

Head 181 — TRADE AND INDUSTRY DEPARTMENT

Controlling officer: the Director-General of Trade and Industry will account for expenditure under this Head.

Estimate 2015–16 **\$831.1m**

Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 486 non-directorate posts as at 31 March 2015 rising by one post to 487 posts as at 31 March 2016 **\$224.2m**

In addition, there will be an estimated 11 directorate posts as at 31 March 2015 and as at 31 March 2016.

Commitment balance..... **\$130,526.4m**

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations
Programme (2) Trade Support and Facilitation
Programme (3) Support for Small and Medium Enterprises and Industries

These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).

Detail

Programme (1): Commercial Relations

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	103.1	105.2	110.1 (+4.7%)	113.9 (+3.5%)
				(or +8.3% on 2014–15 Original)

Aim

2 The aim is to secure and preserve maximum access and fair treatment for Hong Kong's goods, services and investments in external markets.

Brief Description

3 The Department is responsible for Hong Kong's commercial relations with its trading partners, and for promoting and protecting Hong Kong's trade interests and rights. The rule-based multilateral trading system under the auspices of the World Trade Organization (WTO) is the cornerstone of Hong Kong's external trade policy. Being a founding Member of the WTO, Hong Kong has continued its separate membership in the WTO since its return to China, under the name "Hong Kong, China".

4 The Department continues to participate actively in the Asia-Pacific Economic Cooperation (APEC) forum whose goal is to achieve free and open trade and investment among its member economies, which account for some 80 per cent of Hong Kong's total external trade.

5 Since the Mainland and Hong Kong concluded the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, both sides have continued to explore further liberalisation measures for trade in goods and services and to facilitate smooth and effective implementation of announced liberalisation measures. In this regard, the Department coordinates with relevant bureaux and departments in discussions with the Mainland authorities.

6 According to the latest statistics compiled by the WTO, in 2013 Hong Kong was the world's eighth largest economy in terms of merchandise trade and the 15th largest in terms of commercial services trade.

7 In 2014, the Department's key activities included the following:

- active participation in the WTO, including—
 - monitoring and evaluating the implementation of the agreements and work programmes adopted at WTO Ministerial Conferences, in particular the decision on trade facilitation made at the Ninth WTO Ministerial Conference (MC9);
 - monitoring the progress of and contributing positively to the current round of multilateral trade negotiations, i.e. the Doha Development Agenda (DDA) negotiations, particularly the negotiations on non-agricultural market access, trade in services and rules;

- monitoring the implementation of accession commitments by recently acceded WTO Members (RAMs) and negotiations for accession to the WTO, and keeping the trade and industry community informed of changes in the trade and investment laws and regulations of major RAMs; and
- participating in the trade policy review of Hong Kong held on 19 and 21 November 2014 which aimed to enhance the transparency of the trade policies of Hong Kong;
- active participation in various APEC activities, including—
 - taking part in the Economic Leaders’ Meeting, Ministerial Meetings and Senior Officials’ Meetings;
 - contributing to work on trade and investment liberalisation and facilitation, particularly in the monitoring of progress towards achieving the Bogor Goals, APEC Growth Strategy, regional economic integration, regulatory co-operation, comprehensive connectivity, green growth and food security; and
 - providing secretariat support for Hong Kong, China’s representatives to the APEC Business Advisory Council;
- active participation in regional bodies, including the Pacific Economic Cooperation Council (PECC);
- discussion, in consultation with relevant bureaux and departments and the trade, with Mainland authorities on further liberalisation under CEPA, and on issues relating to implementation of CEPA and its supplemental agreements. In December 2014, the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong was signed, under which the Mainland would further open up its market in Guangdong to Hong Kong services suppliers;
- discussion with trading partners, including selected emerging economies, to enhance economic co-operation through, for example, establishing co-operation arrangements, free trade agreements (FTAs) and investment promotion and protection agreements (IPPAs). Hong Kong commenced formal negotiation of an FTA with the Association of Southeast Asian Nations (ASEAN) and implemented the FTA with Chile. Hong Kong participated in plurilateral negotiations with some WTO members on the Trade in Services Agreement (TISA), and the Environmental Goods Agreement (EGA). Hong Kong commenced negotiation of an investment agreement with Chile, continued to negotiate an IPPA with Russia and agreed with the United Arab Emirates (UAE) to launch IPPA negotiation;
- advising local companies on importing economies’ anti-dumping legislation and procedures;
- close monitoring of, and giving prompt advice to local traders and manufacturers on, changes in the import regulations of our trading partners; and
- close liaison with the trade and discussion with the Mainland authorities over measures to support and facilitate the trade to adjust to Mainland policy changes.

Matters Requiring Special Attention in 2015–16

8 During 2015–16, the Department will:

- participate actively in WTO to monitor implementation of agreements and engage in work relating to the DDA and MC9 decisions;
- participate actively in APEC, PECC and other regional bodies, and contribute particularly to APEC’s work on regional economic integration, supply chain connectivity, and enhancing ease of doing business;
- enhance economic co-operation with trading partners including emerging economies, continue to negotiate the TISA, the EGA, the FTA with ASEAN, the IPPA with Russia, the investment agreement with Chile and commence negotiation of IPPA with the UAE;
- discuss, in consultation with relevant bureaux and departments and the trade, with Mainland authorities on further liberalisation under CEPA so as to realise the goal of basically achieving liberalisation of trade in services between the Mainland and Hong Kong by the end of the National 12th Five-Year Plan period; and enhance the effective implementation of CEPA and its supplemental agreements;
- facilitate the trade in adjusting to changes in the Mainland’s trade and economic policies of significant impact on business operations and in the global economic environment; and
- safeguard Hong Kong’s trade interests through monitoring and responding where necessary, to trade protection measures and changes in major trading partners’ laws, and provide prompt advice to local traders and manufacturers.

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Programme (2): Trade Support and Facilitation

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	124.3	124.7	126.3 (+1.3%)	123.3 (–2.4%)
				(or –1.1% on 2014–15 Original)

Aim

9 The aim is to optimise the benefits to Hong Kong flowing from international and bilateral trade agreements, including CEPA, to fulfil Hong Kong's obligations under such agreements by way of providing certifications and licensing services, and to enhance Hong Kong's role as a regional trading and distribution centre.

Brief Description

10 The Department provides various licensing, certification and registration services for commodities (such as textiles and clothing, strategic commodities, powdered formula, rough diamonds, rice, the Mainland cereals and grain flour) in fulfilment of Hong Kong's international and bilateral obligations, to meet public safety and security requirements and to complement the trade arrangements of our major trading partners.

11 Until 20 November 2014, the Department operated a textiles control system to provide facilitation to the trade while maintaining necessary control to safeguard the interests of Hong Kong's textiles exports. In tune with evolving changes to global trade rules affecting textiles, this control system has been terminated. The Department continues to operate a voluntary Textiles Trader Registration Scheme to enable it to disseminate textiles-related regulatory and other information to the trade in a speedy manner.

12 The Department maintains a robust control system on strategic commodities and participates actively in international co-operation in strategic trade control. The list of strategic commodities controlled in Hong Kong is reviewed regularly to align the list of controlled items with the latest control lists of the international regimes. The Department implements the "Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service", which aims to streamline licensing procedures and expedite processing time for certain frequent and qualified users of licensing services for strategic commodities.

13 The Department implements a powdered formula export licensing arrangement to combat the acute shortage problem caused by parallel traders diverting large quantities of powdered formula out of Hong Kong. Complemented by other supply chain improvement measures, this arrangement helps to ensure sufficient and stable supply of powdered formula for infants and young children under 36 months of age in Hong Kong.

14 The Department implements the Kimberley Process Certification Scheme, which aims at stopping trade in "conflict diamonds" that fuels armed conflicts, terrorist activities and illicit proliferation of armament.

15 The Department operates the Rice Control Scheme to ensure a stable supply of rice in Hong Kong and to maintain a reserve stock to cater for short-term shortage of supply and other emergencies.

16 Apart from providing a one-stop Hong Kong Service Supplier (HKSS) certification service to support the implementation of CEPA and handling enquiries on CEPA matters, the Department actively organises and participates in various promotional and publicity activities, and handles requests for assistance from Hong Kong businesses which encounter difficulties in making use of CEPA benefits.

17 The key performance measures are:

Targets

	Target#	2013 (Actual)	2014 (Actual)	2015 (Plan)
consignment-specific textiles licence◇				
import (issued within				
two working days) (%)	100	100	100	N.A.
export (issued within				
two working days) (%)^	100	100	100	N.A.
amendment and cancellation of				
consignment-specific textiles				
licence (completed within				
two working days) (%)◇	100	100	100	N.A.
expeditious issue of consignment-specific				
textiles licence (issued within 24 hours				
excluding intervening non-working				
days) (%)◇	100	100	100	N.A.

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	Target#	2013 (Actual)	2014 (Actual)	2015 (Plan)
registration of textiles traders (completed processing within three working days) (%)μ	100	100	100	100
amendment of textiles notification under the Textiles Trader Registration Scheme (completed within two working days) (%)◇	100	100	100	N.A.
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Certificate of Hong Kong Origin - CEPA (CO(CEPA)) and Certificate of Hong Kong Origin - New Zealand (CO(NZ)) (issued within 1.5 working days) (%)	100	100	100	100
Certificate of Origin (Form A) (issued within 1.5 working days) (%)	100	N.A.¶	N.A.¶	100
expeditious issue of Certificate of Hong Kong Origin/Form A/CO(CEPA)/ CO(NZ) (issued within 24 hours excluding intervening non-working days) (%).....	100	N.A.¶	N.A.¶	100
enquiry on CO(CEPA) and CO(NZ) and preferential rules of origin‡ simple enquiry (replied within three working days) (%)	100	100	100	100
complicated enquiry (replied within ten working days) (%)	100	100	100	100
production notification for cut and sewn garments (PN) (issued within 1.5 working days) (%)◇	100	100	100	N.A.
enquiry on PN : permissible limits for component parts or classification enquiry◇ simple enquiry (replied within one working day) (%).....	100	100	100	N.A.
complicated enquiry (replied within four working days) (%)	100	100	100	N.A.
application for factory registration (completed processing within 14 working days) (%)	100	100	100	100
amendment of factory registration particulars if factory inspection is necessary (completed processing within 14 working days) (%)	100	100	100	100
if factory inspection is not necessary and the request is lodged in paper form (completed processing within three working days) (%).....	100	100	100	100
if factory inspection is not necessary and the request is lodged through on-line system (completed processing within one working day) (%).....	100	100	100	100
local sub-contracting arrangement (LSA) registration (completed processing within one working day) (%).....	100	100	100	100
outward processing arrangement (OPA) registration (completed processing within one working day) (%).....	100	100	100	100
combined annual renewal of factory registration and OPA registration (completed processing within one working day) (%).....	100	100	100	100

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	Target#	2013 (Actual)	2014 (Actual)	2015 (Plan)
enquiry on OPA: manufacturing processes allowed to be subcontracted outside Hong Kong				
simple enquiry (completed processing within one working day) (%).....	100	100	100	100
complicated enquiry (completed processing within four working days) (%)	100	N.A.¶	100	100
import and export licence for reserved commodities (issued within one working day) (%).....	100	100	100	100
import and export licence for ozone depleting substances (issued within two working days) (%)	100	100	100	100
import and export licence for strategic commodities				
licence application with prior approval-in-principle (issued within the same day) (%).....	100	100	100	100
other licence applications (issued within 2.5 working days) (%)Ψ	100	100	100	100
pre-classification service on strategic commodities (completed within two working days) (%)Ψ	100	100	100	100
powdered formula export licence (issued within two working days) (%)	100	100	100	100
amendment and cancellation of powdered formula export licence (completed within one working day) (%)ε	100	100	100	100
Kimberley Process Certificate (Import) for rough diamonds (issued within 20 minutes) (%)	100	100	100	100
Kimberley Process Certificate (Export) for rough diamonds (issued within the following working day) (%)	100	100	100	100
registration for rough diamond traders (completed within one working day) (%)	100	100	100	100
certified true copy (issued within one working day) (%)	100	100	100	100
registration for Transhipment Cargo Exemption Scheme (completed within 14 working days) (%)	100	100	100	100
registration for importers of cereals and grain flour from the Mainland (completed within four working days) (%).....	100	100	100	100
HKSS certificate				
fresh application (completed within 14 working days) (%)	100	100	100	100
amendment and renewal (issued within five working days) (%).....	100	100	100	100
replacement and cancellation (issued within three working days) (%).....	100	100	100	100
other written enquiries (replied within ten calendar days) (%)	100	100	100	100

Target is applied upon receipt of all necessary documents and information.

◇ Targets to be removed as from 2015 as the licensing/notification and production notification requirements for all textiles imports and exports have been removed since 21 November 2014.

^ The licence covered both domestic exports and re-exports and the same target processing time applied.

μ Revised description of the previous target “certificate of registration for Textiles Trader Registration (issued within three working days)” as from 2015. Paper certificates will no longer be issued with effect from 21 November 2014.

¶ No application/enquiry was received.

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- ‡ Preferential rules of origin refer to the rules of origin applicable under respective arrangements/agreements of trade liberalisation between Hong Kong and its trading partners, including CEPA, the Closer Economic Partnership Agreement with New Zealand, the FTA with the European Free Trade Association and the FTA with Chile.
- Ψ The processing time may take longer for complicated cases.
- ε The target processing time has been reduced from “two working days” to “one working day” as from 1 January 2014.

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Plan)
<i>Licence issued</i>			
consignment-specific textiles import licence λ	6 525	5 262	N.A.
consignment-specific textiles export licence λ	4 681	4 057	N.A.
export notification I λ	40 186	28 988	N.A.
export notification II λ	1 037 123	830 955	N.A.
import notification λ	923 540	686 753	N.A.
textiles trader registration.....	13 416	11 755	10 300β
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Certificate of Origin (Form A), CO(CEPA) and CO(NZ) δ	1 875	2 741	3 090
factory registration ϕ	886	844	810
OPA registration ϕ	117	101	87
LSA registration ϕ	19	15	12
PN λ	1 862	1 460	N.A.
statutory declarations of antique	0	0	1
reserved commodities licence	10 001	10 017	10 000
registration of reserved commodity stockholder.....	168	185	190
ozone depleting substances licence.....	123	120	120
strategic commodities licence \square	459 558	417 658	418 000
powdered formula export licence.....	8 119 Δ	13 673	13 700
delivery verification certificate	8	9	9
international import certificate.....	50	50	50
pesticide (methyl bromide) licence $@$	10	8	8
Kimberley Process Certificate Φ	5 847	4 498	4 500
registration of rough diamond traders.....	294	245	300
HKSS certificate Λ	517	568	480
permit under the Chemical Weapons (Convention) Ordinance (Cap. 578) Ω	0	0	3
registration for importers of cereals and grain flour from the Mainland	92	91	90
<i>CEPA</i>			
enquiries.....	11 511	11 029	11 000
visitors to the Department's CEPA website.....	132 389	112 737	113 000

λ Indicators to be removed as from 2015 as the licensing/notification and production notification requirements for all textiles imports and exports have been removed since 21 November 2014. The figures for 2014 reflect the numbers of textiles licences issued and notifications lodged up to 20 November 2014.

β Due to the termination of the textiles control system, the number of textiles trader registrants is expected to significantly decrease in 2015.

δ This indicator replaced the previous indicators “Certificate of Hong Kong Origin and Certificate of Origin-Processing and CO(NZ)”, “Certificate of Origin (Form A)” and “CO(CEPA)” as from 2014. The 2013 (Actual) is accordingly the sum of actual numbers for the above three indicators. The projected figure for 2015 reflects a projected increasing trend of the number of CO(CEPA) issued over the past five years.

ϕ Due to the on-going relocation of production outside Hong Kong, the actual numbers of factory registration, OPA registration and LSA registration have been on the decrease. The trend is expected to continue.

\square Due to the relaxation of international control for certain items, the number of strategic commodities licences has shown a decrease in 2014. The figure for 2015 is projected to remain at a similar level as 2014.

Δ The figure for 2013 captures the number of licences issued for ten months since commencement of the powdered formula export licensing arrangement on 1 March 2013.

$@$ Revised description of the previous indicator “other non-textiles licence” as from 2014.

Φ The actual number of Kimberley Process Certificate issued in 2014 has decreased when compared with the previous year. The figure for 2015 is projected to remain at a similar level as 2014.

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- Λ The figures on HKSS certificates include fresh applications as well as certificates for amendment, replacement, cancellation and renewal, and certified true copy. Each certificate issued is valid for two years and certificate holders may apply for renewal of certificates every two years thereafter, which explains the cyclical fluctuation between years.
- Ω Under the Chemical Weapons (Convention) Ordinance, the Department is empowered to administer a permit system to control and monitor the production and related activities pertinent to scheduled chemicals. There may be potential demand to operate chemical facilities which require permit from the Department. Given the chemical industry in Hong Kong is small in size, such potential demand would not be large.

Matters Requiring Special Attention in 2015–16

18 During 2015–16, the Department will:

- promote understanding of CEPA among the trade through the provision of a user-friendly enquiry hotline, organisation of or participation in various promotional and publicity activities, and timely dissemination of information to the trade;
- liaise closely with the Mainland authorities and local traders on the Mainland issues of significant impact on business operations, and help reflect the trade's concerns to the relevant Mainland authorities;
- keep the strategic trade control system under review with a view to further streamlining procedures and requirements without compromising the integrity and effectiveness of control; and
- keep in view the powdered formula export licensing arrangement and make adjustment as appropriate having regard to the outcome of reviews by the Food and Health Bureau on the supply situation of powdered formula in Hong Kong.

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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	575.7	598.6	581.4 (–2.9%)	593.9 (+2.1%)
				(or –0.8% on 2014–15 Original)

Aim

19 The aim is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries.

Brief Description

20 The Department implements programmes to enhance the competitiveness of SMEs and their long-term development. It provides information and consultation services for SMEs through its Support and Consultation Centre for SMEs (SUCCESS). SUCCESS also organises seminars and workshops to help broaden SMEs' business knowledge and enhance their entrepreneurial skills.

21 The Department administers three SME Funding Schemes, namely, the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF), and the SME Development Fund (SDF). A time-limited Special Loan Guarantee Scheme (SpGS) was launched in mid-December 2008 to help Hong Kong enterprises tide over the liquidity problem during the global financial crisis. The SpGS had ceased receiving applications after December 2010.

22 The Department assists Hong Kong enterprises in the development and promotion of brands to enhance their competitiveness in the Mainland and overseas markets. In particular, the Department administers the Organisation Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), which was launched in 2012 to support Hong Kong enterprises in developing brands, upgrading and restructuring their operations, and promoting sales in the Mainland domestic market. The Department also works with the Commerce and Economic Development Bureau (CEDB) and the Hong Kong Productivity Council (HKPC) to administer the Enterprise Support Programme of the BUD Fund.

23 The Department maintains regular liaison with local industries and trade and industrial organisations. It provides secretariat support for the Small and Medium Enterprises Committee, which advises the Government on issues affecting the development of SMEs in Hong Kong. It also provides support to the organisation of the Hong Kong Awards for Industries.

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24 The key performance measures are:

Targets

	Target#	2013 (Actual)	2014 (Actual)	2015 (Plan)
SUCCESS				
confirmation of consultation meeting with applicants of Business Advisory Service within ten working days (%).....	100	100	100	100
replies to simple enquiries on licensing requirements within one working day (%)	100	100	100	100
replies to complicated enquiries on licensing requirements within three working days (%)	100	100	100	100
replies to simple enquiries on SME support services and facilities within one working day (%)	100	100	100	100
replies to complicated enquiries on SME support services and facilities within three working days (%)	100	100	100	100
SGS				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%)	100	100	100	100
SDF				
processing applications for grant within 60 working days (%)	100	100	100	100
EMF				
processing applications for grant within 30 working days (%)	100	100	100	100
BUD Fund (Organisation Support Programme)				
processing applications for grant within 60 working days (%)	100	100	100	100

Target is applied upon receipt of all necessary documents and information.

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Plan)
SUCCESS			
enquiries α	17 350	13 676	11 600
visitors to SUCCESS	27 797	27 629	27 700
visits to SUCCESS website.....	700 945	744 462	744 500
seminars and other activities	100	100	100
publications relating to local industries and SMEs	2	2	2
SGS			
applications received and processed	1 200	1 124	1 130
no. of SME beneficiaries.....	1 061	982	990
amount of government guarantees issued (\$m)	1,354.1	1,134.1	1,140.0
SDF			
applications received and processed	42	53	53
amount of government grants approved (\$m)	24.7	17.2	18.0
EMF			
applications received and processed	18 682	17 672	17 700
no. of first time SME beneficiaries ψ	2 825	2 158	2 160
total no. of SME beneficiaries $\$$	9 518	8 735	8 740
amount of government grants approved (\$m)	250.9	216.8	220.0

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	2013 (Actual)	2014 (Actual)	2015 (Plan)
BUD Fund (Organisation Support Programme)			
applications received and processed	50	28 ^ω	28
amount of government grants approved (\$m).....	64.3	23.7 ^ω	24.0

α Due to regular notifications sent to SME contacts electronically, the number of enquiries has decreased gradually. This trend is expected to continue.

ψ Revised description of the previous indicator “no. of SME beneficiaries” as from 2015.

§ New indicator as from 2015.

ω The drop in applications in 2014 was due to the fact that many trade or industry organisations were already undertaking one or more BUD-funded projects approved since the inception of the Fund in mid-2012. Such projects may last for up to three years. The organisations concerned have limited capacity to organise new projects. The number and scale of new projects approved were relatively lower and smaller, hence the amount of government grants approved was lower.

Matters Requiring Special Attention in 2015–16

25 During 2015–16, the Department will:

- closely monitor the global and domestic economic environment and the impact of any changes in the environment on Hong Kong enterprises, in particular SMEs;
- liaise closely with the trade, and help them meet the challenges facing them;
- administer the Organisation Support Programme of the BUD Fund and work with CEDB and HKPC to administer the Enterprise Support Programme of the BUD Fund; and
- administer various SME Funding Schemes and closely monitor their effectiveness and utilisation.

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ANALYSIS OF FINANCIAL PROVISION

	2013-14 (Actual) (\$m)	2014-15 (Original) (\$m)	2014-15 (Revised) (\$m)	2015-16 (Estimate) (\$m)
Programme				
(1) Commercial Relations	103.1	105.2	110.1	113.9
(2) Trade Support and Facilitation	124.3	124.7	126.3	123.3
(3) Support for Small and Medium Enterprises and Industries	575.7	598.6	581.4	593.9
	803.1	828.5	817.8 (-1.3%)	831.1 (+1.6%)
				(or +0.3% on 2014-15 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015-16 is \$3.8 million (3.5%) higher than the revised estimate for 2014-15. This is mainly due to the full-year effect of the posts created in 2014-15.

Programme (2)

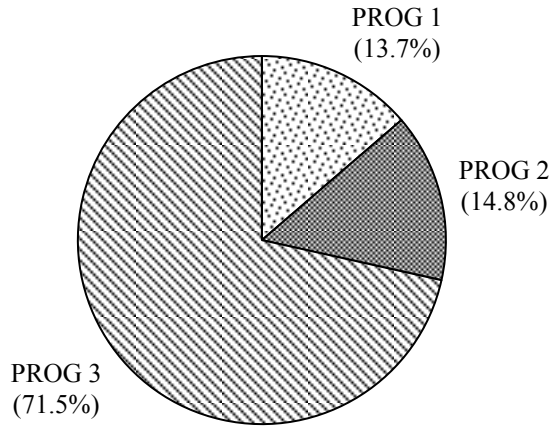
Provision for 2015-16 is \$3.0 million (2.4%) lower than the revised estimate for 2014-15. This is mainly due to the full-year effect of the posts deleted in 2014-15. In addition, there will be a net decrease of one post in 2015-16.

Programme (3)

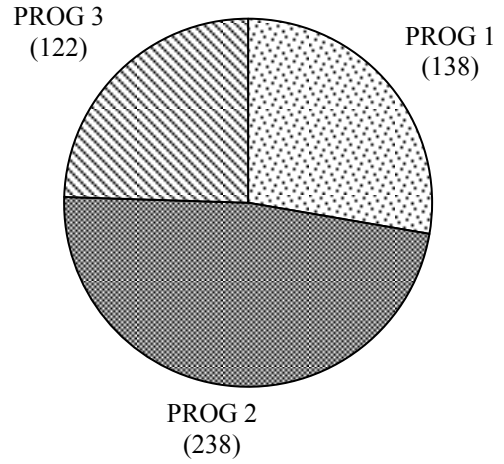
Provision for 2015-16 is \$12.5 million (2.1%) higher than the revised estimate for 2014-15. This is mainly due to increase in cash flow requirements for funding schemes. There will be an increase of two posts in 2015-16.

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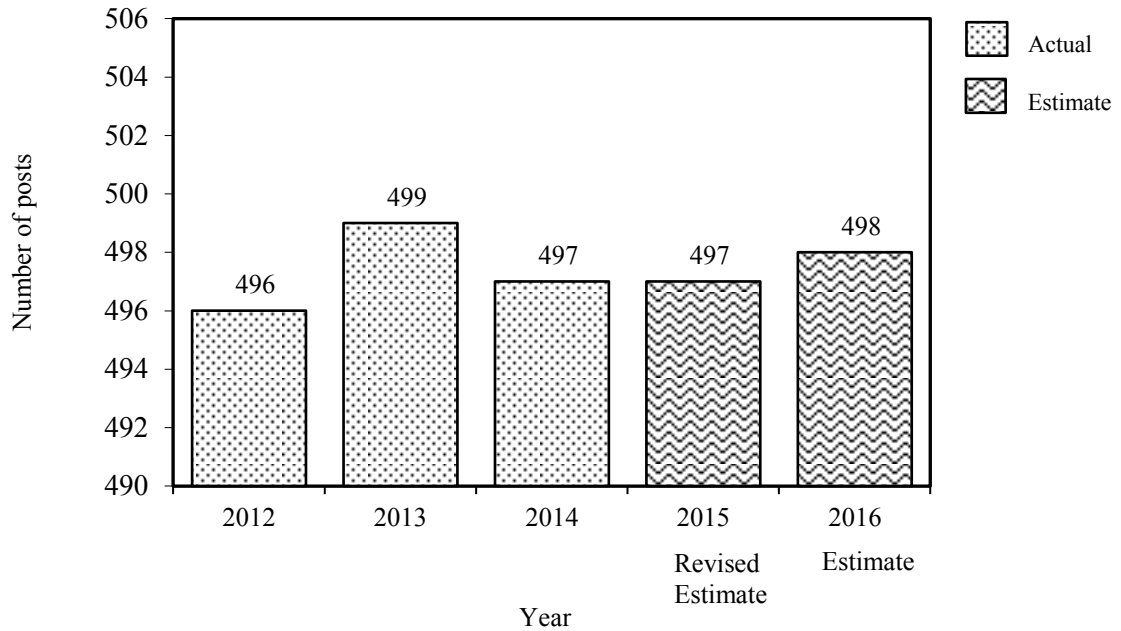
*Allocation of provision
to programmes
(2015-16)*



*Staff by programme
(as at 31 March 2016)*



*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2013–14	Approved estimate 2014–15	Revised estimate 2014–15	Estimate 2015–16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	308,029	308,025	321,038	321,574
	Total, Recurrent.....	308,029	308,025	321,038	321,574
Non-Recurrent					
700	General non-recurrent	495,053	520,433	496,781	509,515
	Total, Non-Recurrent.....	495,053	520,433	496,781	509,515
	Total, Operating Account	803,082	828,458	817,819	831,089
	Total Expenditure	803,082	828,458	817,819	831,089

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Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Trade and Industry Department is \$831,089,000. This represents an increase of \$13,270,000 over the revised estimate for 2014–15 and of \$28,007,000 over the actual expenditure in 2013–14.

Operating Account

Recurrent

2 Provision of \$321,574,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Trade and Industry Department.

3 The establishment as at 31 March 2015 will be 497 permanent posts. It is expected that there will be a net increase of one post in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$224,191,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	229,476	237,779	243,398	246,979
- Allowances.....	3,344	3,313	4,867	4,915
- Job-related allowances.....	1	4	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	436	392	636	460
- Civil Service Provident Fund contribution.....	4,113	5,424	5,051	6,588
Departmental Expenses				
- General departmental expenses	64,849	56,057	62,035	57,141
Other Charges				
- Contribution to and participation in the Asia-Pacific Economic Cooperation#	2,480	1,328	1,321	1,361
- Trade negotiations and associated activities.....	1,203	2,000	2,000	2,000
- Contribution to the organisation of the Hong Kong Awards for Industries.....	2,000	1,600	1,600	2,000
- Subscription to the Pacific Economic Cooperation Council.....	127	128	128	128
	308,029	308,025	321,038	321,574

For a better description of the nature of this item, its name has been changed from “Subscription to the Asia-Pacific Economic Cooperation” to “Contribution to and participation in the Asia-Pacific Economic Cooperation” as from 2015.

Head 181 — TRADE AND INDUSTRY DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2014	Revised estimated expenditure for 2014–15	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
	520	SME Loan Guarantee Scheme#	30,000,000	214,549	21,400	29,764,051
	524	SME Export Marketing and Development Funds	3,750,000	3,100,769	237,940	411,291
	802	Special Loan Guarantee Scheme@	100,000,000	293,645	135,000	99,571,355
	836	Dedicated Fund on Branding, Upgrading and Domestic Sales.....	1,000,000	117,813	102,441	779,746
		Total	<u>134,750,000</u>	<u>3,726,776</u>	<u>496,781</u>	<u>130,526,443</u>

The approved commitment of \$30 billion refers to the total loan guarantee commitment approved by the Finance Committee (based on an assumed default rate of five per cent, the expected maximum expenditure for settlement of default claim is \$1.5 billion).

@ The approved commitment of \$100 billion refers to the total loan guarantee commitment approved by the Finance Committee (based on the assumed default rates of ten per cent and 12 per cent for loans approved under 70 per cent and 80 per cent Government guarantee respectively, the expected maximum expenditure for settlement of default claim is \$11.8 billion).