

立法會
Legislative Council

LC Paper No. CB(4)1353/14-15

(These minutes have been seen
by the Administration)

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Panel on Economic Development

Minutes of meeting
held on Monday, 22 June 2015, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)
Hon CHUNG Kwok-pan (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Kin-por, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK, JP
Hon Kenneth LEUNG
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP

Member attending : Hon WU Chi-wai, MH

Members absent : Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau
Hon CHAN Han-pan, JP

**Public Officers
attending** : Agenda item V

Professor Anthony CHEUNG, GBS, JP
Secretary for Transport and Housing

Ms Jenny CHAN
Principal Assistant Secretary for Transport and
Housing (Transport)10

Mr Tony CHAN
Chief Assistant Secretary for Transport and Housing
(Transport)

Agenda item VI

Mr Clement CHEUNG, JP
Commissioner of Customs and Excise
Customs and Excise Department

Mr LAM Po-chuen
Head of Trade Controls
Customs and Excise Department

Mr LAI Ka-lok
Acting Group Head (Unfair Trade Practice
Investigation)
Customs and Excise Department

Miss Elaine HUI
Acting Assistant Director (Market and Competition)
Office of the Communications Authority

Mr Desmond YOUNG
Principal Regulatory Affairs Manager (Market and
Competition 23)
Office of the Communications Authority

Ms Manda CHAN
Principal Assistant Secretary (Commerce and
Industry)(Special Duties)
Commerce and Economic Development Bureau

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (4)5

Staff in attendance : Ms Katrina WU
Senior Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)1153/14-15 -- Minutes of meeting held on
27 April 2015

The minutes of the meeting held on 27 April 2015 were confirmed.

II. Endorsement of the report of the Panel for submission to the Council

(LC Paper No. CB(4)1170/14-15 -- Draft report of the Panel for
submission to the Council)

2. The Chairman said that the report of the Panel for the 2014-2015 session would be presented to the Council at its meeting on 8 July 2015. The draft report of the Panel had been circulated to the Panel members for considerations on 16 June 2015. Members endorsed the report of the Panel and authorized the Chairman to incorporate today's discussion into the report before submitting it to the Council.

III. Information paper(s) issued since the last meeting

(LC Paper No. CB(4)1065/14-15(01) -- Referral from the meeting
between Legislative Council
Members and North District
Council members on 22 May
2014 regarding the further

opening of the Sha Tau Kok Frontier Closed Area (Chinese version only) (Restricted to members only)

LC Paper No. CB(4)1096/14-15(01) -- Administration's paper on tables and graphs showing the import and retail prices of major oil products from May 2013 to April 2015)

3. Members noted the above papers issued since the last regular meeting.

IV. Items for discussion at the next meeting

(LC Paper No. CB(4)1165/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(4)1165/14-15(02) -- List of follow-up actions)

4. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 27 July 2015 –

(a) Subsidiary legislation to implement International Maritime Convention; and

(b) Review the services of the Hongkong Post.

(Post-meeting note: As advised by the Administration, the discussion item on "Subsidiary legislation to implement International Maritime Convention" has been re-titled as "Incorporating in local legislation the latest standards of the International Maritime Organization".)

V. Port and logistics development

(LC Paper No. CB(4)1165/14-15(03) -- Administration's paper on port and logistics development

LC Paper No. CB(4)1165/14-15(04) -- Paper on the development of Hong Kong Port in Hong Kong prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(4)1165/14-15(05) -- Paper on the logistics development in Hong Kong prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

5. At the invitation of the Chairman, Secretary for Transport and Housing ("STH") briefed members on the latest position of Hong Kong's port and logistics development. He highlighted that the Transport and Housing Bureau ("THB") had completed the Study on the Strategic Development Plan for Hong Kong Port 2030 ("HKP2030") in late 2014 which forecast that the total container throughput of the Hong Kong Port ("HKP") would have an average annual growth of 1.5% up to 2030. HKP2030 elaborated with particular reference to the Kwai Tsing Container Terminals ("KTCTs") that existing facilities there must be enhanced to meet future needs. To alleviate port congestion and cater for the projected growth in container throughput up to 2030, THB had completed a review on Short Term Tenancy ("STT") of the port back-up land in Kwai Tsing ("the STT review"). Based on the findings of the STT review, THB issued the "Proposals for enhancing the use of port back-up land in Kwai Tsing" ("the Proposals") on 10 June 2015, putting forth a series of recommended measures for consultation until 15 August 2015.

6. STH also highlighted that the recently announced "One Belt One Road" development strategy by the Central Government would bring about new opportunities for the maritime and logistics service providers in Hong Kong. For the logistics industry, reserving land for logistics sites, implementing transport infrastructural projects and encouraging wider application of e-logistics were the major projects taken forward to facilitate the provision of high value-added services and strengthen Hong Kong's position as the regional logistics hub.

Discussion

Future development of the port and logistics industry

7. Mr Kenneth LEUNG noted with concern that 80% of Mainland container throughput which used to be handled in Hong Kong were now exported directly from the ports concerned. HKP was surpassed by the port in Singapore in 2005 and currently lagged behind the ports in Shanghai, Singapore and Shenzhen. Mr LEUNG pointed out that according to HKP2030's forecast, the total container throughput of HKP would have an average annual growth of

1.5% up to 2030. Apart from exploring more port back-up land to enhance the efficiency and competitiveness of HKP, the trend for the maritime industry in Hong Kong to move towards high value-added services was obvious. Those high value-added services included ship management, chartering and finance, maritime law and arbitration as well as maritime rental and insurance. Mr LEUNG urged that THB should work with the relevant bureaux to construct the direction of future development of the maritime and logistics industries.

8. In response, STH agreed that given the physical space limitations in Hong Kong, HKP should compete for advancement in quality instead of just quantity. High value-added and modernized services such as professional talent and maritime services for the maritime industry, as well as aircraft finance for the air cargo industry, should be the foci of future development.

9. Mr Frankie YICK declared that he was the director of the Modern Terminals Limited. While appreciating the need on long term development of high value-added services for the maritime and logistics industries, Hong Kong should continue to improve its established facilities and make the best out of them. STH responded that Hong Kong was making the best endeavours to raise utilization efficiency of port back-up land while developing high valued-added and modernized logistics and maritime services. Although the container throughput of HKP was surpassed by some ports in recent years, Hong Kong had basically maintained its container throughput of around 22 million twenty-foot equivalent units per year in the past decade, which was in fact doubling that of the port in Hamburg of Germany in 2014, the second largest port in Europe.

10. Mr CHAN Kam-lam expressed reservation for Hong Kong to develop high value-added logistics services having regard to the need to sustain the livelihood of some tens of thousands of service providers who were currently engaged in traditional logistics services and might not be readily transformed. Mr CHAN pointed out that the development of maritime and logistics industries were delayed due to slow progress of related infrastructure developments in Hong Kong. For example, despite land at suitable sites were earmarked for the development of Container Terminals 10 and 11, there was no progress after prolonged discussion and finally the proposals were not pursued. Similarly, the construction of the Three-Runway System ("3RS") at the Hong Kong International Airport would likely experience delay as a result of judicial review in respect of the environmental impact assessment report. Mr CHAN asked the Administration about its view on the adverse impact of the delay in commissioning the Hong Kong-Zhuhai-Macao Bridge on the development of the logistics industry, for instance, whether the anticipated 1.5% of average annual growth of container throughput would be too optimistic.

11. STH responded that the development of Pearl River Delta ("PRD") in particular the Western PRD region would bring about increasing opportunities for the development of Hong Kong's logistics industry. Though it was true that a few ports in the Mainland (such as Shenzhen, Shanghai and Ningbo) had already surpassed or might surpass HKP, Hong Kong could still rely on its software excellence to develop high value-added maritime services such as ship management and finance. The future challenge of Hong Kong was to identify the potential high value-added services and integrate them smoothly with the well-established infrastructure facilities in order to consolidate and strengthen the competitiveness of HKP.

12. Highlighting the new opportunities to be brought about by the "One Belt One Road" development strategy for the maritime and logistics industries, the Chairman urged the Administration to improve the existing port facilities and the arrangements in border control points to grasp the opportunities brought by it. STH responded that the "One Belt One Road" development strategy would bring about lots of opportunities for Hong Kong. The initiative would enhance the infrastructural facilities and transportation connectivity of the countries along the corridors, and Hong Kong would benefit from such enhancement by strengthening trade relations with these countries. At present, there were about 350 container liner services per week connecting Hong Kong with around 510 destinations worldwide.

13. Noting that Hong Kong should have the potential to grasp the development opportunities brought about by the "One Belt One Road" strategy, Mr YIU Si-wing opined that the 1.5% average annual growth of the total container throughput of HKP forecast by HKP2030 might be too pessimistic. He asked whether the Government could provide some projections on the ratio between transshipment and local import and export.

14. STH advised that as noted by HKP2030, international transshipment throughput over the past decade or so had surged. The ratio between transshipment and local import and export was about 7 to 3 at KTCTs. Notwithstanding this, as most of the transshipment throughput came from the Mainland, service users could choose to use the Mainland ports without going through HKP and this was the greatest challenge faced by Hong Kong currently. As facilities at KTCTs had been facing greater pressure in demand than other port facilities, the Administration would take appropriate measures, such as the deployment of port back-up land near KTCTs, to sustain the competitiveness of HKP. It would also conduct further port cargo forecast in about five years' time to ensure port and related infrastructural facilities could be provided in a timely manner to meet the development demands of the port and logistics industries.

15. Mr TANG Ka-piu enquired whether the HKP2030's 1.5% forecast had taken into account the construction of 3RS. If yes, whether the Administration had any assessment on the impact on such forecast if the construction of 3RS was eventually delayed or abandoned. STH explained that HKP2030 basically focused on the development of HKP particularly the KTCTs, its forecast on total container throughput did not include airfreight, the throughput of which was in fact rising in recent years.

16. Given that the Central Authorities had indicated support under the 12th Five-Year Plan for Hong Kong to reinforce and enhance its status as an international maritime centre, and the Administration had repeatedly indicated its intention to grasp the opportunities arising therefrom, Dr LAM Tai-fai enquired about the efforts and quantified economic benefits that had been made by the Administration in driving the further development of the logistics industry, having regard that the growth of Gross Domestic Product ("GDP") and employment of the logistics industry were shrinking recently.

17. STH advised that port and logistics industries were important contributors of Hong Kong's economy. The Government was actively developing the maritime industry, promoting the development of port services and maritime business services. Given its unique geographical location, institutional advantages and comprehensive infrastructure, Hong Kong had become a regional high-value goods distribution and management centre, and the further development of maritime and logistics industries would help strengthen and enhance Hong Kong's hub status in the region. The Administration was driving the further development of HKP and the logistics industry based on the support provided by the Central Authorities under the 12th Five-Year Plan. Some specific measures included the reservation of 10 hectares of land in Tuen Mun West for logistics development in addition to the disposal of three logistics sites of a total area of 6.9 hectares in Tsing Yi. STH added that although the growth of GDP and employment of the logistics industry were slowing down recently, its development would realize the indirect benefits to many related industries.

18. Dr CHIANG Lai-wan asked the overall planning of the Administration on the development of HKP and the logistics industry in facilitating Hong Kong to become an international or regional maritime center. As the Administration's paper mainly focused on the issues related to land use, Dr CHIANG expressed concern on the current status of manpower development and training funds, ship chartering and finance, maritime insurance, and establishment of the Hong Kong Maritime Arbitration Group under the International Arbitration Center.

19. STH responded that the Administration's paper was aimed to explain the measures to make better use of land and free up more land to increase the container handling capacity of HKP so as to alleviate the current port congestion problem. Regarding the training funds, the Maritime and Aviation Training Fund ("MATF") had already been established last year after the approval of the Legislative Council ("LegCo"), to support programmes for training talents for both the maritime and aviation sectors. Amongst the various MATF initiatives, a summer internship programme was offered to university students with a view to showing them the diversity of job opportunities in the two industries, including container terminal operations etc. STH reiterated that HKP was still one of the busiest container ports in the world in terms of container throughput. Developing high value-added international maritime services would be very important for the future development of HKP and the logistics industry.

Port back-up land

20. Mr Frankie YICK relayed the general support of the industry to the Proposals. While welcoming the development of multi-storey parking facilities for container and goods vehicles, their cost-effectiveness should be assessed together with the surrounding land released to support the further development of KTCTs and HKP. STH responded that the purpose of developing multi-storey facilities was to free up more back-up land near KTCTs to better support port operations and cater for future development, which would in turn enhance the competitiveness and efficiency of the HKP. THB was consulting the industry and stakeholders on the Proposals.

21. While appreciating the proposal of upgrading Stonecutters Island Public Cargo Working Area ("PCWA"), which was in close proximity to KTCTs, to a modern container handling facility, Mr Frankie YICK said that the relevant PCWA operators were concerned when the Administration would consult them on the plan, if any, to re-provision them. STH advised that the Marine Department was conducting a territory-wide review on PCWAs which was expected to be completed by early 2016.

22. Mr TANG Ka-piu expressed concern about the future development of cross-boundary transport and the livelihood of container truck drivers having regard to the shift from land-borne to river-borne transport. He was also concerned about the provision of parking space and maintenance service for container trucks. STH advised that the shift of cross-boundary transport from land-borne to river-borne, particularly for transshipment cargo, was a trend which needed to be adopted to by the trade. To enhance the operational efficiency and accommodate future growth in transshipment and address the needs of the

container truck industry, the Administration had completed the STT review. One of the measures was to refine the allocation and management mechanism of land under STT and revise relevant STT terms and conditions, e.g. specifying the use for a longer duration, to make them conducive to trucking operations. In reply to Mr TANG's further enquiry, STH said that while the Administration would review the total container throughput forecast in five years' time to assess the future development of land-borne transport, consideration would be given to making better use of land and other facilities to support the industry, including providing sufficient parking space in different districts for container trucks and other goods vehicles engaged in cross-boundary transport.

Rail connection and port relocation

23. Mr Albert CHAN expressed disappointment on the Proposals which in his opinion could not address the problems of insufficient back-up sites for HKP. Instead, he reiterated his suggestions of relocating HKP to another location like the cases of Singapore and Amsterdam to allow the construction of state-of-the-art container terminals with upgraded facilities and rail connection, free up the land of KTCTs for residential and other purposes, and enable better town planning for the whole territory on a long term basis. Remarking that major ports worldwide were connected with rails, Mr CHAN expressed concern that the lack of rail connection had rendered HKP lagging behind these ports in terms of cost-efficiency.

24. Mr SIN Chung-kai agreed that the Administration should consider relocating KTCTs with a view to matching with the long term development needs of Hong Kong. He quoted the experience of Singapore that its government was determined to relocate the port and had upgraded the facilities during the relocation process. In view of the physical limitation of KTCTs for further expansion, Mr SIN said that the Administration should have an overall planning and assessment on the feasibility of relocation, such as the availability of suitable land, and the potential benefits of further development after relocation.

25. STH agreed that ports in many places were well-connected by rails, nonetheless, HKP was facing practical difficulties to connect with the existing or new rails to bring about cost-effective impact to the industry. He added that many practical problems of rail connection should not be neglected. STH added that insufficient back-up sites was a known problem to the long-term development of HKP, and the Proposals aimed to alleviate port congestion and enhance cargo handling efficiency, and optimize utilization and efficiency of port back-up land in the long term. STH further advised that he noted Singapore's experience during his visit there. However, port relocation was a

big issue and it would have far-reaching impacts on many aspects of the society. Even if it was conceptually worthy of consideration to relocate HKP, the Administration should consider many practical limitations such as the availability of suitable location and reclamation that might be required, the need to develop relevant transportation infrastructure to the new port, as well as the planning and safety concerns on using the released land for other purposes such as residential use. He welcomed the discussion of relevant issues, but Hong Kong should have very thorough consideration of all factors and concerns before contemplating port relocation.

Wider application of e-logistics

26. Mr Charles Peter MOK supported the wider application of e-logistics. He opined that the Administration seemed not attaching much importance on promoting e-logistics and lacking long term planning on relevant development. Noting that the Administration had spent \$190 million in implementing the Digital Trade and Transportation Networks ("DTTN") and the feedback from the logistics industry was that the DTTN system was grossly outdated, Mr MOK said that the current international trend of e-logistics was to develop an independent platform such as the Port Community System ("PCS") instead of a middleware like the DTTN system. He was concerned that e-logistics application in the industry was facing another challenge that the major container terminal operators were unwilling to share their information technology system with third parties. As many ports in the region and the Europe were developing their e-logistics systems in the past decade, local operators' reluctance to share information among themselves might result in the industry being monopolized by a few major operators and risking Hong Kong to lag behind other countries in e-logistics development. Mr MOK also said that the trade generally welcomed the "SMe-plug Jumpstart Programme" launched by the Hong Kong Logistics Development Council ("LOGSCOUNCIL") and the consultancy study on "single window" conducted by the Commerce and Economic Development Bureau ("CEDB") to examine how to develop Hong Kong's existing "Government Electronic Trading Service". He asked whether the "SMe-plug Jumpstart Programme" could be connected to airfreight and seafreight electronic services platforms, and whether the consultancy study on "single window" would cover PCS.

27. STH agreed that the use of e-logistics was a market trend and it should be further developed to enhance operation efficiency and improve the competitiveness of the logistics industry. LOGSCOUNCIL had discussed in the past several meetings on ways to encourage the industry in using e-logistics. In fact, the cost-effectiveness and user-friendliness of the systems would affect the adoption of e-logistics by industry stakeholders. Moreover, the container

terminal operators did not seem to be very keen on the implementation of PCS. Regarding the consultancy study on "single window" and PCS, STH undertook to convey the enquiry to CEBD for more details and revert.

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(4)1361/14-15(01) on 23 July 2015.)

Conclusion

28. In conclusion, the Chairman invited the Administration to take note of the members' various concerns raised at the meeting.

VI. Implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012

(LC Paper No. CB(4)1165/14-15(06) -- Administration's paper on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012

LC Paper No. CB(4)1165/14-15(07) -- Paper on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

29. At the invitation of the Chairman, the Commissioner of Customs and Excise ("the Commissioner") briefed members on the progress of implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, reiterating that the Trade Descriptions Ordinance (Cap.362), as amended ("the amended TDO"), was aimed at enhancing consumer protection and maintaining a level playing field for business operations.

30. The Commissioner described the implementation of the amended TDO over the past two years as both a project and a process. The enforcement agencies (i.e. the Customs and Excise Department ("C&ED") and the Communications Authority ("CA")) had made strenuous efforts in devising a pragmatic strategy to roll out the relevant provisions which were couched in

forward-looking and inclusive terms. A three-pronged approach featuring compliance promotion, law enforcement and public education was thus mapped out. To achieve better transparency, C&ED and CA jointly published a set of Enforcement Guidelines on 15 July 2013. Due to the lack of local precedents, C&ED had to cooperate closely with the Department of Justice to develop a viable protocol for evidence gathering and prosecution as well as to evaluate court judgments for refinement. Partnership between C&ED and the Consumer Council ("CC") was also beefed up in terms of public education and intelligence sharing.

31. On manpower, the Commissioner reported that C&ED had established a special duties team with 27 staff drawn from the Trade Controls Branch and the disciplined services in late 2013, turning it into the Unfair Trade Practice Investigation Group manned by 55 staff in early 2015 to handle cases involving sophisticated sleights and/or criminal syndicates, focusing on the services sector. C&ED would publicize landmark convictions to enhance consumer awareness and foster a culture of compliance among traders.

Discussion

Number and types of complaint and prosecution

32. Mr TANG Ka-piu said that as reflected by the statistics on the complaints received by C&ED, it had successfully impressed the public that, instead of CC, C&ED was the principal agency responsible for enforcing against unfair trade practices. He believed that LegCo would give its support if C&ED required more manpower for their enforcement. Mr TANG asked about the number of complaints received by C&ED which showed evidence of breaching the amended TDO and the number of complaints for which prosecution was instituted.

33. The Commissioner said that C&ED had been receiving 16 complaints and 62 enquiries each day on average when the amended TDO came into effect, ebbing to 13 and 14 respectively in the past six months. The number of complaints held steady but more cases became actionable; a marked decrease in enquiries showed broader understanding of the amended TDO. Of the 10 379 complaints received by C&ED from 19 July 2013 to 31 May 2015 ("the period"), actions including issuance of warning/advisory letters and forfeiture of goods were taken on some 300 cases, with prosecution instigated on 122. In reply to Mr YIU Si-wing, the Commissioner advised that of the 122 prosecutions, nine attracted custodial sentences which posed a strong deterrence. For cases where no action could be taken, C&ED would collate information for risk profiling.

34. Mr SIN Chung-kai queried on details of the 6 104 complaints about false trade descriptions received by C&ED. Dr Elizabeth QUAT enquired on sectors

with which C&ED encountered enforcement difficulties, particularly if they covered the beauty industry and pre-paid services.

35. The Commissioner elaborated that complaints on goods outnumbered those on services by three times, and only four out of the 122 prosecutions related to the latter. Most complaints on goods were connected with food and beverage, telecommunication equipment and electronic products, whereas those on services were about education, beauty and travel. The predominant nature of offence was suspected false trade description of place of origin and/or product ingredients. He admitted that investigating complaints on services was invariably complex due to absence of physical commodities, and transgressions did not manifest at the outset. Since unscrupulous traders would pick their prey selectively, C&ED must launch undercover operations to gather evidence. The Commissioner assured that C&ED had made meaningful headway in weeding out undesirable conducts in the beauty industry.

Unfair trade practices related to tour services

36. Mr SIN Chung-kai asked about the number of complaints received from tourists as they were often prime target of rogue traders, and the typical problems encountered when following up these cases. The Commissioner advised that 886 out of the 10 379 complaints received by C&ED were lodged by visitors, mostly from the Mainland, who would be attended to within 24 hours by the Quick Response Team of C&ED. He underscored that an increasing number of tourists, notably those coming from South China, were willing to return to Hong Kong and assist in investigation. Head of Trade Controls of C&ED added that the 886 complaints mainly involved suspected misleading omissions and false trade descriptions, with penalties meted out by the court ranging from imprisonment, community service order to fines. the Chairman highlighted that it helped show that the regime and related enforcement to combat unfair trade practices were recognized by Mainland visitors.

37. Dr CHIANG Lai-wan expressed concern on unfair trade practices in regard to tour services. She noted that some local people joined overseas tours in Hong Kong and the quality of service turned out to be unsatisfactory. It was similar to the case of Mainland visitors who joined tours to Hong Kong with designated agents in the Mainland but were then served by reception agents in Hong Kong. Dr CHIANG felt that the contracts signed between local consumers and travel agents might not be able to protect the rights of the former if the tours were rendered subsequently by another agent in the destination country.

38. The Commissioner responded that consumers should be circumspect when making use of online platforms to procure tour services because the amended TDO was not applicable to foreign companies that did not have a presence in Hong Kong. On the other hand, if consumers signed contracts with local travel agents for services provided by an overseas third party, the amended TDO might still be applicable subject to circumstances of the individual case. He looked forward to obtaining concrete details from Dr CHIANG Lai-wan.

Unfair trade practices related to second-hand car transaction

39. Mr Frankie YICK conveyed the concern of second-hand car dealers on potential liability for relying on data and specifications provided by previous owners, which might not be easily comprehensible by the laymen. He enquired whether measures were available to prevent them from being caught inadvertently by the amended TDO.

40. The Commissioner recalled that there was only one conviction relating to second-hand car transaction thus far which involved a blatant violation. He also pointed out that there were statutory defences embedded in the amended TDO like taking all reasonable precautions and exercising all due diligence to avoid the commission of an offence. For false trade description and misleading omission, qualifying parameters were put into place. As a good practice, however, traders should take initiative to supply customers with key product information. If full presentation could not be done before a transaction took place, traders should provide an alternative channel such as the manufacturer's website to retrieve the requisite information. The Commissioner agreed to conduct briefings for different stakeholder groups if necessary.

Unfair trade practices related to second mortgage and loan

41. Mr Paul TSE was concerned about suspected unfair trade practices in respect of second mortgages and loan. He mentioned that some people might claim to be bank representatives, lawyers or accountants, or officials of the Housing Authority, in order to persuade owners to arrange second mortgage for their properties. After the owners agreed to conduct second mortgage, the cases might be taken up by financial companies which used aggressive commercial practices to the owners concerned. Mr TSE asked about the number of such cases received by C&ED and the ways of enhancing the protection for the owners, for example, by widely publicizing the kind of evidences that should be collected by the owners during the process.

42. The Commissioner advised that out of the 10 379 complaints received by C&ED, 78 were related to financial intermediaries and 53 that fell within the

ambit of the Money Lender Ordinance (Cap. 163) had been referred to the Police for in-depth investigation. C&ED would collaborate with relevant bureaux and departments to step up the vigilance among property owners.

Introducing the provision of "cooling-off period"

43. Mr TANG Ka-piu and Dr Elizabeth QUAT opined that the availability of a "cooling-off period" should be able to provide better protection to consumers and asked whether the Administration supported this view. The Commissioner remarked that C&ED had gained valuable insights over the past two years and would provide feedback on the need for a "cooling-off period" to CEDB.

44. Mr TANG Ka-piu further enquired whether CEDB had any timetable on introducing a "cooling-off period". Principal Assistant Secretary (Commerce and Industry) (Special Duties) ("PAS") responded that the amended TDO dealt with common unfair trade practices at source, and C&ED's extensive outreach and enforcement campaign had demonstrated its efficacy. PAS supplemented that while the public's expectation on the provision of "cooling-off period" was understandable, the introduction of a "cooling-off period" deserved prudent deliberations in light of the impact on consumers and traders as well as the practical issues such as the scope of application and how to deal with situations in which part of the goods or services were consumed. CEDB had been maintaining close communications with C&ED on this matter and would take stock of overseas experience.

Publicity and public education

45. Mr CHAN Kam-lam urged C&ED or CC to step up publicity and public education, particularly on those sectors subject to frequent complaints on unfair trade practices, such as the beauty industry. The Commissioner thought that consumer education and empowerment were equally important, quoting the recent example where a shopper from Guangzhou swindled by a trader on unit pricing of goods visited the same outlet again to gather evidence for C&ED. The case ended up with the trader sentenced to imprisonment for 10 weeks and required to pay \$10,000 as compensation to the shopper. The Commissioner stressed that precedents built up over time could be used for public education.

46. The Chairman asked if there was similarity between local and overseas pattern of law infringement. The Commissioner observed that straightforward cases such as inaccurate product description or misleading pricing indications displayed in supermarkets were commonalities, but the status of Hong Kong as a tourism hub and service-oriented economy led to other challenges. He added that public education in the past two years was slanted towards awareness on the

amended TDO, due emphasis would henceforth be placed upon the concept of "smart consumption".

The role of Consumer Council

47. Dr Elizabeth QUAT advocated a stronger role for CC in defending the legitimate interest of consumers. Noticing that CC had settled 2 769 cases through conciliation, Mr SIN Chung-kai enquired about the nature of outcomes, such as compensation, that had been achieved. PAS responded that about 70% of the complaints received and considered pursuable by CC could be settled upon its conciliation between the consumers and the traders. The settlement could take many forms, as for example, the complainants accepting partial or full refund from the traders, or the complainants accepting the explanation given by the traders. PAS further advised that CC was administering the Consumer Legal Action Fund to facilitate access to legal remedies by providing legal assistance to consumers in cases which had significant implications on consumers, the business sector or the community at large.

Conclusion

48. The Chairman concluded that most members appreciated the work of C&ED and other enforcement agencies in implementing the amended TDO. He invited the Administration to take note of the members' various concerns raised at the meeting, enforce the amended TDO vigorously, and combat unfair trade practices at source to protect the interest of consumers.

VII. Any other business

49. There being no other business, the meeting ended at 12:39 pm.