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Replies to supplementary questions raised by Finance Committee Members in examining the Estimates of Expenditure 2015-16

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 7

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)01

(Question Serial No. S0027)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry
(3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (1) What was the turnover achieved by local and overseas exhibitors of environmental protection exhibitions held in Hong Kong in the past 5 years?
- (2) Were the relevant key performance indicators in respect of the numbers of local and overseas exhibitors participating in environmental protection exhibitions held in Hong Kong achieved in the past 5 years?
- (3) It is stated in the Government's written reply to an initial question that the Hong Kong Trade Development Council normally publicises success stories after the conclusion of overseas economic and trade studies made by Hong Kong's environmental protection trade. Will the Government advise on the channels for publicising such stories and details of the follow-up actions?

Asked by: Hon LEUNG Kenneth

Reply:

The Hong Kong Trade Development Council (HKTDC) and Messe Frankfurt (HK) Ltd. have been organising the "Eco Expo Asia" (the Expo) annually over the past 5 years. The organisers do not have information on the transaction volume generated by local and overseas exhibitors during the Expo, and have not set any key performance indicators for the numbers of local and overseas exhibitors participating in the Expo.

In general, the HKTDC would follow up after the overseas missions, including, for example, collecting feedbacks from participants on the events, and checking if they have successfully fostered business co-operation with local enterprises. If there are suitable success stories, the HKTDC would generally publicise them through different channels as appropriate, including the HKTDC's e-newsletter "Hong Kong Means Business" and feature section and advertorial on newspapers etc..

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)02

(Question Serial No. SV010)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Pursuant to reply no. CEDB(CIT)005, the Administration is requested to provide information on the timetable for conducting the studies on the introduction of Food Trucks into Hong Kong, and the detailed implementation plan.

Asked by: Hon POON Siu-ping

Reply:

Food Truck is a new idea put forth by the Financial Secretary in his 2015-16 Budget Speech. The Commerce and Economic Development Bureau has, in collaboration with the Food and Health Bureau, the Food and Environmental Hygiene Department, the Transport Department and other relevant bureaux and departments, begun studying such aspects as the vehicle specifications and requirements, licensing requirements, mode of operation, food safety and environmental hygiene, etc. with a view to bringing in more diverse delicacies for tourists and citizens. At this stage, we are actively looking into and collecting information on practices and experiences in overseas countries (e.g. North America, Japan, Korea, Europe etc.). The timetable and detailed plan for implementation will be subject to the outcome of the study and whether legislative amendment is required.

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)03

(Question Serial No. S0021)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (1) What are the Hong Kong Tourism Board's target numbers of visitors to Hong Kong and the composition of visitors for 2015 and 2016?
- (2) Is Hong Kong's current capacity to receive visitors able to cope with the target numbers of visitors? If no, are there any measures to avoid or minimise disturbance to the community and local residents' daily living?

Asked by: Hon WONG Pik-wan, Helena

Reply:

(1) According to the projection made by the Hong Kong Tourism Board (HKTB), the total visitor arrivals will reach 64.715 million in 2015. Among the total, the number of visitors from the Mainland will be around 51.028 million, while the number of arrivals from the short-haul markets, long-haul markets and new markets will be around 8.483 million, 4.243 million and 0.96 million respectively. The HKTB will project the tourism performance of the following year in the fourth quarter of the year. Thus, the projection relating to the visitor arrivals in 2016 is not available at this stage.

(2) The HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry. At the same time, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. Thus, regarding this issue, the HKSAR Government has been working on various fronts, including completing the Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) in late 2013, relaying different views of

the Hong Kong community to the Central Government, and raising the specific proposal of improving the “multiple-entry” policy by replacing it by “one trip per week” policy in June last year. The Central Government, Guangdong Provincial and Shenzhen Municipal Government understand Hong Kong’s situation. The Bureau of Exit and Entry Administration of the Ministry of Public Security announced on 13 April that with immediate effect, the issuance of “multiple-entry” Individual Visit Endorsements for permanent residents of Shenzhen would be stopped. Instead, “one trip per week” Individual Visit Endorsements for permanent residents of Shenzhen would be issued. At the same time, the HKSAR Government is working in earnest to enhance Hong Kong’s capacity to receive tourists along the recommendations in the Assessment Report, including the expansion of the 2 flagship theme parks, the commissioning of the second berth of the Kai Tak Cruise Terminal, etc. We will also continue to adopt a multi-pronged approach to increase the supply of hotel rooms.

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)04

(Question Serial No. S0022)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) -

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- 1) Will the Government pursue with the Central People's Government to revise the "multiple-entry endorsement" policy on Shenzhen residents and restrict the number of their visits to Hong Kong in each year, i.e. to reduce the number of visits from an average of 9.1 per year to 8 or below?
- 2) If yes, what are the details? If no, what are the reasons?

Asked by: Hon WONG Pik-wan, Helena

Reply:

As regards the measures to fine-tune and improve the arrangements under the Individual Visit Scheme, the HKSAR Government has been relaying different views of the Hong Kong community to the Central Government, and raising the specific proposal of improving the "multiple-entry" policy by replacing it by "one trip per week" policy in June last year. The Central Government, Guangdong Provincial and Shenzhen Municipal Government understand Hong Kong's situation. The Bureau of Exit and Entry Administration of the Ministry of Public Security announced on 13 April that with immediate effect, the issuance of "multiple-entry" Individual Visit Endorsements for permanent residents of Shenzhen would be stopped. Instead, "one trip per week" Individual Visit Endorsements for permanent residents of Shenzhen would be issued.

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)05

(Question Serial No. SV008)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Philip YUNG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Pursuant to reply no. CEDB(CIT)227, the Administration is requested to provide information on the distribution of internships among ASEAN countries for university students of Hong Kong, including a breakdown of the number of internship by countries and the underlying reason for the distribution.

Asked by: Hon LIAO Cheung-kong, Martin

Reply:

As detailed in reply no. CEDB(CIT)227, the ASEAN Internship for University Students of Hong Kong Scheme (Internship Scheme) was initiated by the Hong Kong Economic and Trade Office in Singapore (Singapore ETO) in 2014-15. The Internship Scheme aims to broaden the international horizons of university students of Hong Kong and enhance their understanding of ASEAN countries.

The Singapore ETO seeks internship opportunities through its long-established network in ASEAN countries, including local chambers and Hong Kong-related organizations/companies, and disseminates information on the internships secured to the 8 University Grants Committee-funded institutions.

The Singapore ETO aims at securing internships in all the 10 ASEAN countries. There are different factors affecting the distribution of internships, including for example whether there is a strong presence of Hong Kong community in individual ASEAN country as this is one of the key sources of internships under the Internship Scheme. More than half of the Hong Kong university students undertook internships in the inaugural round in 2014-15 in

Singapore, with the remaining students taking up internships in other countries including Cambodia, Indonesia, Malaysia, Myanmar, Thailand and Vietnam. In 2015-16, while the actual matching result is not yet available, more than 60% of the internship places secured will also be in Singapore.

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CONTROLLING OFFICER'S REPLY

S-CEDB(CIT)06

(Question Serial No. SV009)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Pursuant to reply no. CEDB(CIT)295, the Government is requested to provide information on:

- (a) the reasons for the declining number and the success rates of the applications for the Small and Medium Enterprise Export Marketing Fund in the past five years; and
- (b) the expected number of applications, success rates and the average amount of fund to be granted to each application in the coming three years.

Asked by: Hon LIAO Cheung-kong, Martin

Reply:

- (a) The number of applications received for the Small and Medium Enterprise Export Marketing Fund (EMF) in the past five years is as below:

Year	Number of Applications Received
2010	27 846
2011	21 943
2012	18 825
2013	18 682
2014	17 672

Based on our analysis, there are two main reasons for the declining number of EMF applications in recent years:

(i) Since the global economic downturn induced by the worldwide financial turmoil in end 2008, the external economic environment has remained unstable. Given the sluggish performance of the traditional export markets in Europe and the United States and hence the weak demand for consumer products in these markets, there has been keen competition in the prices of exports resulting in a decline in gross profit. SMEs are thus more prudent in carrying out export promotion activities, or reduce promotion activities.

(ii) With the rapid advancement and prevalence of internet technology, coupled with the lower expenses and risks of making use of the electronic platform to carry out export promotion activities, there has been a declining trend for SMEs to make use of traditional channels for export promotion. For example, in the past five years, the number of applications for placing advertisements on printed trade publications has decreased by nearly 70%. As regards export promotion through the electronic media, since the EMF currently only funds advertisements on eligible trade websites, the overall number of applications has decreased.

The 2015-16 Budget proposed injection of funds into the EMF and expansion of its funding scope to cover more types of export promotion activities, including those carried out through the electronic media.

In respect of the approval rate, the number of applications vetted, the number of applications approved and rejected, the approval rate and the average amount of grant for applications approved under the EMF in the past five years are listed by year as follows:

Year	Number of Applications Vetted *	Number of Applications Approved	Number of Applications Rejected	Approval Rate	Average Amount of Grant for Applications Approved
2010	29 570	26 302	3 268	88.9%	\$13,336
2011	22 904	19 608	3 296	85.6%	\$14,017
2012	19 561	17 298	2 263	88.4%	\$15,003
2013	18 645	15 924	2 721	85.4%	\$15,758
2014	16 681	13 384	3 297	80.2%	\$16,202

* The figures are not the same as the numbers of applications received in respective years as applications received during the year but still being vetted are excluded whilst applications received in the previous year but with vetting completed in the current year are included.

To ensure the prudent use of public funds, each application must meet the approval requirements of the EMF. The approval rate of the EMF in the past five years has exhibited mild ups and downs, with insignificant changes from 2010 to 2013. There was only a relatively significant change in 2014 (about 5% decrease as compared with

2013), due to more applicants' failing to provide the required information or supporting documents for approval, not participating in the promotion activities concerned, or failing to show that it had substantive business operation in Hong Kong.

- (b) With the expansion of the scope of the EMF, it is expected that the number of applications will increase and the average amount of grant of each application will increase with inflation. However, the figures would be influenced by various factors and it is difficult to provide an accurate estimate for the time being. It is expected that the approval rate may decline when the enhancement measure is initially implemented because some SMEs may not be able to fully understand the approval requirements, but the rate is expected to increase gradually after the enhancement measure has been implemented for some time. We will closely monitor the usage of the EMF after the implementation of the enhancement measure and will promote the EMF to SMEs through different channels.

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