

## Head 181 — TRADE AND INDUSTRY DEPARTMENT

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

<b>Estimate 2001–02</b> .....	<b>\$300.8m</b>
<b>Establishment ceiling 2001–02</b> (notional annual mid-point salary value) representing an estimated 749 non-directorate posts at 31 March 2001 reducing by 21 posts to 728 posts at 31 March 2002.....	<b>\$211.1m</b>
In addition there will be an estimated ten directorate posts at 31 March 2001 and at 31 March 2002.	
<b>Capital Account commitment balance</b> .....	<b>\$10.6m</b>

### Controlling Officer's Report

#### Programmes

<b>Programme (1) Commercial Relations</b>	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).
<b>Programme (2) Trade Support and Facilitation</b>	
<b>Programme (3) Support for Small and Medium Enterprises and Industries</b>	

#### Detail

##### Programme (1): Commercial Relations

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	67.5	74.3 (+10.1%)	71.1 (–4.3%)	<b>72.8</b> <b>(+2.4%)</b>

#### Aim

2 The aim is to secure and preserve maximum access and fair treatment for exports from Hong Kong to international markets.

#### Brief Description

3 The department, through its Multilateral Division, Regional Cooperation Division and respective geographical Divisions, is responsible for the commercial relations of Hong Kong. It seeks to protect Hong Kong's rights and trade interests by monitoring and responding to trade policies and measures of trading partners through multilateral and bilateral negotiations and other channels. It also promotes Hong Kong's status as a separate customs territory and a model for international free trade by actively participating in multilateral and regional trade fora. To this end, Hong Kong relies on the multilateral trading system under the auspices of the World Trade Organisation (WTO) as the cornerstone of its commercial policy.

4 The department has helped achieve significant results on the commercial relations side. Hong Kong is a founding member of the WTO. This separate membership continues after 1 July 1997 under the name "Hong Kong, China". It was ranked the 10th largest trading economy in the world in 1999 by the WTO. It came first in the 2000 edition of Index of Economic Freedom published by the Heritage Foundation of the United States (US). Within the region, the department continues to expand its links and participates actively in the Asia-Pacific Economic Cooperation (APEC) forum whose member economies now account for some 80% of Hong Kong's total external trade. Looking forward, the department will continue to safeguard Hong Kong's trade interests and rights.

5 The key performance measures in respect of commercial relations are:

#### Indicators

- to provide early warning on import restrictions and regulations by importing economies;
- to promptly disseminate information to traders where appropriate;
- to make timely representations as appropriate to safeguard Hong Kong's trade interests;
- to participate in and contribute to international economic and trade fora;
- to secure and preserve market access for both goods and services; and
- to uphold the integrity of the multilateral trading system.

6 In 2000, the department's key activities included the following:

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- active participation in WTO bodies to monitor and evaluate the implementation of the Uruguay Round agreements, as well as the work programmes adopted at the first WTO Ministerial Conference held in Singapore in December 1996. This included the work programme on harmonising rules of origin and review of the implementation of the agreement on textiles and clothing; as well as the WTO working groups on trade and investment, trade and competition policy, and transparency in government procurement;
- close monitoring of the progress of China's and Chinese Taipei's accession to the WTO, and assessment of the accession's implications for Hong Kong;
- active and constructive participation in the WTO negotiations on services which commenced in early 2000;
- active and constructive participation in the WTO work programme with a view to launching a new round of multilateral trade negotiations;
- organisation of the first-ever WTO-related conference in Hong Kong to raise the interest and awareness of the local community in various facets of WTO's work. Over 250 representatives from 40 local chambers of commerce, trade associations and professional bodies attended the conference in March 2000;
- active participation in the various APEC fora, including participation in Economic Leaders Meeting, Ministerial Meetings and Senior Officials Meetings, and serving as the Vice-Chair of the Committee on Trade and Investment and Convenor of the Ad Hoc Task Force for Development of APEC Trade Facilitation Principles. The department was actively involved in the discussion on APEC's support for the launch of a new round of multilateral trade negotiations in the WTO and was leading the discussion on the development of a set of APEC Trade Facilitation Principles. The department also played an important role in formulating initiatives for achieving APEC's goal of free and open trade and investment, and in reviewing and improving the Individual Action Plans mechanism. In addition, the department participated constructively in APEC's work concerning economic and technical cooperation, development of small and medium enterprises (SMEs), and electronic commerce;
- working on the continuation of tariff preferences for Hong Kong's exports to Canada and Norway under their respective Generalised Systems of Preferences Scheme;
- advising local companies on importing countries' anti-dumping legislation and procedures, and making representations against any unfair and unjustifiable allegations and practices in anti-dumping cases. This resulted in termination of the European Community's anti-dumping proceedings against hair brushes, and exclusion of high capacity microdisks from the scope of the European Community's anti-dumping measures on 3.5" microdisks;
- close monitoring of, and advising the trade on, change of origin rules and other import regulations of our trading partners;
- cooperating with trading partners in a manner consistent with our domestic law to enhance the effectiveness in combating illegal textiles transshipment;
- monitoring the implementation of interim arrangements for imports of solid wood packing materials into the US and Canada, pending a long term resolution;
- making representations to Canada on an anti-dumping order against self-adhesive photo albums originating in Hong Kong, resulting in termination of the case in August 2000;
- active participation in the Government's overall effort to lobby for the US's unconditional renewal of Normal Trade Relations (NTR) trading status and the granting of permanent NTR trading status for the Mainland of China; and
- enhanced liaison with relevant Mainland authorities. Visits were conducted to reflect the views of Hong Kong traders to the relevant Mainland authorities regarding the trading environment in the Mainland.

### *Matters Requiring Special Attention in 2001-02*

**7** The department will continue to monitor the implications of the various WTO agreements for Hong Kong as well as the implementation of these agreements by trading partners, particularly the Agreement on Rules of Origin and Agreement on Textiles and Clothing.

**8** The department will participate actively in the WTO work programme with a view to securing the early launch of a new round of multilateral trade negotiations. It will also build alliance with like-minded delegations in seeking to advance Hong Kong's interest. To deepen the understanding of global trade issues by our local business community, the department will organise another conference in March 2001.

**9** The department will continue to participate actively and constructively in the WTO negotiations on services, and consult the trade in formulating Hong Kong's negotiating objectives.

**10** The department will continue to contribute to multilateral and regional efforts in trade liberalisation and rule-making such as reforms of anti-competitive governmental restraints (e.g. anti-dumping), regional trade agreements, trade facilitation, rules of origin and government procurement.

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11 The department will continue to monitor closely and participate actively in discussions on issues such as electronic commerce, trade and environment, trade and labour standards, trade and competition policy, and trade and investment to safeguard Hong Kong's trade and economic interests and to uphold the integrity of the multilateral trading system.

12 The department will continue its active participation in APEC, and will be taking the lead to finalise the APEC Trade Facilitation Principles. In addition, the department will work closely with other APEC members in areas such as APEC's contribution to the WTO and capacity building through economic and technical cooperation.

13 The department will continue to contribute to Hong Kong's participation, as an observer of the Trade Committee of the Organisation for Economic Cooperation and Development (OECD), in the meetings of the Trade Committee, its Working Party and its joint groups/sessions, given that OECD is an important forum for the formulation of trade policy initiatives of developed countries.

14 The department will continue its efforts in:

- monitoring the developments of regional economic integration and assessing their impact on Hong Kong, and exploring with interested trading partners possible means of enhancing economic cooperation;
- defending Hong Kong's trade interest against any potential discriminatory import measures imposed by the restrained markets on Hong Kong's textiles and clothing exports;
- monitoring plans of trading partners to globalise controls on imports of solid wood packing materials;
- strengthening Hong Kong's ties with trade authorities of the Mainland of China at the central government and provincial levels;
- supporting activities to be conducted by the Mainland and Hong Kong Joint Commission on Commerce and Trade;
- defending Hong Kong's interests against anti-dumping actions through bilateral and multilateral means and giving advice to local industries involved;
- monitoring any changes in major trading partners' origin rules and reviewing domestic origin rules in consultation with local industries;
- monitoring any changes in major trading partners' trade laws and regulations and promptly providing information to traders as appropriate; and
- monitoring the accession negotiations between the European Union (EU) and certain European countries (including Cyprus, Hungary, Poland, Estonia, the Czech Republic, Slovenia, Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia) and related institutional reforms to ensure that Hong Kong's trade interests and market access to the enlarged EU will not be adversely affected.

### Programme (2): Trade Support and Facilitation

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	197.2	214.5 (+8.8%)	203.7 (–5.0%)	206.5 (+1.4%)

### Aim

15 The aim is to:

- fulfil Hong Kong's international obligations under multilateral and bilateral trade agreements and optimise the benefits to Hong Kong flowing from such agreements;
- provide certification and licensing services in order to facilitate trade and supplement controls imposed for reasons other than trade; and
- enhance Hong Kong's role as a regional trading and distribution centre.

### Brief Description

16 The Systems Division, the Strategic Trade Controls Branch of Americas Division, and the Computers and General Licensing Branch of Asia Division provide various licensing facilities and certification services, including by electronic means, for different commodities such as textiles and clothing, strategic commodities and reserved commodities so as to fulfil Hong Kong's international and bilateral obligations as well as to meet other requirements of public health, safety and security.

17 Following the full Electronic Data Interchange (EDI) service for submission of Restrained Textiles Export Licence (RTEL) applications as from 1 January 1999, full migration to electronic submission of Production Notification (PN) and Certificate of Origin (CO) was successfully launched in February and September 2000 respectively.

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18 The department met its performance targets in 2000. The department is fully committed to maintaining high-quality and efficient services while adapting to changes in the trading environment.

19 The key performance measures are:

### *Targets*

	Target Working Days	1999 (Actual)	2000 (Actual)	2001 (Plan)
textiles import licence.....	2	2	2	2
textiles re-export licence.....	2	2	2	2
textiles export licence to all markets (except those for samples and personal effects) ( <i>Note 1</i> ).....	2	2	2	2
textiles export licence for samples and personal effects to all markets ( <i>Note 2</i> ).....	25 mins	25 mins	25 mins	<b>25 mins</b>
special export licence (textiles) Form 8a under the Special Export and Import Licensing (Textiles) Scheme.....	1	1	1	1
special import/export licence (textiles) Forms 8b, 8c, 8d and 8e under the Special Export and Import Licensing (Textiles) Scheme ( <i>Note 3</i> ).....	30 mins	30 mins	30 mins	<b>30 mins</b>
amendment and cancellation of textiles licence for import, re-export and export to non-restrained markets				
• amendment.....	1	1	1	1
• cancellation#.....	20 mins	1	20 mins	<b>15 mins</b>
amendment and cancellation of other textiles licence ( <i>Note 1</i> ).....	2	2	2	2
expeditious issue of textiles licence.....	24 hrs	24 hrs	24 hrs	<b>24 hrs</b>
transfer of quota ( <i>Note 4</i> )#.....	6	7	6	<b>5</b>
enquiry on quota balance#.....	4	5	4	<b>3</b>
certificate of registration for Textiles Trader Registration.....	3	3	3	3
amendment of textiles notification under the Textiles Trader Registration Scheme.....	1	1	1	1
Textiles Controls Registration.....	25 mins	25 mins	25 mins	<b>25 mins</b>
registration of local appointed agent ( <i>Note 5</i> ).....	3	3	3	3
replacement licence for import customs clearance.....	1	1	1	1
enquiry on classification of textiles products				
• restrained markets( <i>Note 6</i> )#.....	5	5	5	5
• non-restrained markets.....	30 mins	5	30 mins	<b>30 mins</b>
certificate of origin and certificate of origin – processing.....	2	2	2	1.5
certificate of origin (Form A).....	2	2	2	2
expeditious issue of certificate of origin/ Form A.....	24 hrs	24 hrs	24 hrs	<b>24 hrs</b>
production notification for cut and sewn garments.....	2	2	2	1.5
enquiry on production notification: permissible limits for component parts@				
• simple enquiry.....	1	N.A.§	N.A.§	1
• complicated enquiry.....	4	N.A.§	N.A.§	4
factory registration.....	14	14	14	14
local sub-contracting arrangement registration.....	1	1	1	1
outward processing arrangement registration.....	3	3	3	3

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	Target Working Days	1999 (Actual)	2000 (Actual)	2001 (Plan)
enquiry on outward processing arrangement: manufacturing processes allowed to be subcontracted outside Hong Kong@				
• simple enquiry .....	1	N.A.§	N.A.§	1
• complicated enquiry .....	4	N.A.§	N.A.§	4
import and export licence for reserved commodities .....	1	1	1	1
import and export licence for ozone depleting substances .....	2	2	2	2
import and export licence for strategic commodities#.....	3	3	3	2.5
import licence for radioactive substances and irradiating apparatus.....	1	1	1	1
certified true copy.....	1	1	1	1
registration for Transhipment Cargo				
Exemption Scheme .....	1 month	1 month	1 month	1 month
other written enquiries .....	10	10	10	10

*Note 1:* EDI licence for restrained market will be made available, on a best endeavour basis, at 3:30 p.m. of the day preceding the pledged issuing day.

*Note 2:* 90% of the applications can be handled in 20 minutes.

*Note 3:* 90% of the applications can be handled in 25 minutes.

*Note 4:* 80% of the applications can be handled in 4 days starting from 2001.

*Note 5:* 90% of the registrations can be handled in 2 days.

*Note 6:* 50% of the enquiries can be handled in 4 days starting from 2001 (30% in 2000).

# Pledges with processing time shortened in 2001.

@ New pledges introduced in 2001.

§ Not applicable.

### Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
<i>Licence issued</i>			
textiles export licence (restrained).....	539 496	536 472	536 472
textiles export licence (non-restrained).....	408 105	374 358	325 804
textiles import licence .....	40 843	40 540	40 540
exports notification I .....	662 680	745 840	745 840
exports notification II.....	2 742 180	3 074 840	3 074 840
exports notification III.....	171 040	158 840	158 840
exports notification IV.....	141 220	137 680	137 680
import notification .....	3 048 020	3 017 620	3 017 620
transhipment notification.....	304 840	349 640	349 640
textiles trader registration.....	21 698	21 731	21 314
certificate of origin and certificate of origin- processing.....	3 540	2 802	3 170
certificate of origin (Form A) ( <i>Note 7</i> ) .....	689	177	60
factory registration .....	4 202	4 163	4 200
outward processing arrangement registration .....	1 288	1 426	1 450
local sub-contracting arrangement registration .....	987	841	700
production notification for cut and sewn garments .....	401 207	360 782	360 000
statutory declarations of antique .....	69	59	50
reserved commodities licence ( <i>Note 8</i> ).....	143 970	81 952	3 960
registration of reserved commodity stockholder ( <i>Note 8</i> ) .....	661	705	55
ozone depleting substances licence .....	896	894	848
strategic commodities licence ( <i>Note 9</i> ) .....	113 264	33 791	40 550
delivery verification certificate .....	45	51	51
international import certificate.....	38	33	33
other non-textiles licence.....	60 443	57 594	56 563
<i>Textiles export quota utilisation (%) †</i>			
US .....	80.7	86.1	88.4
Canada .....	48.3	48.4	48.3
EU.....	56.1	57.1	57.0

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Note 7: The decrease in Certificate of Origin (Form A) is due to Hong Kong's graduation from Japan's Generalised Systems of Preferences Scheme in April 2000.

Note 8: Chilled or frozen meat and frozen poultry have been removed from the list of reserved commodities with effect from 1 August 2000.

Note 9: The decrease in strategic commodities licence is due to the relaxation of the control thresholds for microprocessors and digital computers introduced in February 2000.

† Quota utilisation for a particular year may be subject to minor adjustments in the first three months of the following year. The 1999 figures have been revised to reflect the changes, while the 2000 figures are best estimates based on the information on hand.

20 In 2000, the department continued to vigilantly maintain the integrity of the Textiles Export Control System (TECS). Revised quota allocation rules and enhanced administrative actions were introduced to increase deterrence from origin malpractice. The department also worked closely with the Customs and Excise Department in combating textiles frauds and malpractice.

21 Rice is a product subject to import quota to ensure that an adequate reserve stock is in place. Registered rice stockholders, being entitled to import rice for local consumption, are required to maintain at all times a reserve stock which has been reduced from a total of 40 000 tonnes to 27 000 tonnes as from July 2000. To introduce more competition among rice stockholders, as from the fourth quarter of 1997, an optional quota system has been implemented under which rice stockholders are allowed to opt to vary their original import entitlements. The system has increased the flexibility for stockholders to determine their own import quantities. Registration criteria for rice stockholders have also been relaxed to encourage more participants in the market.

22 To foster the development of Hong Kong as an international and regional air cargo hub, the Air Cargo Transshipment (Facilitation) Ordinance was enacted in May 2000 to facilitate the transshipment of miscellaneous categories of air cargo handled within the restricted areas of the airport. For specified categories of strategic commodities, the Ordinance provides for the implementation of an Air Transshipment Cargo Exemption Scheme. Under the scheme, eligible airlines and cargo handling agents registered with the department are exempted from licensing requirement for air-to-air transshipment of specified strategic commodities, subject to the fulfilment of exemption conditions imposed by the Director-General of Trade and Industry.

### **Matters Requiring Special Attention in 2001–02**

23 The department will continue its efforts to safeguard the integrity and credibility of Hong Kong's TECS by maintaining close cooperation with the Customs and Excise Department to implement an integrated and targeted approach of inspections and investigations, reviewing constantly the TECS especially its effectiveness in deterring textiles frauds and malpractice, and applying legal and administrative sanctions promptly against companies involved in textiles frauds and malpractice.

24 The department will closely monitor the implementation of the WTO Agreement on Textiles and Clothing and make necessary adjustments to the TECS with a view to minimising disruption to the trade.

25 The department will continue to review textiles licensing and certification procedures and requirements with a view to removing unnecessary formalities and introducing further electronic delivery services.

26 To facilitate greater efficiency in handling cargo manifests by carriers and traders, the department together with the Customs and Excise Department and the Census and Statistics Department are developing an EDI system to enable electronic submission of cargo manifests (EMAN) covering the air, sea and rail mode of transport. EMAN is scheduled for implementation in late 2001.

27 To improve Hong Kong's competitiveness and to facilitate its development into a high technology centre, the department is committed to ensuring Hong Kong's access to high technology goods by maintaining a credible strategic commodity control system and continuing to improve the efficiency of our licensing services.

28 The level of rice reserve stock has been further reduced to 19 000 tonnes since January 2001. With the relaxation of the registration criteria, 18 new stockholders have been registered and started importing rice. The department will continue to review the rice control scheme and the optional quota system with a view to fully liberalising the rice trade in 2003.

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

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)#	2001–02 (Estimate)
Financial provision (\$m)	—	—	17.5	21.5 (+22.9%)

# The revised estimate for 2000–01 represents the provision required for the nine months from 1 July 2000 to 31 March 2001.

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### Aim

29 The aim is to support and facilitate the development of Hong Kong's SMEs and the development of manufacturing and services industries.

### Brief Description

30 As a result of the reorganisation of the trade and industry group of departments, the industrial and SME support functions of the ex-Industry Department were transferred to the Trade and Industry Department on 1 July 2000. A new division, the Industrial Support Division, has since then been set up under the department to provide supporting services to SMEs and local industries.

31 The Industrial Support Division develops policy initiatives and programmes of services to enhance the competitiveness of SMEs and their long term development. It co-ordinates the efforts of the public sector and industrial support organisations in supporting the development of SMEs and meeting their needs. The Division provides one-stop information services on tariff rates of other economies, government licensing requirements and services to SMEs provided by various government and support organisations. It also provides secretariat support to the Small and Medium Enterprises Committee (SMEC), an appointed body to advise the Government on issues affecting the development of SMEs in Hong Kong and suggest measures to support and facilitate their development. On the regional front, the Division participates in the SME-related activities of APEC.

32 In support of the development of Hong Kong's manufacturing and service industries, the Division maintains liaison with local industries and trade and industrial organisations, collects information on Hong Kong's industrial development, conducts studies on selected industries, and disseminates information relating to local industries to the public. It also participates actively in the formulation and implementation of policies by other government bureaux and departments which impinge on industrial development in Hong Kong. It takes part in the policy formulation process of various support organisations whose work has an impact on industrial development. These organisations include the Hong Kong Industrial Estate Corporation, the Hong Kong Productivity Council, the Vocational Training Council and the Clothing Industry Training Authority. In addition, the Division publishes annually *A Guide to Pollution Control Legislation Affecting Manufacturing Industries* to help industries comply with environmental requirements. To promote industrial excellence, it organises the annual Hong Kong Awards for Industry: Quality, and provides steer on how the Hong Kong Awards for Industry (HKAI) and Hong Kong Awards for Services (HKAS) should be run.

33 In 2000, the Division continued to operate the SME Information Centre and Virtual SME Information Centre on the Internet. The Division has updated the SME Development Support Plan which sets out the support programmes and services offered by government departments and major industry-support organisations for SMEs. It also helped monitor the implementation of the Special Finance Scheme for SMEs. A new Pilot Mentorship Programme for SMEs was implemented in November 2000 to assist SMEs to learn from the experience of successful businessmen. The Division participated in the eleventh meeting of the APEC Policy Level Group on SMEs and the seventh meeting of APEC SME Ministers.

34 The key performance measures in respect of SME and industrial development support are:

#### Targets

	Target Percentage	1999 (Actual)	2000 (Actual)	<b>2001 (Plan)</b>
SME Information Centre ( <i>Note 10</i> )				
user satisfaction (%).....	75.0	N.A.§	86.7	<b>87.0</b>
replies to simple enquiries on business licence requirements within 1 day (%).....	100.0	100.0	99.3	<b>100.0</b>
replies to complicated enquiries on business licence requirements within 3 days (%).....	100.0	100.0	98.6	<b>100.0</b>
replies to simple enquiries on SME support services and facilities within 1 day (%) ( <i>Note 11</i> ).....	100.0	N.A.§	99.7	<b>100.0</b>
replies to complicated enquiries on SME support services and facilities within 7 days (%) ( <i>Notes 11 and 12</i> ).....	100.0	N.A.§	99.6	<b>100.0</b>

#### Indicators

	1999 (Actual)	2000 (Actual)	<b>2001 (Estimate)</b>
SME Information Centre ( <i>Note 10</i> )			
no. of enquiries ( <i>Note 13</i> ) .....	7 300	9 015	<b>9 100</b>

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	1999 (Actual)	2000 (Actual)	<b>2001 (Estimate)</b>
no. of visitors to the physical and virtual SME Information Centre .....	27 239	105 345	<b>105 400</b>
no. of visitors to the web site of Business Licence Information Service.....	16 906	117 393	<b>117 400</b>
Special Finance Scheme for SMEs ( <i>Note 14</i> )			
amount of government guarantees issued (\$m).....	3,374	1,928	—
factory/company visits .....	9	6	<b>12</b>
publications to disseminate information relating to local industries .....	5	4	<b>6</b>
processing recommendations of Techno-Economic and Market Research Studies (TESs) (cumulative)			
1998/99 TES on electronics industry (%) .....	N.A.§	—	<b>10</b>
1999/2000 TES on plastics industry (%) .....	N.A.§	N.A.§	<b>30</b>
1999/2000 TES on textiles, clothing and footwear industries (%) .....	N.A.§	N.A.§	<b>10</b>

*Note 10:* The SME Information Centre was opened on 30 August 1999.

*Note 11:* New pledges introduced in 2000.

*Note 12:* Pledged target has been shortened to 3 days since January 2001.

*Note 13:* The SME Information Centre has incorporated the services of the Business Licence Information Centre (BLIC) since its opening on 30 August 1999. The figures in 1999 therefore include enquiries handled by BLIC before then.

*Note 14:* The scheme was launched on 24 August 1998. As the scheme is of an interim nature and the economy has been improving since early 2000, the Government ceased to accept new applications with effect from 8 April 2000. Processing of all outstanding applications were completed in October 2000.

§ Not applicable.

### ***Matters Requiring Special Attention in 2001–02***

**35** During 2001–02, the Industrial Support Division will:

- continue to work closely with the SMEC to develop and implement programmes that are conducive to helping SMEs to start a new business, build a new business and expand a business;
- continue to monitor the Special Finance Scheme for SMEs and recommend, in consultation with the SMEC, how to make full use of the funding recycled from the Scheme;
- update the SME Development Support Plan;
- monitor, review and expand the Pilot Mentorship Programme for SMEs;
- continue to develop and strengthen the services of the SME Information Centre and Virtual SME Information Centre on the Internet to provide better support to SMEs;
- continue to monitor Hong Kong's industrial development and maintain liaison with industries and their organisations; and
- continue to organise the HKAI: Quality and provide steer on how to run the HKAI and HKAS.



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### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01 (Revised) (\$m)	<b>2001–02 (Estimate) (\$m)</b>
(1) Commercial Relations .....	67.5	74.3	71.1	<b>72.8</b>
(2) Trade Support and Facilitation .....	197.2	214.5	203.7	<b>206.5</b>
(3) Support for Small and Medium Enterprises and Industries .....	—	—	17.5	<b>21.5</b>
	<u>264.7</u>	<u>288.8</u> (+9.1%)	<u>292.3</u> (+1.2%)	<u><b>300.8</b></u> (+2.9%)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2001–02 is \$1.7 million (2.4%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff and increased expenses to intensify commercial relations activities in 2001–02.

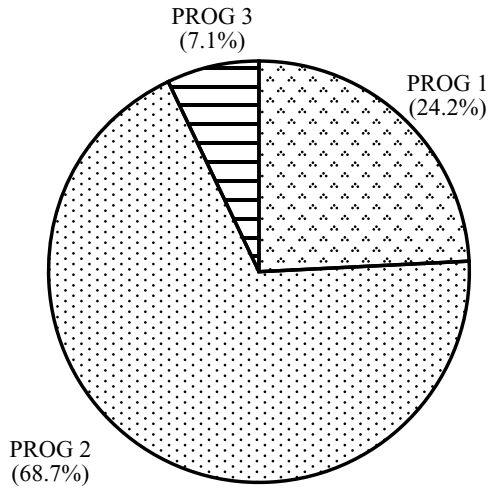
##### Programme (2)

Provision for 2001–02 is \$2.8 million (1.4%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff, additional provision for the maintenance of EMAN system, and increased requirements for new web-related services and engagement of contract staff for supporting IT development, partly offset by full-year savings for posts deleted in 2000–01 mainly under the Enhanced Productivity Programme and a net deletion of 21 posts in 2001–02.

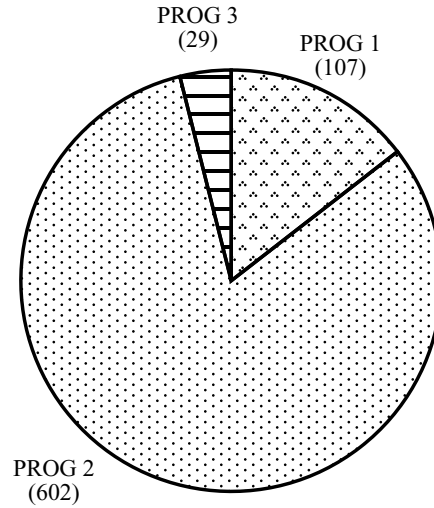
##### Programme (3)

Provision for 2001–02 is \$4.0 million (22.9%) higher than the revised estimate for 2000–01. This is mainly due to full-year provision for staff and related operating expenses transferred to the department from the ex-Industry Department on 1 July 2000 upon the reorganisation of the trade and industry group of departments.

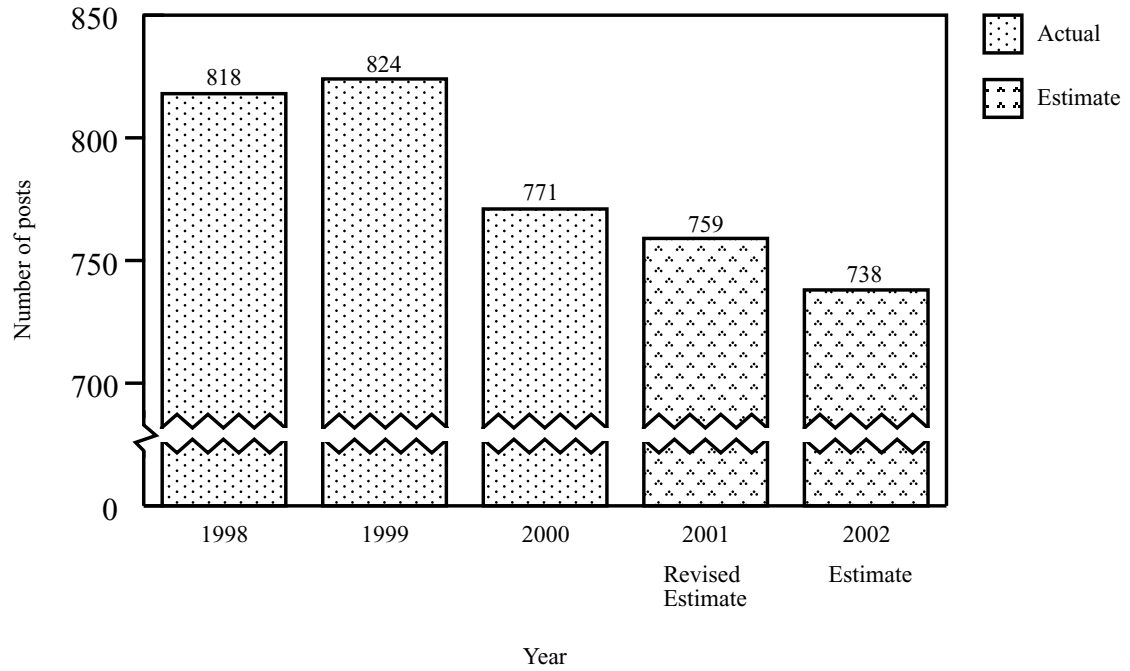
*Allocation of provision  
to programmes  
(2001-02)*



*Staff by programme  
(as at 31 March 2002)*



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



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Sub-head (Code)	Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	Estimate 2001–02	
	\$ 000	\$ 000	\$ 000	\$'000	
<b>Recurrent Account</b>					
I — Personal Emoluments					
001	Salaries.....	231,230	229,485	239,664	<b>244,721</b>
002	Allowances.....	8,093	12,443	9,030	<b>8,706</b>
007	Job-related allowances.....	50	57	57	<b>69</b>
	Total, Personal Emoluments .....	239,373	241,985	248,751	<b>253,496</b>
III — Departmental Expenses					
149	General departmental expenses.....	21,576	34,259	31,942	<b>37,808</b>
	Total, Departmental Expenses .....	21,576	34,259	31,942	<b>37,808</b>
IV — Other Charges					
186	Trade negotiations and associated activities .....	1,945	3,300	2,200	<b>2,400</b>
	Total, Other Charges.....	1,945	3,300	2,200	<b>2,400</b>
	Total, Recurrent Account .....	262,894	279,544	282,893	<b>293,704</b>
<b>Capital Account</b>					
I — Plant, Equipment and Works					
603	Plant, vehicles and equipment.....	—	6,090	2,923	<b>2,867</b>
	Minor plant, vehicles and equipment (block vote).....	—	100	—	—
	Total, Plant, Equipment and Works .....	—	6,190	2,923	<b>2,867</b>
II — Other Non-Recurrent					
700	General other non-recurrent.....	1,785	3,026	6,491	<b>4,242</b>
	Total, Other Non-Recurrent.....	1,785	3,026	6,491	<b>4,242</b>
	Total, Capital Account.....	1,785	9,216	9,414	<b>7,109</b>
	Total Expenditure .....	<u>264,679</u>	<u>288,760</u>	<u>292,307</u>	<u><b>300,813</b></u>

## Head 181 — TRADE AND INDUSTRY DEPARTMENT

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### Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Trade and Industry Department is \$300,813,000. This represents an increase of \$8,506,000 over the revised estimate for 2000–01 and of \$36,134,000 over actual expenditure in 1999–2000.

#### *Recurrent Account*

##### Personal Emoluments

**2** Provision of \$253,496,000 for personal emoluments represents an increase of \$4,745,000 over the revised estimate for 2000–01.

**3** The establishment as at 31 March 2001 will be 759 permanent posts. It is expected that a net 21 permanent posts will be deleted during 2001–02.

**4** Subject to certain condition, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$211,144,000, which will be reduced to \$207,061,000 upon the net deletion of 21 posts in the course of the year.

**5** Provision of \$8,706,000 under *Subhead 002 Allowances* is for standard allowances. This represents a decrease of \$324,000 (3.6%) against the revised estimate for 2000–01 and is mainly due to the reduced requirements for overtime and acting allowances.

**6** Provision of \$69,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances. This represents an increase of \$12,000 (21.1%) over the revised estimate for 2000–01. This is mainly due to the anticipated increase in requirements for extraneous duties allowance for clerical grade officers performing cash handling duties as a result of the implementation of accepting cash payment for licence fee and for on-call duty allowance for clerical grade officers performing on-call duties to ensure the smooth running of EDI services for CO.

##### Departmental Expenses

**7** Provision of \$37,808,000 under *Subhead 149 General departmental expenses* represents an increase of \$5,866,000 (18.4%) over the revised estimate for 2000–01. This is mainly due to additional provision for the maintenance of EMAN system, increased requirements for maintenance and support for newly introduced web-related services, and full-year provision for providing general support services for SMEs and industries upon the transfer of such support functions from the ex-Industry Department on 1 July 2000.

##### Other Charges

**8** Provision of \$2,400,000 under *Subhead 186 Trade negotiations and associated activities* is for expenses relating to trade negotiations and associated activities in Hong Kong and overseas. This represents an increase of \$200,000 (9.1%) over the revised estimate for 2000–01 and is mainly due to an anticipated increase in trade negotiation activities.

## Head 181 — TRADE AND INDUSTRY DEPARTMENT

### Capital Account

#### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
603	213	<i>Plant, vehicles and equipment</i> Replacement of Private Automatic Branch Exchange System.....	6,090	—	2,923	3,167
700	514	<i>General other non-recurrent</i> Engagement of a Commercial Relations Consultant in Europe.....	3,000	2,426	501	73
	515	Consultancy to provide advisory services on trade in goods and services.....	8,608	3,066	2,114	3,428
	517	Consultancy to provide advisory services on further broad-based multilateral negotiation.....	3,054	63	798	2,193
	551	Small and Medium Enterprises activities .....	5,000	1,286	2,000	1,714
			<u>19,662</u>	<u>6,841</u>	<u>5,413</u>	<u>7,408</u>
		Total.....	<u><u>25,752</u></u>	<u><u>6,841</u></u>	<u><u>8,336</u></u>	<u><u>10,575</u></u>