promulgated through circulars issued by TID from time to time.

(2) The details of consultancy studies with financial provision allocated in 2004-05 are as follows:

Head 152 - Government Secretariat: Commerce, Industry and Technology Bureau (Commerce and Industry Branch)

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy studies (planning/ in progress/ completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
Not available (Project under planning)	Departmental Business Study for Labour Department	1,300,000	Planning	N.A. (Project under planning)
Not available (Project under planning)	Regulatory Impact Assessment on labelling scheme on nutrition information for food products	1,000,000	Planning	N.A. (Project under planning)
Not available (Project under planning)	Follow-on studies for improving the licensing and other regulatory requirements in the construction industry	2,000,000	Planning	N.A. (Project under planning)
Sandler, Travis & Rosenberg, P.A.	Consultancy service on matters that affect Hong Kong's trade interests with the USA on the textiles and apparel front	900,000	Planning	No. The consultant's advice is used as references for us to assess various trade issues on the textiles and apparel front in the US.

Head 96 - Government Secretariat: Hong Kong Economic and Trade Offices

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy studies (planning/ in progress/ completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
White and Case LLP	Consultancy services on commercial relation and non-trade issues in Europe	265,000	In progress (current contract up to June 2004)	No. The consultancy reports are mostly legal and technical analyses of WTO and European Union trade issues. They are used as references for formulating Hong Kong's negotiation positions in multilateral and bilateral trade negotiations.

Head 181 – Trade and Industry Department

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy studies (planning/ in progress/ completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
Dick Self	Trade in services	565,000	In progress	No. The consultant's assessment of the objectives, positions, and specific areas of concern of major WTO Members in the on-going multilateral trade negotiations are often candid and specific. Such analysis and advice are used in the formulation of Hong Kong, China's strategies in negotiations. Public disclosure of such assessment will embarrass the consultant and prejudice our negotiation positions.
David Hartridge	Trade in services	565,000	In progress	- ditto -
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods and WTO dispute settlement	527,000	In progress	No. TID maintains a database on WTO dispute cases. The consultant is requested to provide summary and detailed analysis on these dispute cases. As the database contains confidential information which is not released outside the WTO, dissemination of the consultant's work to the public is not appropriate.

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy studies (planning/ in progress/ completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
Not available (Project under planning)	Trade and environment	532,000	Planning	No. The consultant's assessment of the objectives, positions, and specific areas of concern of major WTO Members in the on-going multilateral trade negotiations are often candid and specific. Such analysis and advice are used in the formulation of Hong Kong, China's strategies in negotiations. Public disclosure of such assessment will embarrass the consultant and prejudice our negotiation positions.
Not available (Project under planning)	Regional trade agreements	531,000	Planning	- ditto -
Edward Graham	World Trade Organization: trade and investment; trade and competition policy; and anti-dumping.	312,000	In progress	No. The consultant's advice and assessment of the proposals of Hong Kong, China and other WTO Members will be used for formulating Hong Kong, China's positions and strategies in negotiations and other relevant discussions in the WTO. Public disclosure of such assessment is considered not appropriate.
International Development Systems Inc.	Textiles matters relevant to Hong Kong/US textiles trade	525,000	In progress	No. Instead of disseminating individual study reports to the public direct, we will continue to draw on the consultant's input and advice in monitoring development of and conducting analysis on various trade issues, and as necessary, promulgate information of relevance to the trade through circulars/ notices.
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	649,000	In progress	- ditto -

Name of consultants (if available)	Description	Consultancy Fees (HK\$)	Progress on consultancy studies (planning/ in progress/ completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
Malcolm Smith	To render technical advice on matters relating to control of trade in strategic commodities and international non-proliferation regimes	142,000	In progress	No. The consultant's technical advice will be taken into account in implementing the strategic trade control system. As necessary, information of relevance to the trade will be promulgated through circulars.

There is no such consultancy study in respect of the following Heads for financial years 2003-04 and 2004-05 :

Head 78 Intellectual Property Department

Head 79 Invest Hong Kong

Signature

Name in block letters

Post Title

Date

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

26.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

The provision for the Hong Kong Trade Development Council (TDC) in 2004-05 is \$13.5 m (3.7%) lower than that of the previous year. However, it is mentioned in the Matters Requiring Special Attention in 2004-05 that with the signing of CEPA, TDC will organise a series of activities to promote Hong Kong's products and service industries in the Mainland. How is TDC going to handle such additional workload with reduced funding? Will the financial resources for other recurrent initiatives be affected?

Asked by : Hon. HUI Cheung-ching

Reply :

Provision for additional CEPA-related promotion activities in the Mainland is identified through efficiency savings as well as through re-prioritization and re-deployment of resources, whereby TDC will allocate resources from services for which demand is relatively low to higher priority areas. We do not expect the other recurrent initiatives to be affected to any significant extent as a result.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date 25.3.2004

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

Head : 152 Government Secretariat :
Commerce, Industry
and Technology Bureau
(Commerce and Industry
Branch)

Subhead (No. & title) :

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

What are the expected commencement and completion dates of the second phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) consultations for 2004-05? Will the Government consult the relevant industries? What is the amount of resources earmarked for this exercise?

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) adopts a building block approach. It provides a mechanism for further liberalisation measures to be included as and when they are agreed by both parties. The HKSAR Government will engage the Mainland authorities in discussion on further liberalisation with a view to seeking an early start of the next phase of CEPA consultations and further enhancing the market access for Hong Kong companies into the Mainland market. We do not have a fixed timeframe for the consultations.

In this connection, since the signing of CEPA last year, the relevant bureaux and departments of the Government have kept in contact with the various industries with a view to hearing their views on further liberalization in the Mainland market. We welcome the industries continuing to express their views regarding the next phase of CEPA. The relevant work proceeds on an on-going basis.

The HKSAR Government would deploy existing resources to carry out the relevant work. When necessary, we would meet the additional work through internal redeployment of resources.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____ 23 March 2004

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

Head : 152 Government Secretariat:
Commerce, Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead (No. & title) :

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : In 2004-05, how will the Administration work with the trading and cargo handling sectors to minimize the disruption to business arising from the implementation of Advance Commercial Information (ACI) Initiative by Canada? Does the work require additional resources?

Asked by : Hon Lau Kin-yee, Miriam

Reply : The Canadian Customs in April 2003 announced that it would implement an Advance Commercial Information (ACI) Initiative in 2004, requiring the submission of cargo data at least 24 hours before Canada-bound cargo is loaded on a vessel at a foreign port. Subsequently, the Canadian Customs issued detailed requirements and technical specifications in July and October 2003, and confirmed that the Initiative would take effect from 19 April 2004.

To minimize the disruption of the ACI to the trading and cargo shipping industry, the Government has been taking the following measures :

- closely liaising with the Canadian Customs to obtain the latest information and disseminating it to the industry;
- collating views and queries from the industry and conveying them to the Canadian Customs; and
- helping the industry understand the implementation details and facilitating their compliance with the requirements. For this, we have instructed a trade consultant to prepare a technical manual setting out the key issues and distributed the manual to the industry. We have also requested the two service providers currently providing Government Electronic Trading Services to provide technical support to individual enterprises as necessary.

We have taken the above measures using existing resources, and will continue to do so in 2004-2005.

Signature

Name in block letters

Miss Denise Yue

Permanent Secretary for

Commerce, Industry and Technology
(Commerce and Industry)

Post Title

Date

24.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

In 2003-04, Hong Kong Trade Development Council organized 22 local fairs. In 2004, there are 24 fairs scheduled to be organised. What are the theme, timing and expenditure for each of these fairs? Has the expenditure covered any provision for studies on possible competition with the private sector? If yes, please account for the expenditure and findings of the studies.

Asked by : Hon. LAU Wai-hing, Emily

Reply :

Hong Kong Trade Development Council (TDC) plans to organize 24 trade fairs in Hong Kong in calendar year 2004 and 25 trade fairs in fiscal year 2004/05. The themes and dates of the 25 fairs to be organized in 2004/05 are shown in the Appendix. The expenditure estimated by TDC for its local trade fairs is \$552,648,000.

TDC is set up by law to promote Hong Kong's external trade. Trade fairs and exhibitions are among the most powerful and cost-effective trade promotion tools. They are particularly suited to Hong Kong's small and medium-sized enterprises (SMEs), TDC's main client base. TDC follows a clear policy that the trade fairs it organizes must be relevant to Hong Kong's industries and must bring economic benefits for Hong Kong. TDC considers that its exhibitions do not compete with the private sector. Therefore, its provision for studies in relation to trade fairs does not cover studies on possible competition with the private sector.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date 26.3.2004

TDC's Trade Fairs (2004/05)

Date	Fair	Theme
April 14-17, 2004	Hong Kong Electronics Fair (Spring Edition)	Electronic parts and components, office automation facilities and equipments, telecommunication products
April 14-17, 2004	International ICT Expo	Telecommunication services, mobile and wireless solutions, solution to enterprise, e-logistics and e-retail
April 21-24, 2004	Hong Kong Houseware Fair	Houseware & home decorative items, furniture, gardening products and outdoor products
April 28 - May 1, 2004	Hong Kong Gifts & Premium Fair	Souvenirs and gifts
June 23-25, 2004	Hong Kong International Film & TV Market (FILMART)	Film/TV and entertainment products
July 6-8, 2004	Hong Kong Licensing Show	Licensing services
July 6-9, 2004	Summer Sourcing Show for Gifts, Houseware and Toys	Houseware and home decorative items, souvenirs, gifts, toys and games
July 13-16, 2004	Hong Kong Fashion Week for Spring / Summer	Spring/Summer clothes, Garments, apparels and accessories
July 21-26, 2004	Hong Kong Book Fair	Publications, educational equipments
August 12-16, 2004	Food Expo	Food & beverages, sauce
August 12-16, 2004	International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products	Chinese medicine, health products, medical equipments
September 1-5, 2004	Hong Kong Watch & Clock Fair	Watch & Clock, parts, packaging materials and equipment

Date	Fair	Theme
October 13-16, 2004	Hong Kong Electronics Fair (Autumn Edition)	Electronic parts and components, office automation facilities and equipments, tele-communication products
October 13-16, 2004	electronicAsia	Components & parts, production facilities and technology
October 27-30, 2004	Hong Kong International Lighting Fair	Lighting products, design services, lighting systems
October 27-30, 2004	Hong Kong International Hardware & Home Improvement Fair	Hardware, home decorative items, construction materials, automobile accessories
November 3-5, 2004	Hong Kong Optical Fair	Optical products and accessories, equipment, production machinery and chemical materials
November 16-18, 2004	World SME Expo	Services required by Hong Kong SMEs
January 11-14, 2005	Hong Kong Toys & Games Fair	Toy and game products, parts and accessories
January 11-14, 2005	Hong Kong International Stationery Fair	Stationeries, Office and arts accessories, paper and products
January 18-21, 2005	Hong Kong Fashion Week for Fall / Winter	Fall/Winter clothing, fashion & clothing accessories, garment related products, services & supplies
January 18-21, 2005	World Boutique, Hong Kong	Branded clothing, home decorative products
February 19-22, 2005	Education & Careers Expo	Education and training institutions, education/learning equipment
March 1-4, 2005	Hong Kong International Jewellery Show	All kinds of fine jewellery, diamonds, pearl, gems, watches & clocks, related jewellery products and services.
March 22-24, 2005	Hong Kong International Film & TV Market (FILMART)	Film/TV and entertainment products

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title):
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- (a) Please state the size of the establishment, the number of staff by rank and the payroll cost of staff by rank of the Hong Kong Trade Development Council in 2003-04.
- (b) Please state the size of the establishment, the number of staff by rank and the estimated payroll cost of staff by rank of the Hong Kong Trade Development Council in 2004-05.

Asked by : Hon. LAU Wai-hing, Emily

Reply :

The size of the establishment of Hong Kong Trade Development Council (TDC) in 2003/04 and 2004/05 are 894 and 893 respectively. Breakdown of the number of staff by rank are shown in the table below:

Rank	Number of Staff in 2003/04	Number of Staff in 2004/05
Managerial Staff (Manager & Above)	112	112
Executive & Supervisory Staff (Deputy Manager to Executive Trainee)	335	334
Supporting Staff (Adm. Assistant & below)	447	447

The payroll cost of all staff of TDC in 2003/04 is \$412.13 million (projected on 24 March 2004), whereas the estimated payroll cost of all staff in 2004/05 is \$459.17 million. The information on payroll cost of staff by rank is under preparation and will be submitted when it is available.

Signature	
Name in block letters	MISS DENISE YUE
	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Post Title	
Date	26.3.2004

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

Reply Serial No.

CITB(CI)009

Question Serial No.

1169

Head: 152 Government Secretariat:
Commerce, Industry and
Technology Bureau
(Commerce and Industry
Branch)

Subhead:

Programme: —

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Regarding policy research projects and the expenditure involved, please provide detailed information on the policy research projects commenced or being conducted by the Commerce, Industry and Technology Bureau itself or with the funding the Bureau in 2003-04, including

- 1) project title, objective and subject matter;
- 2) expenses
- 3) latest progress;
- 4) whether the Administration has followed up on the research results.

Also, is there any provision earmarked for policy research in 2004-05? If yes, what is the amount? What are the objectives and subject matters of the respective projects?

Asked by: Hon. LEE Chu-ming, Martin

Reply:

Where it is necessary to conduct research into the areas under our purview in order to formulate and coordinate policies, we rely as far as possible on available information and research materials conducted by other government and non-government organisations. Examples of such resources include information available on the internet; researches and studies conducted by the Central Policy Unit, the Government Economist, tertiary education institutions, industry support organisations and chambers of commerce, as well as market surveys conducted by the Trade Development Council. We have used this approach in 2003-04 and shall continue to do so in 2004-05. For 2004-05, we have no plan for the time being to engage the service of consultants for policy research-related work. Accordingly, no specific provision is earmarked for this purpose in the 2004-05 draft estimates.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 26.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

With the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement, the market generally expects that there will be an increase in the import, export and re-export trade of Hong Kong in 2004-05 as compared with that of 2003-04. As such, the total amount of trade declaration charge may also increase. Under the existing policy, the Government may allocate, at most, 60% of the trade declaration charge of the preceding year to the Trade Development Council (TDC) as subvention for the current year.

Please state and compare the percentage of imports, exports and re-exports of Hong Kong in 2002-03, 2003-04 and 2004-05, and explain how will the Government effectively assess the performance of TDC in 2004-05 to determine the actual amount of subvention and percentage for 2005-06.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

The percentages of imports, domestic exports and re-exports of Hong Kong in 2002/03 and 2003/04 (up to January 2004) are shown below. The figures for 2004/05 are not yet available.

	Percentage of total trade	
	2002/03	2003/04 (up to January 2004)
Domestics Exports	3.88%	3.43%
Re-exports	45.16%	45.83%
Imports	50.96%	50.74%

In view of budgetary constraints, Government agreed with Hong Kong Trade Development Council (TDC) in 2002 to suspend the funding arrangement agreed in 2001 under which the annual subvention for TDC was set at 60% of the total amount of the trade declaration charges on imports, domestic exports and re-exports received in the preceding financial year. In order to enable Government to achieve savings, the annual subvention for TDC in 2003/04 was arrived at by adjusting the 60% of the estimated trade declaration charges in the preceding year with an efficiency savings factor, and the subvention for 2004/05 was arrived at by adjusting the subvention in 2003/04 with an efficiency savings factor. We anticipate that a similar approach will be adopted to calculate the subvention for 2005/06.

Signature

Name in block letters

MISS DENISE YUE

Post Title

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date

24.3.2004

Examination of Estimates of Expenditure 2004-05
CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION

Reply Serial No.
CITB(CI)011

Question Serial No.
1005

Head: 152 Government Secretariat: Commerce,
Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead: 838 Minor Consultancy Studies (Block
Vote)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and
Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The total expenditure of the projects conducted during 2003-04 was \$9 million. In this respect, please provide information on the projects, their scopes, achievements (if any), dates of completion and costs. Please also provide the same set of information on those projects to be conducted during 2004-05, the estimated total expenditure of which is \$10 million.

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

Details of the completed, ongoing and planned studies on which expenditure has been and is estimated to be incurred in the years 2003-04 and 2004-05 under the Helping Business Programme are as follows –

Completed and ongoing studies

Title	Scope	Achievements	Completion date	Actual Expenditure in 2003-04 ^(Note 1) (\$)
Conversion of on-screen fillable form	Provide alternatives for public to access and fill in Government forms by electronic means.	About 200 on-screen fillable forms provided in Government Forms Website	June 2003	\$266,565
Departmental business study for the Transport Department	Examine and improve the services and business-friendliness of the operations of the department.	Streamlined processes and operations, improved communications with trade and introduced performance-based contract management.	September 2003	\$1,187,250 (Total consultancy fee is \$1,978,750 of which \$791,500 was paid in 2002-03)
Review on licensing and other regulatory requirements for the construction industry	Examine the licensing requirements and the regulatory regime concerning the construction industry.	Improvement opportunities identified to streamline the regulatory procedures and shorten the processing time for issue of licences and permits.	October 2003	\$938,000

Title	Scope	Achievements	Completion date	Actual Expenditure in 2003-04 ^(Note 1) (\$)
Departmental business study for Fire Services Department	Review the fire certification process for fire services installations and ventilation equipment in new buildings and licensed premises.	Streamlined the regulatory measures and enhanced the business-friendliness of the department's operations to shorten the start-up time of business.	March 2004	\$728,000
Regulatory Impact Assessments on proposed product responsibility schemes	Review the merits and need for regulatory scheme over waste tyres and rechargeable dry batteries and assess its impact on the trade and community.		On-going	Nil (Environmental Protection Department will fund the project)

Note (1) In 2003-04, the actual expenditure on consultancy studies is only \$3,119,815 as the expenditure for some studies is either lower than that expected or funded by the concerned department and two projects have been deferred to 2004-05.

Planned studies

Title	Description	Estimated Consultancy fees ^(Note 2) (\$)
Follow-on studies for improving the licensing and other regulatory requirements in the construction industry	Examine the improvement opportunities identified in the preliminary reviews and make recommendations to deliver the benefits.	\$2,000,000
Departmental Business Study for Labour Department	Enhance the business-friendliness of the department's operations and develop quality and cost-effective services to the business community.	\$1,300,000
Regulatory Impact Assessment on labelling scheme on nutrition information for food products	Assess the overall impact to the community upon introduction of a labelling scheme on nutrition information for food products.	\$1,000,000
Review on the submission and processing of plumbing proposals	Streamline the submission and approval processes of plumbing proposals and assess the feasibility of third party certification scheme for inspection of plumbing installations.	\$1,000,000
To conduct four other consultancy studies and/or Regulatory Impact Assessments (Details not available at this planning stage.)	Details not available at this planning stage.	\$4,700,000

Note (2) Depending on the progress of the projects, some expenditure may be incurred after 2004-05.

Signature _____

Name in block letters Miss Denise Yue

Post Title Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Date 24.3.2004

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

Head : 152 Government Secretariat:
Commerce, Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead (No. & title) :

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

In 2004-05, the Commerce and Industry Branch will “complete the review on trade-related documents which will be affected by the removal of textiles quotas in 2005 and assess its impact on the corresponding front-end processing arrangements.”

In this respect, please state the amount of provision earmarked for the review in 2004-05, the scope of the review and assessment, the methods adopted for and the date of completion of the review and assessment, and how the trading community's concerns will be reflected in the assessment to enhance effectiveness.

Asked by : Hon LEUNG LAU Yau-fun, Sophie

Reply :

According to current assessments, the trade-related documents which may be affected by the removal of textiles quotas from 2005 are Restrained Textiles Export Licence, Production Notification, Certificate of Origin, and Textiles Notification under the Textiles Trader Registration Scheme. In considering whether the existing front-end processing arrangements for these documents need to be modified from 2005, we will take into consideration factors such as whether the concerned documents need to be retained from 2005 and if so in what form; whether service providers are willing to provide the concerned services and if so on what terms; and whether there are opportunities to introduce competition in the provision of the concerned services. We aim to complete the review in the second half of 2004 and we will consult the trade as necessary.

The review will continue to be conducted using existing staffing and other resources under programme area (2).

Signature

Name in block letters

Miss Denise Yue

Post Title

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date

24.3.2004

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce, Industry
and Technology Bureau
(Commerce and Industry
Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

It is mentioned that the branch will continue to work together with the Mainland authorities to ensure the smooth and effective implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) for further liberalisation and greater market access for Hong Kong products and services into the Mainland market. What are the specific measures? When will those measures be implemented and how much resources will be involved?

Asked by : Hon. MA Fung-kwok

Reply :

To ensure the smooth and effective implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), a Joint Steering Committee, co-chaired by FS and Vice-Minister An Min, has been set up to supervise the implementation of CEPA and to resolve problems that may arise during implementation. The first meeting of the Joint Steering Committee was held on 17 December 2003 and four working meetings - Trade in Goods; Trade in Services; Trade and Investment Facilitation; and Recognition of Professional Qualifications – have been convened under the Steering Committee to oversee further work in their particular areas. In addition, the Trade and Industry Department(TID), the Customs and Excise Department, and other relevant bureaux and departments have also kept close contact with their relevant Mainland counterparts to ensure the smooth operation of CEPA.

Also, the Government has kept contact with major provincial and municipal governments to understand their CEPA implementation measures, and to exchange views. Taking Guangdong as an example, the Guangdong/Hong Kong CEPA Expert Group on Services Implementation was set up under the Hong Kong Guangdong Cooperation Joint Conference, with a view to creating a favourable environment for cooperation of the services industries between Guangdong and Hong Kong.

CEPA adopts a building block approach. It provides a mechanism for further liberalisation measures to be included as and when they are agreed by both parties.

For trade in goods, according to CEPA, Hong Kong manufacturers may submit applications to TID starting from 1 January 2004 for additional product types to enjoy zero tariff. For those goods currently produced in Hong Kong, the Mainland shall eliminate tariffs for the applied product types from 1 January of the year following, subject to the completion of consultations on their rules of origin. In this connection, TID has already accepted applications, and the deadline for submission has recently been extended to 30 April 2004.

For trade in services, the HKSAR Government will engage the Mainland authorities in discussion on further liberalisation with a view to seeking an early start of the consultations and further enhancing the market access for Hong Kong companies into the Mainland market.

For professional services, following the high level meeting on professional services held in Beijing in February 2004, the HKSAR Government will continue to discuss with the Mainland authorities on issues relevant to professional services, and work with the professional bodies in Hong Kong in promoting the development of Hong Kong's professional services in the Mainland market.

It is difficult to quantify the total resources CEPA entails, as there is a wide range of work carried out at different stages by different bureaux and departments under CEPA.

The HKSAR Government would deploy existing resources to carry out the relevant work arising from CEPA. When necessary, we would meet the additional work through internal redeployment of resources.

Signature

Name in block letters

MISS DENISE YUE

Post Title

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date

23 March 2004

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

Reply Serial No.

CITB(CI)014

Question Serial No.

0213

Head: 152 Government Secretariat:
Commerce, Industry and Technology
Bureau (Commerce and Industry Branch)

Subhead (No. &
title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Secretary for Commerce, Industry and Technology
Bureau :

Question : Regarding the promotion of “Hong Kong’s services including professional services” among the “Matters Requiring Special Attention in 2004-05”–

- (a) what are the specific measures?
- (b) Will certain scope of services be selected as promotion highlights? If yes, what are the selection criteria? Will information technology services be included?
- (c) when and for how long will the above measures be implemented? How much is the estimated expenditure?

Asked by: Hon SIN Chung-kai

Reply: (a) The Commerce and Industry Branch’s focuses in promoting Hong Kong’s services are : to provide financial support to different professional service sectors to enhance their professional standard and external competitiveness; to promote our professional services to external markets; and to promote the awareness of the importance of quality services among the local community and, in particular, the services practitioners. The specific measures include: implementation of the Professional Services Development Assistance Scheme (PSDAS); promotion of Hong Kong’s services including professional services through the media and other publicity activities such as discussion fora and newsletters; and cooperating with non-government organizations to launch the “Quality Customer Services Programme” and “Soar Over Hong Kong Scheme”.

- (b) We adopt an inclusive approach when promoting Hong Kong's services, and have not selected any particular sector for special highlight.
- (c) The PSDAS calls for applications thrice a year and accepts urgent applications any time. We review the details and timing of the other promotion measures on an annual basis, consulting with other collaborating organizations where necessary. The estimated expenditure for the PSDAS and other promotion programmes in 2004-05 are \$19M and \$3.8M respectively.

Signature _____

Name in block letters _____ Miss Denise Yue

Post Title _____
Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____ 23 March 2004

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

Reply Serial No.

CITB(CI)015

Question Serial No.

0214

Head: 152 Government Secretariat:
Commerce, Industry and
Technology Bureau (Commerce
and Industry Branch)

Subhead(No. &
title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

- a. What specific measures will the Government take to facilitate the release of information by Mainland authorities to the business community in Hong Kong? Please specify the types of information, the channels to be used and the level of the department(s) on the Mainland.
- b. When will the above measures be implemented? How much has been reserved for this purpose approximately?

Asked by: Hon. SIN Chung-kai

Reply:

The Commerce, Industry and Technology Bureau, the Trade and Industry Department (TID) and the Economic and Trade Office of the Government of the Hong Kong Special Administrative Region in Guangdong (GDETO) keep a close watch on 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, quota system for import and export commodities, application procedures for starting up businesses in the Mainland in respect of those services sectors covered under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and information relating to investment opportunities. Relevant departments of the HKSAR Government 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 hyperlinks with official websites of the Mainland authorities, as well as seminars and forums. Besides, TID has been operating an enquiry hotline and an electronic mail service on CEPA. The GDETO has set up a Resource Centre to provide different types of information related to doing business in Guangdong Province as well as information on the latest economic situation for the public's reference and use free of charge.

The above measures have been implemented on an ongoing basis. As staff of a number of departments are involved, it is difficult to provide the exact figures on the amount of funds reserved for this purpose.

Signature _____

Name in block letters _____ Denise YUE

Post Title _____ Permanent Secretary for
Commerce, Industry and
Technology (Commerce and
Industry)

Date _____ 24.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

Regarding “developing tdctrade.com” and “promoting the use of the internet and e-commerce among Hong Kong’s SMEs”,

- a. what are the respective specific measures and among them, what are the new initiatives to be implemented in 2004-05? What is the estimated expenditure involved?
- b. How many SMEs will be encouraged to use the internet and e-commerce in 2004-05?

Asked by : Hon. SIN Chung-kai

Reply :

- a. “tdctrade.com” is being developed as Hong Kong Trade Development Council (TDC)’s cyber-platform to help Hong Kong’s SMEs expand their business and to promote Hong Kong to the international business community.

Various specific measures are undertaken each year to develop this portal. They fall into the following categories:

- augmentation of useful content, especially just-in-time market intelligence;
- provision of essential and practical trade-supporting services;
- development of a cyber marketplace providing sourcing and business-matching services;
- extension of customer reach globally and in the Mainland; and
- education and training of SMEs.

New Initiatives to be implemented in 2004/05:

- a dedicated CEPA column under tdctrade.com with comprehensive information on rules and regulations, webcasts of seminars and an SME Forum;
- a more robust and upgraded cyber marketplace allowing for more efficient business matching and product sourcing;
- dedicated webpages for brandname promotions;
- publication of a booklet on online promotional methods for wide distribution among SMEs; and
- organization of an e-commerce pavilion in the World SME Expo in Hong Kong in November 2004.

The estimated expenditure involved in this area is \$38 million.

- b. It is difficult to provide an estimate in this respect. Among all Hong Kong companies in TDC's databank, 76% had email addresses at the end of 2003 compared with 74% at the end of 2002. Those with company websites also increased from 33% to 37% during the same period. This upward trend is expected to continue in 2004-05, and more SMEs will be able to use the internet and e-commerce.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	25.3.2004

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

Reply Serial No.

CITB(CI)017

Question Serial No.

1165

Head: 152 Government Secretariat:
Commerce, Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead: 000 Operational Expenses

Programme: -

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Please list the revised estimate for duty visits outside Hong Kong in 2003-04 for the Secretary for Commerce, Industry and Technology and the Permanent Secretary for Commerce, Industry and Technology, viz.(1) the purposes and details of the visits; (2) the main means of public transport and related expenses for the visits; (3) board and lodging expenses for the visits. What is the corresponding estimated expenditure for 2004-05? Has the Administration laid down a ceiling on the amount of allowances that can be granted and a set of criteria for approving such allowances?

Asked by: Hon. SIN Chung-kai

Reply:

(1) In 2003-04, the Secretary for Commerce, Industry and Technology (SCIT) and the Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) undertook duty visits to Thailand, Egypt, Canada, Mexico, Korea, Australia, Switzerland, Macau and the Mainland cities. The purposes of these duty visits were : to participate in the APEC Meeting of Ministers Responsible for Trade and the 11th APEC Ministerial Meeting; to attend Informal Ministerial Conference and the 5th Ministerial Conference of World Trade Organisation; to attend the Annual Meeting of World Economic Forum; to meet with the Australian government officials, representatives from the major business firms and associations; to attend CEPA-related meeting, CEPA HK-Macau Promotion Week and CEPA High Level Conference on Professional Services; to visit Macau-Zhuhai Border Industrial Zone; to attend Fujian-Hong Kong Week, Guangdong-Hong Kong Promotion Programme, Boao Forum, Hong Kong Professional Services Expo; and to meet Ministries and government officials of the Mainland authorities in Mainland cities.

(2) These trips involved mainly air travel, train and ferry. Provisions of \$350,000 have been included in the 2003-04 revised estimates to meet such transport expenses for SCIT and PSCI. Similar provisions have been made in 2004-05.

(3) Provisions of \$100,000 have been included in the 2003-04 revised estimates for board and lodging for SCIT and PSCI. Similar provisions have been made in 2004-05.

Under the current policy, an officer who is on duty outside Hong Kong may be granted a subsistence allowance at specified daily rates to cover the cost of the appropriate standard of accommodation and meals, laundry charges, casual entertainment, gratuities, travelling expenses within town and all minor incidental out-of-pocket expenses. The rates of the subsistence allowance differ from country to country to take into account the different costs in different countries. The amount of allowance paid is abated in case of sponsorship of hotel accommodation or in cash.

Signature

Name in block letters

Post Title

Date

MISS DENISE YUE

Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

26.3.2004

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

Reply Serial No.

CITB(CI)018

Question Serial No.

1768

Head: 152 Government Secretariat: Subhead:
Commerce, Industry and
Technology Bureau
(Commerce and Industry
Branch)

Programme: —

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The 2004 Policy Address has mentioned about the need to raise the standard of policy research undertaken by the Government:

“To improve our governance, we must raise the level of sophistication with which both the Government and the community handle policy issues. We need to do more public policy research, particularly from a macro and long-term perspective. Objective and concrete public policy research will help us better realise the objectives of effective governance. It will help us avoid sweeping, politicised and emotional policy debates, thus making it easier for the Government and various sectors of the community to reach a consensus on public issues. This will ensure that our policies are implemented more effectively and better able to serve the long-term development needs of Hong Kong.”

Please advise whether provision has been made or resources deployed in the 2004-05 Estimates to take forward a stated commitment of the Policy Address that public policy matters will be pursued with a higher standard. If yes, please give a detailed account of the projects funded. If not, why not?

Asked by: Hon. SIN Chung-kai

Reply:

I understand that since the publication of the 2004 Policy Address, the Central Policy Unit (CPU) has been exploring ways to promote research on public policy issues and develop the human resources required. CPU is formulating an agenda for policy research so as to take forward research on priority issues. To meet this objective, CPU will carry out relevant research work using in-house resource as far as possible. It is hard to estimate the full resource implications at this juncture.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 25.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

What measures will the Hong Kong Trade Development Council (HKTDC) adopt in 2004-05 to augment Hong Kong SMEs' competitiveness to promote and facilitate the use of the Internet and e-commerce among them? How much resources will be allocated for this purpose?

In addition, what are the concrete plans to develop Hong Kong as Asia's preferred virtual trade platform and business information hub? How much resources are required for their implementation?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

Hong Kong Trade Development Council (HKTDC) will adopt the following measures in 2004/05 to augment Hong Kong SMEs' competitiveness to promote and facilitate the use of the Internet and e-commerce among them:

- a dedicated CEPA column under tdctrade.com with comprehensive information on rules and regulations, webcasts of seminars and an SME Forum;
- a more robust and upgraded cyber marketplace allowing for more efficient business matching and product sourcing;
- dedicated webpages for brandname promotions;
- publication of a booklet on online promotional methods for wide distribution among SMEs; and
- organization of an e-commerce pavilion in the World SME Expo in Hong Kong in November 2004.

In 2003, *tdctrade.com* was voted the best trade promotion website in Asia. In addition to the above measures, TDC will further develop Hong Kong as Asia's preferred virtual trade platform and business information hub through the following means:

- promoting TDC's on-line services globally through integrated on-line and off-line marketing campaigns, its overseas network and international multipliers;
- extending the reach of the trade portal by further enhancing the multilingual lead-in sites; and
- collaborating with strategic partners to provide value-added services on the trade portal.

The estimated expenditure for the above in 2004/05 is \$38 million.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	25.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

How will the Trade Development Council establish Hong Kong as a one-stop business development platform and trade fair capital for global SMEs? Also, how will Mainland buyers and SMEs be encouraged and assisted to take advantage of the Mainland Individual Visit Scheme by using Hong Kong's business and trade services? What manpower and resources will be required to implement the two aforesaid schemes?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

Establish Hong Kong as a one-stop business development platform and trade fair capital:

Hong Kong Trade Development Council (TDC) has been working hard to establish Hong Kong as a one-stop business development platform and trade fair capital by the following means:

- ☛ leveraging established trade forums in the Mainland and overseas;
- ☛ advertising in international trade fair industry publications and inviting overseas journalists to Hong Kong to cover mega-fairs; and
- ☛ promoting Hong Kong-based fairs via TDC's online portal and marketing collaterals.

TDC has introduced cyber-versions of its trade fairs so that those who cannot physically attend its events in Hong Kong have opportunities to participate in cyber-space. TDC is expanding the numbers of visitors and buyers through co-marketing programmes with the Hong Kong Tourism Board.

TDC collaborates with the Hong Kong business associations, trade associations and chambers of commerce in key overseas and Mainland markets to ensure that the Hong Kong message reaches a wide audience overseas.

TDC will also expand the critical mass of overseas SMEs using Hong Kong's trading platform to access the Mainland market through the enhancement of business-matching facilities. SME-focused networking events will also be organized, including the annual SME Market Day which will be expanded into a World SME Expo this year to promote Hong Kong as an international trading platform for SMEs around the world. The estimated budget for this event is \$6.8 million.

TDC will also endeavour to attract Mainland private enterprises to Hong Kong's trade gateway through its network of 11 offices in the Mainland, which promote the advantages of Hong Kong's business platform and assist Mainland enterprises by providing a conduit for partnership and business-matching.

Advantages of the Mainland Individual Visit Scheme

TDC will take advantage of the Mainland Individual Visit Scheme to attract more Mainland businessmen to Hong Kong. TDC will create incentives for Mainland travellers to visit its trade fairs and networking events, and undertake customised programmes in Hong Kong where appropriate.

Through its three new CEPA Business Centres in Beijing, Shanghai and Guangzhou, TDC will continue to publicize Hong Kong as a platform to take advantage of CEPA. Its toll-free and nationwide CEPA hotline will provide Mainland business enquirers with a convenient source of information and contacts in Hong Kong.

Manpower and resources

Other than the World SME Expo mentioned above, resources for the above projects cannot be estimated as they form part and parcel of TDC's existing activities.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	25.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

Regarding the promotion of awareness and understanding between the service industries in Hong Kong and the Mainland, what is the amount of resources earmarked for establishing a year-round on-line business platform for Hong Kong's service industries by the Hong Kong Trade Development Council in 2004-05? How will the resources be utilised? When will the platform be available for use by Hong Kong's service industries?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

In order to promote greater awareness and understanding of Hong Kong's service industries overseas and in the Mainland, the Trade Development Council (TDC) launched portals for various service sectors in December 2003, including banking & finance; transport & logistics; infrastructure & real estate; information & communications technology; professional services; design; marketing; licensing; convention & exhibition and film.

These portals facilitate business matching between Hong Kong service providers on the one hand and potential clients overseas and in the Mainland on the other through promoting the advantages of Hong Kong's service industries and disseminating relevant information. In 2004/05, TDC has earmarked over \$3 million for developing and marketing these service sectors portals.

Signature

Name in block letters

Post Title

Date

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

23.3.2004

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

Head : 152 Government Secretariat: Subhead
Commerce, Industry and Technology Bureau (No. & title) :
(Commerce and Industry Branch)

Programme : (3) Subvention: Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

In 2004-05, what measures are expected to be implemented by the Hong Kong Trade Development Council to develop the “Style Hong Kong” marketing concept, with a view to enhancing the image of Hong Kong’s branded products in the Mainland market? What manpower and resources are expected to be deployed for this purpose?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

Promotional Programme

Hong Kong Trade Development Council (TDC)’s “Style Hong Kong” campaign promotes the brand names and image of Hong Kong lifestyle products among Mainland consumers. The promotional programme targets at three levels of audience:

1. Trade Level

TDC organizes commercial delegations to participate in major trade shows in the Mainland such as CHIC in Beijing, the Garment Fair in Dalian, China Food in Shanghai and the Cosmetics and Hair Dressing Products Fair in Guangzhou, enabling Hong Kong companies to establish closer contacts with Mainland buyers.

TDC organizes two nationwide trade fairs in Beijing and Shanghai every year. Trade-matching events will rotate among other regional centres such as Chengdu, Chongqing, Wuhan, Shengyang, etc. The promotional activities for 2004/05 are as follows:

- ☛ Style Hong Kong, Shanghai;
- ☛ HK Product Symposium in Western China; and
- ☛ Style Hong Kong, Beijing.

2. Consumer Level

To enhance the awareness and image of Hong Kong brands at the consumer level, TDC will provide opportunities for Hong Kong companies to promote their brands directly to consumers. Projects for 2004/05 include:

- Department store promotion in Northern China;
- Style HK magazine;
- On-line Hong Kong brand name guide;
- Showcase display at TDC Design Gallery;
- Joint promotion with a credit card-issuing bank in Shanghai; and
- HK Brand Galleries in leading mainland department stores.

3. Media/PR Promotion

Members of the Mainland media will be invited to take part in the image-building activities to increase the exposure of Hong Kong brands in the Mainland. In addition, TDC will conduct a series of media activities to promote Hong Kong brands among Mainland buyers and consumers throughout 2004/05, including:

- Supplements and editorial coverage in leading trade and consumer media;
- Sponsorship for popular programmes in the mainland media; and
- Sponsorship for visits of Mainland journalists to Hong Kong.

Manpower and Resources

The 45 or so promotional projects planned for 2004/05 will be undertaken by the existing staff of TDC. Around \$10 million will be dedicated to Hong Kong brand name promotion through the “Style Hong Kong” programme.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	25.3.2004

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

Reply Serial No.

CITB(CI)023

Question Serial No.

0986

Head: 152 Government Secretariat: Subhead (No. &
Commerce, Industry and Technology title):
Bureau (Commerce and Industry Branch)
Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Secretary for Commerce, Industry and Technology
Bureau :

Question : How much manpower and resources will the Government put into the development of the system for electronic submission of cargo manifests for the road mode of transport in 2004-05? When will the system be formally implemented?

Asked by: Hon. TING Woo-shou, Kenneth

Reply: The proposal to introduce an electronic advance cargo information system for cross-boundary vehicles is still at the planning stage. The Government is consulting shippers, the trucking industry and the existing service providers of the Government Electronic Trading Services on this proposal. If the proposal is supported by the trade, the Government will work out the implementation timetable, including preparing legislative amendments and applying for funds.

As the proposal is still at the planning stage, the Government has not set aside a specific amount of resources for system development in 2004-05. All preparatory and planning work in relation to this proposal will be funded by the existing resources under Policy Area 6 (Commerce and Industry). If the proposal is supported by the trade, the Government will seek funding to develop the system.

Signature _____

Name in block letters _____ Miss Denise Yue

Post Title _____ Permanent Secretary for
Commerce, Industry and Technology
(Commerce and Industry)

Date _____ 23 March 2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)024
Question Serial No.
0987

Head: 152 Government Secretariat:
Commerce, Industry and Technology
Bureau (Commerce and Industry
Branch)

Subhead:

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

How much resources will be allotted to taking forward the Helping Business Programme in the coming year and how will the resources be utilized? What indicators will be employed to measure the effectiveness of the Programme?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

There are ten full-time staff in the Commerce and Industry Branch of the Commerce, Industry and Technology Bureau tasked to coordinate closely with government bureaux and departments in the conduct of helping business studies and speedy implementation of improvement measures under the Helping Business Programme. A provision of up to \$12.5 million is included in the 2004-05 draft estimates for funding minor studies and other study related activities under the Helping Business Programme.

The Helping Business Programme aims to cut government red tape, streamline processes and improve services so as to help business. In assessing the effectiveness of the Programme, the main considerations include the acceptance level by the related bureaux and departments of the improvement measures recommended under the Programme and whether these measures can achieve the objectives of the Programme. We will also take into account the feedback and views of the business community when assessing the effectiveness of the Programme.

Signature	_____
Name in block	Miss Denise Yue
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	24.3.2004

Examination of Estimates of Expenditure 2004-05

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

Reply Serial No.

CITB(CI)025

Question Serial No.

0673

Head : 96 Government Secretariat :
Hong Kong Economic and Trade Offices

Subhead(No. & title):

Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The estimates for the provision for 2004-05 is 1.4% less than the revised estimates for 2003-04. However, in respect of the performance indicators, the number of projects for 2004 is estimated to be 270, which is 117 more than the actual number of projects for 2003. Please state whether the additional projects will be carried out by the Hong Kong Economic and Trade Offices in collaboration with Invest Hong Kong, or undertaken by the former only. How will the resources be allocated?

Asked by : Hon. HUI Cheung-ching

Reply :

At present, all Hong Kong Economic and Trade Offices (ETOs) (other than the Washington and Geneva ETOs) seek to attract direct investment into Hong Kong. An Investment Promotion Unit (IPU) is established in each of the ETOs in New York, San Francisco, Brussels, London, Tokyo and Guangdong. The salaries and overheads of permanent staff of these six IPUs are funded under Head 96 – Government Secretariat : Hong Kong Economic and Trade Offices, whilst investment promotion projects and investment promotion related activities undertaken by ETOs are funded under Head 79 – Invest Hong Kong.

2. With the additional resources approved for Invest Hong Kong in 2003 for boosting investment promotion work over a period of five years, we are able to set a higher target of 270 for 2004. These projects will be carried out by the ETOs in collaboration with Invest Hong Kong, and funded under Head 79-InvestHK. Based on latest projection, we have also revised the number of projects pursued for 2004 from 270 to 300.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 26.3.2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)026
Question Serial No.
0981

Head: 96 Government Secretariat: Hong Kong Economic and Trade Offices
Subhead:

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Provision for 2004-05 under this Programme is \$15.3 million higher than the revised estimate for 2003-04. Of the total increase in expenditure, how much is brought about by the decline in exchange rates? Will the ETOs reduce the estimates of expenditure on publicity activities in order to achieve efficiency savings? If so, what is the amount to be curtailed? Will the reduction in the provision for publicity have any adverse impact on the promotion of Hong Kong's trading and commercial interests?

Asked by: Hon. HUI Cheung-ching

Reply:

Of the higher provision for 2004-05 amounting to \$15.3 million over the revised estimate for 2003-04 under Programme (1) Commercial Relations, the less favourable exchange rates account for some \$13 million of the increase. The reduction in the provision for publicity to achieve efficiency savings amounts to \$1 million. However, such reduced provision would not seriously affect Hong Kong's economic and commercial relations with our major trading partners. The Hong Kong Economic and Trade Offices will carefully consider the cost effectiveness of publicity activities with a view to making better use of resources to reduce the impact of reduced provision to the minimum.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 25.3.2004

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

Reply Serial No.

CITB(CI)027

Question Serial No.

0495

Head: 96 Government Secretariat: Subhead:
Hong Kong Economic and
Trade Offices

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The estimated provision under this programme for 2004-05 will increase by \$15.3m (13.1%). Please provide details on the increased salary provision resulted from staff changes and the provision for the payment of disturbance allowance previously not borne by Hong Kong Economic and Trade Offices. What will the expenditure involved amount to?

Asked by: Hon. LAU Wai-hing, Emily

Reply:

For 2004-05, the increase in expenditure under this programme amounts to \$15.3 million, of which \$2.6 million is required to meet increased salary provisions resulted from staff changes to accommodate officers on pre-retirement leave, and \$2.6 million is required to meet payment of disturbance allowance. A one-off disturbance allowance is paid to an officer when he is posted outside Hong Kong and when he returns to Hong Kong on completion of his tour in compensation for the miscellaneous expenses arising from posting and changes in daily lives. Prior to 2004-05, disturbance allowance is funded under Head 46 – General Expenses of the Civil Service. Expenditures on other job related allowances of officers have been charged to the relevant departments' heads of expenditure, expenditure on disturbance allowance will be so charged from 2004-05 onwards.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date 25.3.2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)028
Question Serial No.
0500

Head : 96 Government Secretariat:
Hong Kong Economic and Trade Offices

Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- a. What are the projects pursued and the projects completed on investment promotion of each Hong Kong Economic and Trade Office in 2003-04? Are there any indicators for measuring the effectiveness of the projects completed? If yes, how effective is the relevant work? If no, would the Administration consider developing such indicators?
- b. What are the planned projects pursued on investment promotion of each Hong Kong Economic and Trade Office in 2004-05 and the expenditure involved?

Asked by : Hon. LAU Wai-hing, Emily

Reply :

Hong Kong Economic and Trade Offices (ETOs) (other than Washington and Geneva ETOs) and overseas consultants are responsible for handling investment projects outside Hong Kong. Each project represents a foreign or Mainland company interested in investing in Hong Kong. A project is regarded as completed when the company has set up new operations in Hong Kong or has expanded its existing operations here. A completed project will normally lead to new capital investment and/or creation of jobs.

2. We measure the performance of the ETOs and various overseas consultants according to the number of new projects they identified and number of projects completed within a calendar year. Before the ETO or consultant can claim credit for a completed project, the company concerned must have confirmed in writing that it benefited from services provided by Invest Hong Kong.

3. The figures for completed projects in 2003, the latest targets for projects completed and projects pursued in 2004 as well as the resources allocated under Head 79 – Invest Hong Kong to ETOs are set out in the following table –

HKETO	Completed projects in 2003	Target for projects completed in 2004 ⁽¹⁾	Target for projects pursued in 2004 ⁽²⁾	Funding Provision under Head 79 for 2004-05 (\$m)
New York*	19	18	36	1.2
San Francisco*	16	18	36	1.0
Brussels*	28	40	80	3.3
London*	9	12	24	0.8
Tokyo*	24	21	42	1.5
Guangdong*	5	12	24	0.5
Singapore	6	6	12	0.6
Toronto	4	15	30	1.6
Sydney	6	8	16	1.5
Total	117	150	300	12

Notes

- * HKETO with a dedicated Investment Promotion Unit
- (1) The original target for projects completed was 140 for 2004.
- (2) The original target for projects pursued was 270 for 2004.

It is inappropriate to disclose the details of individual projects being pursued or under planning due to the commercial sensitivity and confidentiality of such information.

Signature	_____
Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	26.3.2004

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

Head : 96 Government Secretariat: Hong Kong
Economic and Trade Offices

Subhead
(No. & title) :

Programme : –

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) :

- (a) What was the expenditure involved in each of the Hong Kong Economic and Trade Offices (HKETOs) in 2003-04? What was the size of the establishment of each of the HKETOs?
- (b) What is the expenditure involved in each of the HKETOs in 2004-05? What is the size of the establishment of each of the HKETOs?

Asked by : Hon. LAU Wai-hing, Emily

Reply :

For 2003-04 and 2004-05, the estimate and staff complement (including Hong Kong based and locally recruited staff occupying both established and non-established posts) in respect of each of the Hong Kong Economic and Trade Offices are set out below :

Financial Year	Washington	New York	San Francisco	London	Brussels	Geneva	Tokyo	Guangdong	Singapore	Sydney	Toronto	Total
<i>2003-04</i>												
(a) Estimate (HK\$ million)	36.7	27.0	20.3	35.5	30.2	23.7	31.3	24.1	13.6	14.8	13.7	270.9
(b) Staff complement (as at 1.4.2003)	23	18	14	22	21	18	17	17	11	11	12	184
<i>2004-05</i>												
(a) Estimate (HK\$ million)	34.8	26	19.5	37.9	33.2	26.6	33.3	22.8	13.5	17	14.7	279.3
(b) Staff complement (as at 1.4.2004)	20	17	14	21	21	17	16	19	11	11	12	179

Signature

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

25.3.2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)030
Question Serial No.
0998

Head: 96 Government Secretariat: Hong Kong Economic and Trade Offices
Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

In 2004-05, the Commerce and Industry Branch will “continue to promote Hong Kong’s trading and commercial interests, including countering protectionism in Hong Kong’s major markets” under this programme. In this respect, please provide information on the relevant work plans for 2003-04 and 2004-05 and their details, expenses, the establishments involved and the criteria for assessment of effectiveness.

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

One of the major tasks of the Hong Kong Economic and Trade Offices (ETOs) under Programme (1) Commercial Relations is to identify, develop and cultivate contacts with host governments, represent Hong Kong at international trade organisations, and maintain liaison with other governments and organisations in order to further Hong Kong’s trade and economic interests. They are responsible for monitoring, reporting on and lobbying against any actions or developments which are likely to affect Hong Kong’s trade and economic interests, such as restrictive trade measures and practices that are disadvantageous to Hong Kong’s traders. It is difficult to set criteria to assess the effectiveness of this task, but we have set out in the Controlling Officer’s Report those aspects which can be quantified as far as possible. The key performance measures in respect of commercial relations for 2003 and 2004 are –

	2003 (Actual)	2004 (Estimate)
a) Meetings on trade-related matters attended	3 315	3 370
b) Visits to host governments and trade organisations	1 025	960
c) Seminars, exhibitions and workshops organised	115	130
participated	684	730
d) Public speeches given	333	330
e) Media interviews/briefings given	565	530
f) Circulars/newsletters/press releases issued	900	630

2. In terms of staff establishment and deployment of resources, it is not possible to identify the resources devoted to this task alone as it is undertaken in the overall context of ETOs' work under Programme (1) Commercial Relations.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date 26.3.2004

Examination of Estimates of Expenditure 2004-05

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

Reply Serial No.

CITB(CI)031

Question Serial No.

0277

Head: 96 Government Secretariat: Subhead:
Hong Kong Economic and
Trade Offices

Programme: —

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Please provide a breakdown of the number of locally engaged staff of all Hong Kong Economic and Trade Offices and the total cost of their remuneration for the past two years and in the 2004-05 Estimate.

Asked by: Hon. NG Leung-sing

Reply:

The number of local staff engaged by Hong Kong Economic and Trade Offices and the actual expenditure for 2002-03 and the estimates for 2003-04 and 2004-05 are set out below –

<u>Financial year</u>	<u>No. of local staff</u>	<u>Actual Expenditure</u>	<u>Estimate</u>
2002-03 ^(Note)	114 (as at 1.4.2002)	\$31.0 million	—
2003-04	121 (as at 1.4.2003)	—	\$34.6 million
2004-05	123 (as at 1.4.2004)	—	\$39.5 million

(Note : The Hong Kong Economic and Trade Office in Guangdong was established in July 2002)

Signature _____

Name in block letters MISS DENISE YUE

Post Title Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date 26.3.2004

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

Head : 96 Government Secretariat: Hong Kong Subhead 000 Operational expenses
Economic and Trade Offices (No. & title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : Please elaborate on the work and achievements of the Hong Kong Economic and Trade Office in Guangdong in the past year (2003-04) and its work plan and expected achievements for the coming year (2004-05)

Asked by : Hon. NG Leung-sing

Reply :

Since its establishment in late 2002, the Economic and Trade Office of the Government of the Hong Kong Special Administrative Region in Guangdong (GDETO) has endeavoured to promote economic cooperation between Hong Kong and Guangdong, to enhance business liaison between the two places and to provide various support services to Hong Kong businesses operating in Guangdong. As a result of efforts in the past year or so, GDETO has established good relationship and maintained channels of communication with the Guangdong Provincial Government and all the 21 above-prefecture-level cities. It has also built up a network of contacts with Hong Kong businessmen operating in Guangdong to enhance communication and to have a better understanding of their needs.

In the past year, the specific work and achievements of GDETO include:

- (i) Publication of the weekly GDETO Newsletter to report on the latest information on commerce and trade-related policies / regulations and economic developments in Guangdong Province, as well as on economic and trade activities in the Province.
- (ii) Setting up the Resource Centre with a collection of information and materials on trade and on the latest economic situation in Hong Kong and Guangdong Province. The Centre is open to the general public free of charge.
- (iii) Setting up the Investment Promotion Service Centre to provide the latest information on Hong Kong's business environment and investment regime for the public's reference and to answer enquiries relating to investing in Hong Kong.

- (iv) Organisation of study missions to Guangdong to assist Hong Kong businessmen to look for investment opportunities in Guangdong.
- (v) Organisation of a number of “Hong Kong Investment Study Missions” for Guangdong companies that intended to invest in Hong Kong. These missions would assist the companies to see for themselves the business environment and investment regime in Hong Kong, to deepen their understanding of Hong Kong, and strengthen their confidence in investing in Hong Kong.
- (vi) Organisation of more than ten activities to facilitate Hong Kong enterprises to develop their business in Guangdong, including the Seminar on Domestic Sales for Hong Kong Enterprises in Guangdong held in November 2003, the Seminar on Business Opportunities in Zhuhai - CEPA Investment Promotion held in February 2004 and the SME Seminar on Setting Up Individually Owned Stores in the Mainland held in end March.
- (vii) Organisation of six interchange gatherings with Hong Kong businessmen to enable them to exchange views on doing business in Guangdong Province and to reflect the difficulties encountered.
- (viii) Completion of improvement work to GDETO’s website (<http://www.gdeto.gov.hk>), with hyperlinks to websites of the provincial and municipal governments and various trade and economic departments in Guangdong to facilitate businessmen in Hong Kong and Guangdong as well as the general public to make enquiries.

In the coming year, GDETO will continue to keep abreast of economic and trade developments in Guangdong, in particular of implementation measures relating to CEPA. GDETO will disseminate relevant information to the economic and trade-related departments of the SAR Government and Hong Kong businessmen in a timely manner to help Hong Kong's business community to grasp and fully utilize the opportunities brought by CEPA as early as possible.

For the coming year, the specific work plan of GDETO includes:

- (i) To gradually enrich the contents of the GDETO Newsletter and expand the distribution list to enable quick and direct access to the Newsletter by more Hong Kong businessmen.
- (ii) To organise four study missions to take Hong Kong businessmen to the Pearl River Delta (PRD) and the western and northern parts of Guangdong so they could have a better understanding of the latest economic development and investment environment in these places. They will also have the opportunities to establish liaison with the local governments and business community there to facilitate their investment and search for investment opportunities.
- (iii) To organise four investment study missions to Hong Kong to assist Guangdong companies to study

from different angles the investment climate in Hong Kong and to attract them to establish operations in Hong Kong with the view to using Hong Kong as the springboard for tapping the world markets.

- (iv) To organise seminars, including a large-scale seminar in the latter half of 2004, to enhance Hong Kong enterprises' understanding of the economic and trade-related policies and regulations as well as the investment environment of Guangdong so as to facilitate them in making right and timely investment and operation decisions. In addition, GDETO will, in April, jointly organise an Investment Promotion Seminar in Shenzhen with a local chamber of commerce with a view to exploring with local companies business opportunities under CEPA. In September and December, GDETO is planning to mount two more investment promotion seminars in Guangdong with the Ministry of Commerce, relevant government departments/bureaus of Guangdong and also Invest Hong Kong, with a view to further developing trade and investment between Guangdong and Hong Kong.
- (v) To organise eight interchange gatherings with Hong Kong businessmen, with suitable themes to be set for individual gatherings depending on the latest economic and trade developments in the Province.
- (vi) To jointly organise a special TV programme entitled "Guangdong and Hong Kong Are One Family" with the Guangdong TV Station. Apart from entertainment performances, the TV programme will carry special features to introduce the great business opportunities for Hong Kong professional services under CEPA and a general picture of Hong Kong enterprises in Guangdong Province. These features aim to highlight the close relationship between Guangdong and Hong Kong.

Signature _____

Name in block letters _____ Miss Denise Yue

Post Title _____ Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Date _____ 24 March 2004

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

Reply Serial No.

CITB(CI)033

Question Serial No.

0448

Head: 96 Government Secretariat: Subhead:
Hong Kong Economic and
Trade Offices

Programme: —

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Does the Government have any plans to abolish or merge some of the external Economic and Trade Offices in the future? If yes, what is the estimated reduction in expenditure and establishment? If no, what are the reasons?

Asked by: Hon. YEUNG Sum

Reply:

We have no plan to close or merge any of the Hong Kong Economic and Trade Offices (ETOs). The 11 existing ETOs are located in major cities of economies which are Hong Kong's major trading partners, namely Guangzhou, Washington DC, New York, San Francisco, Toronto, Brussels, London, Geneva, Tokyo, Sydney and Singapore. With the exception of the Geneva ETO (whose primary role is to represent Hong Kong at the World Trade Organisation), the ETOs seek to promote Hong Kong's economic and trade interests by enhancing understanding of the HKSAR among decision-makers and opinion-formers; monitoring developments that may affect Hong Kong; and liaising with the business and commercial sectors in the economies under their purview. They also organise events to promote the overall image of Hong Kong. In addition, they (other than the Washington and Geneva ETOs) seek to attract direct investments into Hong Kong. The existing network of ETOs has served Hong Kong well over the years and has contributed positively to the economic development of Hong Kong.

Having reviewed the organisation and the establishment of all the ETOs, we have reaffirmed the ETOs' continuing importance, but we consider there is scope to streamline the organisational structure of some of the ETOs. Our proposals to streamline the structure of some ETOs and to make better use of resources were noted by the Legislative Council Panel on Commerce and Industry at its meeting on 9 February 2004. The proposals will be discussed at the Establishment Subcommittee of Finance Committee next month.

Signature	_____
Name in block letters	_____ MISS DENISE YUE _____
Post Title	_____ Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) _____
Date	_____ 25.3.2004 _____

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

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

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : With the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2004, the Customs and Excise Department needs to conduct costing checks on goods covered by Certificates of Hong Kong Origin to ensure that only goods that pass a value-added percentage threshold can benefit from the tariff preference under CEPA. There should be a need to increase the number of "factory and consignment inspections". However, the Customs and Excise Department expects no increase in such inspections in 2004. Why?

Asked by : Hon. CHAN Yuen-han

Reply :

Compared with the targeted number of factory and consignment inspections of 68 800 originally set for 2003 as included in the 2003-04 Estimates, we now expect an increase of 6 050 inspections, or 8.8%, for 2004. This means we expect that a total of 74 850 factory inspections would be undertaken in 2004.

However, the total number of factory and consignment inspections envisaged for 2004 will still be smaller than the number for 2003 because in 2003, the actual number of such inspections conducted was 108 454, which exceeded the original target of 68 800 by 39 654. The increase was mainly attributed to an upsurge of referrals from the Trade and Industry Department against production notification and export licence bulk applications from suspected proliferators. With the implementation of a new monitoring mechanism against the suspected proliferators no such upsurge is anticipated for 2004. The number of referrals for factory and consignment inspections is expected to return to the normal level in 2004.

Signature _____

Name in block letters TIMOTHY H M TONG

Post Title Commissioner of Customs and Excise

Date 24 March 2004

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

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

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : Will the Department propose to increase the manpower for factory and consignment inspections in 2004? If yes, what is the number of staff to be increased? If not, what are the reasons?

Asked by : Hon. CHAN Yuen-han

Reply :

In order to carry out the factory and consignment inspections and costing verifications arising from the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) effective from 1 January 2004, 26 posts have been created in 2004 through re-deployment of existing resources.

Signature _____

Name in block letters _____ TIMOTHY H M TONG

Post Title _____ Commissioner of Customs and Excise

Date _____ 24 March 2004

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : What was the expenditure involved for combating internet piracy in 2003-04? How many persons were arrested for committing the offence? How much resources will be allocated and what measures will be taken by the authority against the crime in 2004-05?

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

The department established the Anti-Internet-Piracy Team (AIPT) in 1999 to fight against piracy offences on the Internet. The Computer Analysis and Response Team and the Computer Forensic Laboratory were set up in 2000 to provide support to front-line officers in the collection, analysis and safe-keeping of digital evidence during investigations into computer crimes, including Internet piracy offences.

The AIPT comprises seven specially trained Customs officers. Since its inception, the AIPT has successfully investigated 31 cases resulting in the arrest of 53 persons and the seizure of infringing articles and computer equipment worth more than \$2 million. In 2003-04, the salary provision for the AIPT was \$1.935 million.

In 2004-05, the department will continue to closely monitor the piracy trends over the Internet and enhance communication and cooperation with copyright owners and Internet service providers so as to actively combat piracy offences taking place on the Internet within Hong Kong. The department will maintain the same establishment of AIPT for dealing with Internet piracy offences. The corresponding salary provision was \$1.876 million after taking into account salary adjustment. The department will make suitable adjustments where necessary to ensure that there are sufficient resources to meet the need of the enforcement work.

Signature

Name in block letters

Post Title

Date

TIMOTHY H M TONG

Commissioner of Customs and Excise

25 March 2004

Reply Serial No.

CITB(CI)037

Question Serial No.

0680

Examination of Estimates of Expenditure 2004-05

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

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

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : Under "Matters Requiring Special Attention in 2004-05", the Customs and Excise Department will consider the need to review the deployment of enforcement resources in the light of the lifting of quota restrictions on textile products by 1 January 2005. Will the authorities concerned specify their plans to prepare for the changes in the textiles export control system in the coming year? For example, will there be any reduction in the staff establishment concerned? Will the staff concerned be redeployed to perform other duties? Or will there be any other arrangements? What are the savings involved?

Asked by : Hon. HUI Cheung-ching

Reply :

In anticipation of possible changes in Hong Kong's Textiles Export Control System (TECS) upon the lifting of quota restrictions in 2005, this department has been working closely with the Trade and Industry Department in developing the post-2004 control arrangements and has made plans to adjust our staff requirements to cope with the modified TECS. There is not yet a decision on the post-2004 control system which will to a great extent depend on how the major trading partners would change their importing requirements in the post-2004 era. However, it is the Administration's view that to protect Hong Kong's legitimate textiles & clothing (T&C) export interests, Hong Kong needs to retain some form of control, though not necessary as comprehensive as the existing TECS, to ensure origin compliance of Hong Kong T&C products.

On the basis of the above considerations, the department's preliminary estimate at this time is that there may be about 100 posts surplus to requirement from 2005 onwards, and their annual salary provision amounts to around \$34.3 million. Surplus posts will be deleted and the savings thus achieved will contribute to the department's efficiency savings exercise. Upon the deletion of the surplus posts, the staff concerned will either retire under the Second Voluntary Retirement Scheme or be redeployed to perform other duties relating to trade controls.

Signature	_____
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	25 March 2004

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

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

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : What are the detailed financial provision and establishment provided for carrying out costing checks on goods covered by Certificates of Hong Kong Origin under the Mainland and Hong Kong Closer Economic Partnership Arrangement?

Asked by : Hon. LEE Cheuk-yan

Reply :

Details of manpower deployed on carrying out costing checks on goods covered by Certificates of Hong Kong Origin under the Mainland and Hong Kong Closer Economic Partnership Arrangement are as follows -

<u>Rank</u>	<u>Number of Posts</u>
Senior Trade Controls Officer	1
Trade Controls Officer	2
Assistant Trade Controls Officer	6
Total :	<u>9</u>

The annual salary provision for the above posts is about \$2.7 million.

Signature _____

Name in block letters TIMOTHY H M TONG

Post Title Commissioner of Customs and Excise

Date 24 March 2004

Examination of Estimates of Expenditure 2004-05
CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION

Reply Serial No.

CITB(CI)039

Question Serial No.

1613

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

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The actual number of factory and consignment inspections was 108 454 in 2003, representing a sharp increase of about 38% from 78 175 in 2002. Please provide:

- (1) the expenditure involved for the inspections. Please give a breakdown of the number of factory inspections and consignment inspections separately, the ratios for the various types of products, the value and the number of manufacturers of the goods involved.
- (2) the difference between 2003 and 2002 in the number of production notification and export licence applications referred to the Customs and Excise Department by the Trade and Industry Department and the percentage of the above applications to be inspected by the Customs and Excise Department. What are the selection criteria of the Customs and Excise Department for carrying out these inspections?
- (3) the number of non-compliance cases committed by traders detected in the 108 454 inspections mentioned above. What types of products were involved and what was the total value of these products? What is the percentage of the expenditure involved when compared to the annual expenditure mentioned in (1) above?
- (4) the details of the "new monitoring mechanism against the suspected proliferators". What is the expenditure involved? How many inspections are expected to be conducted by the Customs and Excise Department after the implementation of the mechanism? Please provide the estimated number of inspections to be conducted in 2004-05.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

- (1) The department does not maintain separate statistics regarding factory inspections and consignment inspections as, in most cases, both inspections are conducted at the same time. The breakdown of the 108 454 factory and consignment inspections conducted in 2003 by types of products is as below -

	Number of factory and consignment inspections	
Textiles	96 063	(88.6%)
Strategic Commodities	7 711	(7.1%)
Other products	4 680	(4.3%)
Total:	108 454	(100%)

The salary provision for officers deployed to carry out the factory and consignment inspections in 2003-04 is about \$38.7 million. No statistics is maintained for the value of the products and number of manufacturers involved in the factory and consignment inspections.

/ (2)

- (2) There is no prescribed rate of checking in respect of different types of licences/notifications. Factories are selected for consignment checks based on a full array of risk management criteria, including individual factories' background, licensing records, production capability vis-à-vis export volume, as well as intelligence gathered from various sources, etc.
- (3) In 2003, the factory inspections, consignment checks and investigations conducted by the Customs and Excise Department resulted in 655 prosecution cases. These prosecution cases were all related to textiles products and the total value of the goods involved was some \$231 million. We have no breakdown of the expenditure incurred in these prosecution cases.
- (4) We are constantly reviewing and modifying our targeting and risk assessment strategies. We aim to conduct about 74 850 inspections in 2004.

Signature	_____
Name in block letters	_____TIMOTHY H M TONG_____
Post Title	_____Commissioner of Customs and Excise_____
Date	_____26 March 2004_____

Examination of Estimates of Expenditure 2004-05
CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION

Reply Serial No.

CITB(CI)040

Question Serial No.

0134

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/Secretary for
Economic Development and Labour

Question : In the Analysis of Financial and Staffing Provision of this Programme, it was mentioned that the provision for 2004-05 is \$6.1 million higher than the revised estimate for 2003-04 for strengthening enforcement of copyright protection. What are the details?

Asked by : Hon. MA Fung-kwok

Reply :

On intellectual property rights (IPR) protection, the Intellectual Property Investigation Bureau of the department shoulders the primary responsibility to suppress piracy activities. In addition, the department has also set up a Special Task Force (STF) which serves as a mobile brigade to reinforce enforcement actions against the peddling of pirated optical discs (Programme 3), illicit fuel (Programme 4) and illicit cigarettes (Programme 4).

In 2003-04, while combating illegal activities of pirated optical discs has continued to remain as its main focus, the STF has deployed more of its manpower to reinforce our enforcement against illicit cigarettes and fuel due to the growing seriousness of these activities. Hence there was a shift of part of the resources of the STF from Programme 3 to Programme 4 in 2003-04. The shift of resources has not affected the department's effectiveness in the enforcement against piracy activities. Since 2003, the department has shifted its investigation focus from mainly street level to higher level illicit activities. Through actively collecting and developing intelligence to support anti-piracy and anti-counterfeiting investigations, the department was able to conduct more focused intelligence-led investigations against the storage centers of pirated optical discs. A total of 186 such storage/wholesale centers were neutralized in 2003, which was a 72% increase when compared with 108 storage/wholesale centers neutralized in 2002.

For planning purpose, the department will redeploy these resources back to combating IPR infringement activities in 2004-05. Hence, the provision under Programme 3 will be increased. However, the department will flexibly redeploy resources of the STF to combat activities of illicit cigarettes and fuel should there be such operational needs in 2004-05 while maintaining our efforts, at an effective level, to deal with IPR infringement.

Signature	
Name in block letters	TIMOTHY H M TONG
Post Title	Commissioner of Customs and Excise
Date	25 March 2004

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

Head : 31 Customs and Excise Department

Subhead (No. & title) :

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/Secretary for
Economic Development and Labour

Question : On Matters Requiring Special Attention under this Programme, it was mentioned that new enforcement measures would be implemented and intelligence-based operations would be launched. What is the impact on resource allocation for implementing the new measures?

Asked by : Hon. MA Fung-kwok

Reply :

The department established the Intelligence Bureau in July 2002 to centrally coordinate the intelligence handling work conducted by various bureaux and major formations within the department. Its primary objective is to strengthen the department's enforcement capability against different criminal activities including intellectual property infringement. Since its inception, the Bureau has been actively collecting and developing intelligence to support anti-piracy and anti-counterfeiting operations under Programme 3 which have now become more focused and effective. Working in this direction, the department will be able to implement new enforcement measures and launch more intelligence-led operations in response to the changing piracy and counterfeiting situations within the level of resources to be allocated in 2004-05. The department is also conducting a feasibility study for a new pilot computer system to strengthen intelligence processing.

Signature

Name in block letters

Post Title

Date

TIMOTHY H M TONG

Commissioner of Customs and Excise

26 March 2004

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- (a) What specific measures will be taken by the Government to tackle internet piracy problem in 2004-05?
- (b) Regarding the above measures, which are newly introduced in 2004-05? What is the estimated expenditure involved respectively?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) In 2004-05, the Anti-Internet-Piracy Team (AIPT) of the department will continue to fight against piracy offences on the Internet. The AIPT will conduct follow-up investigations once information is received from copyright owners or members of the public about suspicious websites that provide infringing materials for downloading. The Computer Analysis and Response Team and the Computer Forensic Laboratory will provide support to front-line officers in the collection, analysis and safe-keeping of digital evidence during investigations into computer crimes, including Internet piracy offences.
- (b) Apart from the above measures, the department will continue to closely monitor the piracy trends over the Internet and enhance communication and cooperation with copyright owners and Internet service providers so as to actively combat piracy offences taking place on the Internet within Hong Kong. The annual salary provision for the AIPT, with an establishment of seven posts, is about \$1.876 million in 2004-05 which is similar to that in 2003-04 save for salary adjustment. The department will make suitable adjustments where necessary to ensure that there are sufficient resources to meet the need of the enforcement work.

Signature _____

Name in block letters TIMOTHY H M TONG

Post Title Commissioner of Customs and Excise

Date 25 March 2004

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

Head : 78 Intellectual Property Department

Subhead (No. & title) :

Programme : (2) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

- (a) What specific measures will be adopted by the Government to provide due protection to the intellectual property, software design, system development, web content and the related aspects in particular, of Hong Kong companies operating in the Mainland in 2004-05?
- (b) Which of the measures mentioned above are newly introduced in 2004-05? What is the estimated expenditure involved in each of them?

Asked by : Hon. SIN Chung-kai

Reply :

(a) In 2004-05, we plan to implement the following measures for the protection of intellectual property rights (IPRs) of Hong Kong enterprises operating in the Mainland. The measures target all types of intellectual property rights, including software and systems development or provision of Internet content:

- (i) to expand and improve the Intellectual Property Database for Guangdong, Hong Kong and Macao (website <http://www.ip-prd.net/>) which disseminates information on the intellectual property right protection systems in Guangdong, HKSAR and Macao SAR;
- (ii) to provide more information and advice to entrepreneurs on how to deal with IPR infringements in the Mainland;
- (iii) to organise roadshows/seminars, workshops, etc in the Mainland (focussing on cities with greater concentration of Hong Kong enterprises) and in Hong Kong, with the aim of helping Hong Kong enterprises gain a better understanding of the IP systems in the Mainland; and
- (iv) to strengthen liaison and cooperation with the IP authorities in Guangdong through the Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights, which was set up in August 2003 under the Hong Kong/Guangdong Co-operation Joint Conference. We shall use this channel to reflect IP related problems encountered by Hong Kong entrepreneurs in their operations in Guangdong Province.

- (b) The roadshows in the Mainland are new measures. The estimated total spending on the measures mentioned in (a) is \$650,000.

Signature

Name in block letters

Post Title

Date

STEPHEN SELBY

Director of Intellectual Property

24.3.2004

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : Economic Relaunch

Controlling Officer : Director-General of Investment Promotion

Director of Bureau :

Question :

The Economic Relaunch Working Group has approved 84 projects. Most of the projects have been completed in 2003-04, including the Harbour Fest, and a few will continue into 2004-05. What are those projects to continue in 2004-05? Will they be all completed within the year?

Asked by : Hon. CHAN Bernard

Reply :

The 2004-05 estimate submitted for Economic Relaunch provides for the following economic relaunch projects which are either on-going projects, projects to be implemented in 2004-05 or projects completed in 2003-04 but with some outstanding payments to be settled in 2004-05.

On going projects

- (1) Forbes Global CEO Conference 2004 cum Forbes Global 200 Best Small Companies Awards
- (2) HKTB Tourism Relaunch Programme
- (3) Placing advertisements for promoting the exhibition industry in Hong Kong & Hong Kong's exhibition calendar
- (4) Additional 'dollar for dollar' advertising campaigns targeted at exhibitors and visitors
- (5) Promotion of relaunch activities through publicity vehicles including video, news release, APIs, video films, posters, leaflets, displays, website and souvenirs

Projects to be implemented in 2004-05

- (1) Supporting the watch and jewellery industries' participation in the Basel Fair in April 2004
- (2) North American Tour of Hong Kong Ballet

Project completed in 2003-04 with payments to be settled in 2004-05

- (1) Confidence building programme for overseas Hong Kong business associations

2. In addition, the following relaunch projects with some on-going activities are expected to be completed in 2004-05, but they are all financed under 2003-04 budget.

- (1) Sponsoring the Centenary of Flight Celebration in Hong Kong : One Hundred Days of Celebration of One Hundred Years of Powered Flight
- (2) Publicity programme to promote Local Community Economy projects and district characteristics in Hong Kong and the Mainland
- (3) Creation and production of a multi-media Harbour Lighting Show to be staged nightly at Victoria Harbour

3. All the relaunch projects will be completed within 2004-05.

Signature _____

Name in block letters M J T Rowse

Post Title Director-General of Investment Promotion

Date 26.3.2004

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Para. 6 — During 2004-05, Invest Hong Kong will “increase joint overseas marketing activities with Pearl River Delta cities”. What are the activities? How much money will be spent on these activities?

Asked by : Hon. CHAN Bernard

Reply :

In 2004-05, Invest Hong Kong will organise about eight overseas seminars jointly with Pearl River Delta cities in different countries. The seminars aim to promote the investment environment of Hong Kong and the Pearl River Delta region and the combined strength of the two places. The estimated expenditure is about \$4.5 million.

Signature _____

Name in block letters _____ M J T Rowse

Post Title _____ Director-General of Investment Promotion

Date _____ 25.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Is the decline in foreign direct investment expected to continue after 2002?

Asked by : Hon. CHOW LIANG Shuk-yee, Selina

Reply :

The inflow of foreign direct investment (FDI), including FDI from the Mainland of China, into Hong Kong had been rising since 1996 and reached its peak of HK\$483.1 billion in 2000. This figure was boosted by a single transaction relating to a Mainland based company. If this transaction is discounted, Hong Kong's FDI performance in 2001 is in line with the historical trend and regional and international developments.

In 2001, inflow of FDI was HK\$185.4 billion, which was comparable to the 1999 figure of HK\$190.8 billion. The figure dropped to HK\$107 billion* in 2002. According to the United Nations Conference on Trade and Development (UNCTAD), global FDI inflows in 2002 had declined to the lowest level since 1998. UNCTAD attributed the decline to slow economic growth in most parts of the world and dim prospects for recovery. According to the Census and Statistics Department (C&SD), the significant drop in 2002 was mainly attributable to negative direct investment flow related to inter-company debt transactions in the year.

Latest figures from the C&SD show that the 2002 decline in FDI has not continued into 2003. On the contrary, for the first nine months of 2003, the FDI inflow has reached HK\$115 billion, which already exceeds the 2002 annual total. The number of investment projects handled by Invest Hong Kong also indicates that an increasing number of foreign and Mainland companies are interested in setting up operations in Hong Kong.

* The figure has subsequently been updated by Census and Statistics Department to HK\$75.5 billion.

Signature

Name in block letters

Post Title

Date

M J T Rowse

Director-General of Investment Promotion

25.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Estimated provision for 2004-05 is 64% higher than the original estimate for 2003-04 and 24% higher than the revised estimate. What is the justification for such a large increase and what results are expected to be achieved?

Asked by : Hon. CHOW LIANG Shuk-yee, Selina

Reply :

Provision for 2004-05 is \$43.3 million (64.2%) higher than the original estimate for 2003-04. This is mainly due to the increase in resources to boost investment promotion as approved by the Finance Committee on 3.6.2003. If this factor is discounted, the provision for 2004-05 is in fact \$1.2m less than the original estimate for 2003-04.

Provision for 2004-05 is \$21.4 million (24%) higher than the revised estimate for 2003-04. This is mainly due to the full year provision of the additional resources for boosting investment promotion work, partly offset by the deletion of posts and the effect of the 2004 and 2005 civil service pay cut.

With the provision of new resources, Invest Hong Kong has successfully brought in 142 completed investment projects in 2003 (compared to 117 in 2002) and expects to complete 200 investment projects in 2004.

Signature

Name in block letters

Post Title

Date

M J T Rowse

Director-General of Investment Promotion

25.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) : 724 Investment
Promotion (block vote)

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The Government will allocate an estimated \$21 million to the work on investment promotion for 2004-05, including advertising campaigns; participation in international fairs and exhibitions; and organisation of seminars. What are the details and the estimated expenditure of these activities?

Asked by : Hon. HO Chung-tai, Raymond

Reply :

The \$21 million in the Investment Promotion (block vote) will cover the following activities in 2004-05 -

Activities	\$ million
Conducting duty trips by HK-based staff – for company visits, participating in or attending overseas exhibitions, conferences and seminars, etc.	5.5
Production of marketing materials e.g. corporate leaflets, newsletters, sector brochures, investment guidebooks, community booklets, CEPA leaflets, booklets on Pearl River Delta, seminar materials, corporate gifts, subscription of business news, etc.	2
Advertising in regional publications such as Financial Times, Far Eastern Economic Review, inflight entertainment programmes, regional cable networks like CNN or CNBC and directories of major chambers of commerce.	2
Participating in/sponsoring local and overseas events and conferences such as BusinessWeek Asia Leadership Forum, CASBAA, China Beijing International High-tech Expo, Kellogg Asia Business Conference in the USA and CFO Forum in Singapore.	3.3

Funding for overseas Investment Promotion Units in HKETOs for carrying out investment promotion work e.g. conducting company visits, participating in seminars, conferences and exhibition, and production of marketing materials.	
Brussels	2.7
Guangdong	1.5
London	1.8
New York	1.2
San Francisco	1.0
Tokyo	0.8
Miscellaneous	1.2

Signature _____

Name in block letters M J T Rowse

Post Title Director-General of Investment Promotion

Date 25.3.2004

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : (2) Economic Relaunch

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

- a. On 30 May 2003, the Finance Committee approved the creation of a new commitment of \$1 billion for the implementation of the Economic Relaunch Campaign. Up to the present, what is the balance of this fund? Why does the Government need to earmark a provision of \$123 million for 2004-05 for the purpose of reviving the economy?
- b. Most of the 84 projects approved by the Economic Relaunch Working Group have been completed in 2003-04 and a few will continue into 2004-05. Of the remaining projects, are there any that will require the use of public funds to cover expenses?

Asked by : Hon. LAU Hon-chuen

Reply :

- (a) The Financial Affairs Panel supported and the Finance Committee approved \$1 billion for the Economic Relaunch Campaign. The Economic Relaunch Working Group (ERWG) approved 84 projects with a total approved allocation of \$715 million. Most of the projects have been completed. The estimated expenditure in 2003-04 is \$546 million. The provision of \$123 million (out of the \$1 billion approved by the Finance Committee) is the estimated cashflow requirement in 2004-05 for the remaining on-going projects or those projects completed in 2003-04 but with some outstanding payments to be settled in 2004-05. Of the approved allocation of \$715 million for 84 projects, the total estimated expenditure is \$669 million.
- (b) None of the remaining projects continuing into, or being implemented in, 2004-05 is funded on an "under-writing" basis. The provision of \$123 million for 2004-05 represents the estimated cashflow requirements of those on-going projects on top of the expenditure already incurred in 2003-04 as well as the estimated cashflow requirements of those projects to be implemented in 2004-05. The total expenditure of each of these projects will be kept within the ceiling of funds approved for the particular project by ERWG.

Signature

Name in block letters

Post Title

Date

M J T Rowse

Director-General of Investment Promotion

26.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

The expenditure under this programme increased from the actual expenditure of about \$77 million in 2002-03 to the revised expenditure of about \$89.3 million in 2003-04 (rising by approximately 16%), and will further increase to about \$110.7 million in 2004-05 (rising by approximately 23%). However, the “in-flow of foreign direct investment into Hong Kong”, being one of the key indicators of performance measures, decreased during 2000 to 2002. Hong Kong’s share of foreign direct investment inflows into South, East and South-East Asia also decreased from 44.7% in 2000 to 24.4% in 2001, and further to 15.5% in 2002 (no figure is provided for 2003).

Please provide the estimated or actual percentage for 2003, and analyse the expenditure of this programme as well as its cost-effectiveness.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply :

The reason for Hong Kong’s declining share of foreign direct investment (FDI), including investment from the Mainland of China, in South, East and South-East Asia is two fold. First, Hong Kong’s FDI figure in 2000 was exceptionally high. This figure was boosted by a single transaction relating to a Mainland based company. If this transaction is discounted, Hong Kong’s FDI performance in 2001 is in line with the historical trend and regional and international developments. Secondly, Mainland China’s FDI figure and its share in the region had been growing rapidly, from 29.4% in 2000 to 48% in 2001 and 59.5% in 2002.

Data on Hong Kong’s percentage share for 2003 is not available as we do not have access to the FDI figures of other countries in the region. However, latest figures from the Census and Statistics Department (C&SD) show that the 2002 decline in FDI for Hong Kong has not continued into 2003. On the contrary, for the first nine months of 2003, the FDI inflow has reached HK\$115 billion, which already exceeds the 2002 annual total. The number of investment projects handled by Invest Hong Kong also indicates that many foreign and Mainland companies are interested in setting up operations in Hong Kong.

The increase in financial provision for Invest Hong Kong for 2003-04 and 2004-05 is attributed to the additional allocation of \$200 million to Invest Hong Kong, approved by the Finance Committee in June 2003, to be expended over five years starting in 2003-04. The additional resources are being used to boost investment promotion effort in attracting more foreign and Mainland companies to establish their business in Hong Kong. With the additional resources, Invest Hong Kong completed 142 investment projects in 2003 (21% more than in 2002), and has increased its target number of completed investment projects to 200 in 2004 (41% more than in 2003).

Signature	_____
Name in block letters	<u>M J T Rowse</u>
Post Title	<u>Director-General of Investment Promotion</u>
Date	<u>25.3.2004</u>

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please explain why the estimated expenditure for 2004-05 is 64.2% higher than the original estimate for 2003-04 under this Programme. What are the promotional projects and activities for which the additional provision will be used? Please provide details of the funding arrangement.

Asked by : Hon. SIN Chung-kai

Reply :

Provision for 2004-05 is \$43.3 million (64.2%) higher than the original estimate for 2003-04. This is mainly due to the increase in resources to boost investment promotion as approved by the Finance Committee on 3 June 2003. If this factor is discounted, the provision for 2004-05 is in fact \$1.2m less than the original estimate for 2003-04.

As pointed out in the Finance Committee submission of June 2003, we planned to expend the provision more or less evenly over a period of five years or so starting from 2003-04. We have also undertaken to utilise the additional resources in the following areas to strengthen our investment promotion effort –

	\$m
Broadening external presence by engaging new consultants	12.2
Strengthening the Investment Promotion Units targeting Beijing/Tianjin and Shanghai/Jiangsu/Zhejiang	2
Increasing joint promotion activities with Pearl River Delta cities	3.3
Strengthening the mainland co-ordination team	1.2
Investment Promotion Ambassadors scheme	2
Improving marketing, research, information technology and knowledge management capacities	10.5
Strengthening the sector teams in the Head Office to handle additional projects to be generated	5
Additional departmental and miscellaneous expenses	8.3

Signature	_____
Name in block letters	M J T Rowse
Post Title	Director-General of Investment Promotion
Date	25.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : (2) Economic Relaunch

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please set out in detail the 84 projects approved by the Economic Relaunch Working Group, including-

- 1) Title of projects
- 2) Detailed account of the expenditure and revenue of projects
- 3) Evaluation of projects

Besides, how does Invest Hong Kong monitor the projects which will continue into 2004-05?

Asked by : Hon. SIN Chung-kai

Reply :

Information on the 84 projects approved by the Economic Relaunch Working Group (ERWG), with the estimated expenditure for 2003-04 and 2004-05, is set out below -

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
01	Forbes Global CEO Conference 2004 cum Forbes Global 200 Best Small Companies Awards	13,810,000	7,253,624	6,556,376
02	Liverpool Football Club Asian Tour	1,170,000	1,170,000	0
03	Postcard campaign	3,000,000	1,500,000	0
04	Engagement of a PR Consultant for relaunching HK	1,295,000	1,295,000	0
05	Global advertising campaign	50,000,000	35,000,000	0
07	Exercise for All Day	2,500,000	2,051,330	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
08	HK Chinese Orchestra - Drum Festival	1,500,000	1,500,000	0
10	Shaolin Wushu Performance cum Promotional Scheme	1,200,000	1,010,000	0
11	Production of short films for broadcast on local TV channels, cinemas & other media outlets	6,000,000	5,750,000	0
13	SARS Clinical Management Workshop	1,120,000	1,050,000	0
15	Starry Starry Night Wanchai Street Party	400,000	398,352	0
16	High Tea for HK	2,000,000	1,740,300	0
17	Disney Family Movie Night - "A Celebration of Life"	1,100,000	686,858	0
18	Photo exhibition, luncheon speaking engagement & cultural performance by APA students	364,000	364,000	0
19	Re-packaging the 8th Annual "Made in HK" Film Festival in Washington DC	386,000	Cancelled	0
21	Tourism promotion & boost local consumption (a) "We Love HK"	1,500,000	739,850.00	0
	(b) Boao Tourism Forum	9,600,000	7,973,886	0
22	HKTb Tourism Relaunch Programme	379,000,000	283,600,000	95,400,000
23	Asia Cultural Cooperation Forum	3,500,000	3,500,000	0
24	Euro-Asia Snooker Master Challenge	3,500,000	2,765,410	0
25	Credit Suisse Privilege International Super Stars Diving & Synchronised	1,400,000	1,160,000	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
	Swimming Extravaganza			
26	Real Madrid Football Club - Match in HK	10,000,000	392,678	0
27	Additional confidence building activities organised in conjunction with the HK Fashion Week for Spring/Summer 2004 & the HK Gifts & Premium Fair/HK Houseware Fair	4,000,000	2,223,630	0
28	Confidence building programme for overseas HK business associations	2,300,000	1,015,376	1,200,000
29	Supporting the watch and jewellery industries' participation in the Basel Fair in April 2004	7,000,000	0	7,000,000
30	Creation of "back to business" publicity by invitation of trade leaders/ personalities/ celebrities to HK	4,900,000	544,054	0
31	"HK Welcomes You" relaunch campaign in major Asean countries	946,000	946,000	0
32	Launching of HK films at the Melbourne International Film Festival (MIFF)	339,000	334,003	0
33	A sustained outreach exercise to key interlocutors	58,000	58,000	0
34	Special supplement in The Australian - Report on post-SARS HK	239,000	239,000	0
35	Tuen Mun Summer Fantasy	350,000	350,000	0
36	Placing advertisements for promoting the exhibition industry in HK & HK's exhibition calendar	1,314,000	1,064,143	249,857

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
37	Additional 'dollar for dollar' advertising campaigns targeted at exhibitors & visitors	2,900,000	1,450,000	1,450,000
38	Asian Exhibition Forum on relaunch strategy and action plans for Asia's exhibition industry	686,000	431,321	0
39	International Autumn Festival (re-titled as Hong Kong Harbour Fest)	100,000,000	100,000,000	0
40	Reception & music performance by HKAPA students in Utrecht, Brussels, Paris & Frankfurt	480,000	480,000	0
41	Placement of 4 newspaper supplements in Seattle Post-Intelligencer in the State of Washington	156,000	156,000	0
42	Radio promotion of HK by building on the annual HK Dragon Boat Festival in New York	168,000	167,800	0
43	HK Cultural Industries Expo	3,500,000	3,500,000	0
45	Chinese National Basketball Men's Team vs Melbourne Tigers Exhibition Match (retitled as HSBC HK International Basketball Challenge 2003 China vs Melbourne)	2,940,000	1,554,000	0
46	Pacific Century Insurance International Volleyball Challenge - Hong Kong	3,378,000	3,378,000	0
47	Panerai Around the Island Race	897,000	897,000	0
48	Indoor Trial World Championship (ITWC)	3,900,000	3,900,000	0
49	Rooftop pyrotechnics for the launch month of Harbour Lighting Plan	8,640,000	8,640,000	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
50	The 7th South East Asian Survey Congress	900,000	400,000	0
51	Credit Suisse Privilege World Women's Squash Open 2003	1,600,000	1,600,000	0
52	The Hong Kong Dragon Boat Festival in Atlanta	500,000	500,000	0
53	Fujian-Hong Kong Week	870,000	870,000	0
54	The Champions of World Tennis (retitled as Watsons Water Champions Challenge (Tennis))	3,491,000	3,491,000	0
55	Hong Kong Open Badminton Championships 2003	2,270,000	2,270,000	0
56	Luncheon reception for senior business, government and political contacts at the Melbourne Cup race venue in November 2003	143,000	143,000	0
57	A high-level business conference with speakers from Hong Kong in Sydney to coincide with the Hong Kong Australia Business Association Business Awards Presentation Gala Dinner; and support for SEDL's luncheon briefings in Melbourne and Adelaide	576,000	576,000	0
58	Title sponsorship of the 8th Annual Northern California International Dragon Boat Championship in September 2003 in San Francisco	102,000	102,000	0
59	Promotion Programme for the CS in Silicon Valley and San Francisco in mid-September 2003	590,000	590,000	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
60	A one-week exhibition in Tokyo to showcase Hong Kong's cultural heritage in November 2003 plus a follow-up mission to Hong Kong in early 2004	1,500,000	1,500,000	0
61	Sponsored visit to Hong Kong of selected Board Members of Hong Kong Business Associations worldwide to attend the Hong Kong Forum in Hong Kong in October	5,300,000	2,997,425	0
62	The Inaugural Far East & South Pacific (FESPIC) Youth Games 2003, Hong Kong, China	2,000,000	2,000,000	0
63	Hong Kong promotion in Miami in October 2003	794,000	794,000	0
64	Sponsoring a panel of the Milken Institute's 2003 State of the State Conference to be held in October 2003 in Los Angeles	211,000	211,000	0
65	A series of TV programmes to promote Hong Kong in economic recovery to be broadcasted throughout Europe	550,000	550,000	0
66	Promotion of relaunch activities through publicity vehicles including video, news releases, APIs, video films, posters, leaflets, displays, website and souvenirs	12,150,000	10,150,000	2,000,000
67	Women's World Cup Table-tennis 2003	1,750,000	1,750,000	0
68	Additional programme to promote Hong Kong during the 7th China International Fair for Investment and Trade (CIFIT) in Xiamen	877,701	877,701	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
70	The 17th Asian Trade Promotion Forum	650,000	650,000	0
71	Sponsoring Yuming Matsutoya's "Shangri-la II Concert" in Hong Kong on 10 & 11 October 2003	500,000	500,000	0
72	Sponsoring the European Leadership Forum 2003 in Paris	1,000,000	1,000,000	0
73	Luncheon hosted by SEDL in Demark and Netherlands to promote Hong Kong as part of the relaunch programme in Europe	313,000	313,000	0
74	Sponsoring the 2003 Venture Capital Summit organised by the Centre for Innovation & Entrepreneurship at Santa Clara University's Leavey School of Business	78,000	78,000	0
75	A series of HK supplements Newspapers in Education (NIE) on Hong Kong in San Francisco	195,000	195,000	0
76	Top up events for the 7th Beijing Hong Kong Economic Cooperation Symposium	1,141,000	1,141,000	0
77	Promotion of Hong Kong at the General Assembly of the World Tourism Organisation in Beijing	1,450,000	730,000	0
78	Sponsoring the Centenary of Flight Celebration in Hong Kong : One Hundred Days of Celebration of One Hundred Years of Powered Flight	1,400,000	1,400,000	0
79	Wushu Performance in Canada	1,426,340	1,426,340	0

<u>S/N</u> <u>#</u>	<u>Project Item</u>	<u>Approved</u> <u>Allocation</u> (HK\$)	<u>Estimated</u> <u>Expenditure in 2003-</u> <u>04 (HK\$)</u>	<u>Estimated</u> <u>Expenditure in</u> <u>2004-05 (HK\$)</u>
80	North American Tour of Hong Kong Ballet	5,350,000	1,200,000	4,150,000
81	2004 World Wushu Sanda Cup	3,230,000	Cancelled.	0
82	Hong Kong Cycle Classic	3,038,000	3,038,000	0
85	Sponsoring the invitation of Bill Clinton, former US President, to Hong Kong as keynote speaker for the Business Week CEO Forum	780,000	780,000	0
86	Sponsoring the luncheon of the International Finance Corporation Conference	78,000	78,000	0
87	Business luncheon plus photo-cum-stamp exhibition in Stockholm, Sweden	260,000	260,000	0
88	Omega Hong Kong Open 2003 (Golf)	2,730,000	2,730,000	0
89	Publicity programme to promote Local Community Economy projects and district characteristics in HK and the Mainland	2,000,000	2,000,000	0
90	Creation and production of a multi-media Harbour Lighting Show to be staged nightly at Victoria Harbour	7,720,000	7,720,000	0
91	Mainland-targeted publicity programme for 2004 Hong Kong Arts Festival	550,000	550,000	0
94	A 3-month programme to promote Hong Kong particularly Sham Shui Po District, as the hub for computer & communications product	500,000	500,000	0
95	Promotion of Hong Kong at the 53rd Miss World Pageant	1,270,300	1,270,300	0
		715,000,000	551,161,381	118,006,233.5
			say <u>551,000,000</u>	say <u>118,000,000</u>
	After Global Adjustment*		<u>546,000,000</u>	<u>123,000,000</u>

The missing numbers in the first column refer to those applications not supported by the Economic Relaunch Working Group (ERWG) or which were withdrawn by the relevant bureau/department after submission to the Secretariat of ERWG.

* The sums in the third column are the allocations approved by ERWG. The sums in the fourth and fifth columns are cashflow forecasts provided by bureaux and departments concerned. These total \$551 million and \$118 million for 2003-04 and 2004-05 respectively. To allow for possible slight slippage in the payment schedule, we have adjusted the forecast for each year by \$5 million. The estimated expenditure in 2003-04 and 2004-05 is adjusted to \$546 million and \$123 million respectively. The total cashflow requirement for 84 projects over the two years is capped at \$669 million.

2. All subject bureaux and departments are requested to submit an evaluation report to Invest Hong Kong within two months after completion of the projects. For on-going projects that last for 3 months or more, regular progress reports and cashflow requirements are also required.

3. Invest Hong Kong is in the process of compiling a further progress report to LegCo on the progress of the 84 approved projects under the economic relaunch campaign. The report will provide more details about the description and evaluation of the projects.

Signature	_____
Name in block letters	_____ M J T Rowse _____
Post Title	_____ Director-General of Investment Promotion _____
Date	_____ 26.3.2004 _____

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

With regard to “the implementation of various business plans in co-operation with the Hong Kong Economic and Trade Offices and Hong Kong Trade Development Council’s offices outside Hong Kong”, will you inform this Council -

- (a) How many business plans are expected to be implemented in 2004-05, and what are the target regions?
- (b) Among the business plans mentioned above, which will be implemented in respect of the information technology industry, telecommunications industry, broadcasting industry and digital entertainment industry? Please provide the specific details of these plans.
- (c) How much investment will be attracted to the four aforesaid industries respectively by the implementation of the business plans mentioned in item (b)? What is the estimated expenditure of each plan?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) There are nine sector-specific business plans for 2004, one each in respect of the nine priority sectors in which Hong Kong enjoys a comparative advantage, namely, telecommunications, media and multi-media, technology (especially electronics and biotechnology), information technology, tourism and entertainment, business and professional services, financial services, trade-related services, and transportation. In addition, the Investment Promotion Unit in the relevant Hong Kong Economic and Trade Office (ETO) or the consultant agency has its own geographical business plan for the geographical area for which it is responsible.

- (b) There are specific business plans for the information technology and telecommunications industries. The broadcasting and digital entertainment industries are included in the media and multi-media business plan. These plans set out the events and conferences Invest Hong Kong staff will participate in and the overseas promotion missions that will be led by Hong Kong-based staff. They also identify the companies that we will proactively approach to encourage them to establish operations in Hong Kong.
- (c) It is not possible to estimate the amount of investment that may result from these plans, but each sector team has within its business plan the objective of securing a specific number of project successes each year. The two teams in charge of the information technology and telecommunications/media & multi-media business plans have been set a target of 24 project successes each in 2004, representing an increase of 37.5% over last year. As expenditure incurred outside Hong Kong is broken down on a geographic basis and as expenditure incurred within Hong Kong is broken down on an activity basis, it is not possible to provide the estimated expenditure by sector business plans.

Signature _____

Name in block letters M J T Rowse

Post Title Director-General of Investment Promotion

Date 25.3.2004

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Of the additional provision of \$200 million allocated to Invest Hong Kong in 2003, how much has been utilised so far? With regard to the broadening of external representation to cover markets not already included, on what criteria will the suitability of the representatives be assessed? Will the representatives in different places be remunerated according to their actual working experience and qualifications or equally remunerated?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

It is estimated that a total of \$22 million out of the \$200 million would be spent in 2003-04. Regarding overseas representation, InvestHK has undertaken a rigorous competitive recruitment exercise to identify suitably qualified consultants in the markets which we believe require local representation. The consultants are assessed according to their experience in investment promotion and business development, knowledge of the market, research capability and fees. Whenever appropriate, the recruitment exercise would involve the relevant Hong Kong Economic and Trade Office. The level of remuneration is determined based on the quality of the successful candidate, attractiveness of the candidate's fee proposal and local market conditions.

Signature

Name in block letters

Post Title

Date

M J T Rowse

Director-General of Investment Promotion

25.3.2004

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

Head : 79 Invest Hong Kong Subhead (No. & title) :

Programme : (1) Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please state the number of receptions held by Invest Hong Kong during 2003-04 for socialising with the overseas business community in Hong Kong and the relevant expenses. How many events of similar nature will be organised during 2004-05 and how much will be spent?

Asked by : Hon. YEUNG Sum

Reply :

Invest Hong Kong organised fourteen community programmes with chambers of commerce of foreign countries in Hong Kong in 2003-04. The total cost was \$560,000. For 2004-05, we plan to organise seventeen similar programmes at a total estimated cost of \$680,000.

Signature _____

Name in block letters _____ M J T Rowse

Post Title _____ Director-General of Investment Promotion

Date _____ 25.3.2004

CONTROLLING OFFICER'S REPLY TO INITIAL WRITTEN QUESTION

Head : 181 Trade and Industry DepartmentSubhead (No. & title) :Programme : (2) Trade Support and FacilitationControlling Officer : Director-General of Trade and IndustryDirector of Bureau : Secretary for Commerce, Industry and Technology

Question : Indicators show that 24 300 enquiries on CEPA are estimated for 2004, compared to 6 064 received in 2003 (since the signing of the Annexes of the CEPA on 29 September 2003). Please give a breakdown by categories of the enquiries in 2003 as well as an estimated breakdown for 2004-05.

Asked by : Hon. CHAN BernardReply :

The breakdown of CEPA enquiries received by the Trade and Industry Department (TID) in 2003, and the estimated breakdown of CEPA enquiries to be received by TID in 2004 are set out below :

<u>Category</u>	<u>Number of enquiries received in 2003</u>	<u>Estimated number of enquiries received in 2004</u>
(i) <i>Trade in Goods</i>		
• The products enjoying zero tariff in 2004, and requests for zero tariff in the latter phase of the tariff elimination programme	841	3 400
• Rules of Origin, Certificate of Origin and Factory Registration	1 886	7 550
(ii) <i>Trade in Services</i>		
• Hong Kong Service Suppliers Certification Scheme	2 137	8 550
• Sector-specific commitments for the 18 service sectors	701	2 800
(iii) <i>General</i>	499	2 000
Total	6 064	24 300

Signature _____

Name in block letters KEVIN C M HOPost Title Director-General of Trade and IndustryDate 25.3.2004

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

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: What ranks are the 44 posts to be deleted? How much is saved? On the other hand, what ranks are the vacancies to be filled? How much is the amount of additional provisions required?

Asked by: Hon. CHAN Kam-lam

Reply:

By implementing various streamlining proposals, a total of 44 posts will be deleted in 2004-05 under Programme 2. They are 1 Trade Officer, 1 Assistant Trade Officer I, 2 Trade Controls Officers, 2 Senior Clerical Officers, 5 Clerical Officers, 19 Assistant Clerical Officers, 8 Clerical Assistants, 1 Confidential Assistant, 2 Personal Secretaries II, 2 Typists and 1 Workman I. The proposed deletions will take place in early 2005 and the savings to be achieved in 2004-05 is \$1.3 million. The total full year savings of the deletions is about \$9.4 million.

There are 10 vacant posts that may be filled in 2004-05. They are 1 Trade Officer, 7 Assistant Trade Officers I, 1 Assistant Trade Officer II and 1 Clerical Officer. The full year provision required for these posts, if filled in 2004-05, is \$4.3 million.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 25.3.2004

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

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: In 2004-05, the expenditure for the four SME funding schemes will increase by \$270.7m. What are the main uses? How much of it is recurrent operational expense for the funding schemes?

Asked by: Hon. CHAN Kam-lam

Reply:

The increase of \$270.7 million in the provision for support for SMEs is largely due to an anticipated increase in cashflow requirements for the SME Loan Guarantee Scheme, SME Export Marketing Fund, SME Training Fund and SME Development Fund arising from an expected significant increase in the number of applications for these funding schemes following various improvement measures implemented in February, March and June 2003.

The estimated increase in recurrent operational expenses is \$1.6 million.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 25.3.2004

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

Reply Serial No.

CITB(CI)059

Question Serial No.

0675

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: In "Matters Requiring Special Attention in 2004-05", the Trade and Industry Department has indicated that it will monitor closely the elimination of textiles quotas by 1 January 2005 under the World Trade Organization Agreement on Textiles and Clothing and the development of the future textiles trade regime in overseas markets after 2004. What is the budget for this task and its weight in the total expenditure?

Asked by: Hon. HUI Cheung-ching

Reply:

Under the WTO Agreement on Textiles and Clothing (ATC), all quota restrictions will be eliminated by 1 January 2005. However, as China-specific safeguard measures might be imposed by some WTO members, the global textiles and clothing regime is unlikely to be completely liberalised in 2005. While these safeguard measures would not be applicable to Hong Kong, the Department is monitoring closely the developments of Hong Kong's major export markets and assessing the implications on Hong Kong's textiles and clothing exports to the world market. In parallel, we are also considering Hong Kong's possible future textiles export control system with a view to providing greater trade facilitation whilst maintaining effective control so as to ensure unrestricted access of Hong Kong's exports to the world market in the post-2004 era.

2. For the discharge of these responsibilities, the Department has employed a Trade Consultant on a 2-year contract term starting June 2002 to advise on and assist in the formulation of Hong Kong's future textiles export control system. The cost incurred in 2003-04 amounted to \$997,200, representing 0.2% of the Department's total expenditure. Other than that, all workload involved in monitoring the development of the overseas markets and developing the future control system has been and will continue to be undertaken by existing staff of the Department, in addition to their existing duties.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 26.3.2004

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

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: In respect of expeditious issue of certificate of Hong Kong origin/CO(CEPA)/Form A, what are the estimated manpower and expenditure required in 2004-05? Will additional manpower and expenditure be required?

Asked by: Hon. HUI Cheung-ching

Reply:

Requests for expeditious issue of Certificates of Hong Kong Origin (CHKO), CO(CEPA) and Form A would be entertained only in special circumstances where the applicant, for acceptable reasons, cannot wait for the normal turnaround time. Upon receipt of such requests, we will examine the supporting documents submitted by the applicant to see if a case of unforeseen urgency can be established. Apart from this, the processing procedures of the CHKO/CO(CEPA)/Form A concerned are no different from those of other normal applications. The manpower and cost required to maintain the expeditious issue service are therefore minimal and can be absorbed by existing resources.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 25.3.2004

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

Reply Serial No.

CITB(CI)061

Question Serial No.

0677

Head: 181 Trade and Industry Department

Subhead(No. & title): 700 General Non-Recurrent

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: The estimate for general non-recurrent account for 2004-05 is over \$600m, which represents an increase of 81% over the revised estimate for 2003-04. What are the reasons? What are the uses of the expenditure concerned?

Asked by: Hon. HUI Cheung-ching

Reply:

Provisions for the general non-recurrent account are used for three main purposes : (a) consultancy to provide advisory services on trade in goods and services and further broad-based multilateral negotiations; (b) publicity programmes on the four SME funding schemes; and (c) cashflow requirements for the four SME funding schemes.

The 81% increase (\$270 million) is attributed to an anticipated increase in the provisions for the SME Funding Schemes under Items 520-SME Loan Guarantee Scheme and 524-SME Training, Export Marketing and Development Funds.

The increase of \$57 million for Item 520 corresponds to the increase in the Government's exposure as the amount of guarantees issued under the Scheme accumulates over the years.

The increase of \$212.8 million for Item 524 is to meet anticipated significant increases in the number/amount of funding applications following improvement measures introduced since June 2003. In 2004-05, we estimate approval of a total of 15 000 cases under the SME Export Marketing Fund (an increase of \$136.4 million); a total of 35 000 cases under the SME Training Fund (an increase of \$74.2 million); and an increase of \$2.2 million in the amount of grant under the SME Development Fund.

Signature _____

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 25.3.2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)062
Question Serial No.
0695

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: Under performance measures –

- a) the estimate for applications received and processed for SME Training Fund in 2004 is 35 000, which is 40% more than the actual number of applications processed in 2003. Will it lead to an increase of manpower and expenditure required? If so, what is the percentage of increase? Please compare the figures with those of 2002-03 and 2003-04.
- b) actual compliance rate in reimbursement of grant within 30 working days for SME Training Fund is 82% in 2003. The 100% compliance target cannot be achieved. What are the reasons?

Asked by: Hon. HUI Cheung-ching

Reply:

- a) We have no plan to increase manpower resources in 2004-05 for processing applications for the SME Training Fund (STF). If necessary, any additional manpower requirement will be met through internal re-deployment. There will be no increase in manpower in 2004-05 compared with 2003-04. There was an increase of 28% (\$0.28 m) in manpower resources in 2003-04 compared with 2002-03. The additional staffing requirement was mainly met through internal re-deployment and the net additional expenditure was about \$0.05m.
- b) Owing to fluctuations in the number of applications, the 100% compliance target could not be achieved during the peak months when the caseload exceeded the full capacity of the STF Unit. The Department will explore further ways to streamline the processing procedures.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 26.3.2004

Examination of Estimates of Expenditure 2004-05
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.
CITB(CI)063
Question Serial No.
1612

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: The numbers of textiles export licence (restrained) and production notification issued in 2003 are fewer than those in 2002 by 5 010 in total. Please inform this Council –

1. if the decrease in the number of licences and notifications issued was affected by the number of application received. How many applications were received for these two types of licence in 2002 and 2003 respectively? What was the percentage of application approved which did not require referral to the Hong Kong Customs and Excise Department? What was the percentage of application referred to the Hong Kong Customs and Excise Department? What are the criteria of referral? Please indicate the reasons if there are differences in the percentages in these two years. What was the expenditure for issuing these two types of licence in 2002 and 2003 respectively?
2. the number of applications required referral to the Hong Kong Customs and Excise Department in 2002 and 2003. What were the numbers and percentages for applications approved after referral? What were the reasons for cases rejected? What was the expenditure for licence and notification issuance? How can cost effectiveness for issuing licences and notification be enhanced?

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

The combined decrease of 5 010 restrained textiles export licences (RTEL) and Production Notification (PN) issued in 2003 represented only a 0.7% drop compared with the figures in 2002. This compares with the year-on-year decrease in number of applications received in 2002 and 2003 which were respectively 679 840 and 674 509 representing a 0.78% drop.

For the purpose of safeguarding the legitimate interests of Hong Kong's textiles trade, physical checks are conducted by officers of the Customs and Excise Department (C&ED) from time to time to verify the information declared in import/export licences/notifications and PN lodged with the Department as provided for under the Import and Export Ordinance (Cap. 60). C&ED conducted 45 229 and 63 628 consignment checks in 2002 and 2003 respectively against over 8 million textiles-related documents each year.

There is no prescribed rate of checking in respect of different types of licences/notifications. Factories are selected for consignment checks based on a full array of risk management criteria, including individual factories' background, licensing records, production capability vis-a-vis export volume, as well as intelligence gathered from various sources, etc.

The main reason for deferral or rejection is the applicants' failure to satisfy the conditions of licences/notifications.

The financial provision for trade support and facilitation was \$189.3 million in 2003-04, which is comparable to the provision of \$187.5 million in 2002-03. Such provisions are for the operation of various licensing/certification/registration services in respect of different trade documents, quota allocation schemes, customer services, and computer systems, etc. The Department is constantly reviewing and streamlining our processing procedures to ensure overall cost-effectiveness and to improve the quality of our services.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 26.3.2004

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

Reply Serial No.

CITB(CI)064

Question Serial No.

1618

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: In 2004-05, the Trade and Industry Department will "continue its efforts to safeguard the integrity and credibility of Hong Kong's control arrangements over textiles and clothing exports." With regard to this, please provide the following information:

1. In 2002 and 2003, how many cases received were related to request for assistance from local traders because their goods were detained at the ports of importing countries and unable to enter the countries? What was the total product value involved? What assistance did the Department provide to the traders and what was the expenditure? How many cases were resolved satisfactorily with the assistance of the Department? What were the reasons for failure to resolve the cases?
2. For 2004-05, will the Department continue to provide further support in this aspect? If yes, what will be the expenditure required? What are the details of support provided? How to assess if the work concerned can safeguard the credibility of Hong Kong and how to protect Hong Kong traders' interest from unreasonable measures imposed by the importing countries?

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

With only a few exceptions, all textiles shipments (the average is about 728 000 a year) exported to restrained markets under the export licences issued by the Trade and Industry Department can clear through the importing end without encountering any difficulties. Around 130 and 100 cases of detained shipments were reported to the Department for assistance in 2002 and 2003 respectively. We do not know the total value of products involved because not all traders are willing to provide such information to the Department.

As a trade facilitation measure, the Department provides assistance to traders who encounter difficulties in customs clearance. The form of assistance would depend on the circumstances of the cases. In general, all detained shipment cases involving product categorization and the submission of electronic visa messages are normally settled expeditiously. Where detention is due to the importing authorities' misunderstanding of Hong Kong's textiles export controls system, we will provide immediate clarification. Such assistance to traders is currently undertaken by existing staff of the Department alongside other licensing and related services and no cost breakdown is available.

Over 90% of the reported hold-up cases in 2002 and 2003 were resolved successfully. For the remaining cases where the importing authorities required additional documentation (for instance to substantiate the declared country of origin of the goods), it would be up to the traders to provide such information, and the Department has no information on whether the goods were eventually cleared through the importing end.

The most effective way to ensure certainty in customs clearance is to convince our trading partners of the integrity of Hong Kong's textiles export control system. To this end, we will keep up our ongoing efforts in maintaining an effective control and a close dialogue with our trading partners in building up their trust and confidence of our control system.

Signature _____

Name in block letters _____ KEVIN C M HO

Post Title _____ Director-General of Trade and Industry

Date _____ 26.3.2004