

Head 181 — TRADE AND INDUSTRY DEPARTMENT

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

Estimate 2012–13	\$651.8m
Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 485 non-directorate posts as at 31 March 2012 rising by three posts to 488 posts as at 31 March 2013	\$194.0m
In addition, there will be an estimated 11 directorate posts as at 31 March 2012 and as at 31 March 2013.	
Commitment balance	\$130,943.5m

Controlling Officer's Report

Programmes

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

Programme (1): Commercial Relations

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	89.1	98.1	97.0 (–1.1%)	101.8 (+4.9%)
				(or +3.8% on 2011–12 Original)

Aim

2 The aim is to secure and preserve maximum access and fair treatment for export of goods and services from Hong Kong to the Mainland and international markets.

Brief Description

3 The Department is responsible for the commercial relations of Hong Kong, and promotion and protection of Hong Kong's trade interests and rights. It also promotes Hong Kong's status as a separate customs territory and a model for international free trade. Hong Kong relies on the rules-based multilateral trading system under the auspices of the World Trade Organization (WTO) as the cornerstone of its external trade policy. Being a founding Member of the WTO since its establishment in 1995, Hong Kong has continued its separate membership in WTO since 1 July 1997 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 been engaged in discussions on further liberalisation measures and implementation of the announced measures. The Department coordinates, in consultation with relevant bureaux and departments, discussions with the Mainland authorities to explore further liberalisation in trade in goods and services, and to facilitate smooth and effective implementation of the announced liberalisation measures.

6 The Department has helped achieve significant results on the commercial relations front. Hong Kong was ranked the 10th largest trading economy in merchandise trade and the 16th largest in commercial services trade in the world in 2010 by the WTO. It came first in the 2012 Index of Economic Freedom published by the Heritage Foundation of the United States in January 2012.

7 In 2011, the Department's key activities included the following:

- active participation in the WTO, including—
 - monitoring and evaluating the implementation of the Uruguay Round agreements and work programmes adopted at the WTO Ministerial Conferences;
 - taking part in the Eighth WTO Ministerial Conference held in Geneva, Switzerland from 15 to 17 December 2011;
 - contributing positively in the current round of multilateral trade negotiations, i.e. the Doha Development Agenda (DDA) negotiations, particularly in the negotiations on non-agricultural market access, trade in services, rules and trade facilitation; and
 - 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;
- active participation in various APEC activities, including—
 - taking part in the Economic Leaders' Meeting, Ministerial Meetings and Senior Officials' Meetings;
 - contributing to discussion in 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 and green growth; and
 - providing secretariat support for Hong Kong, China's representatives to the APEC Business Advisory Council (ABAC) and facilitating the organisation of the first ABAC meeting in 2012;
- active participation in regional bodies, including the Pacific Economic Cooperation Council (PECC);
- discussion, in consultation and conjunction with relevant bureaux and departments, with the Mainland authorities on further liberalisation under CEPA and issues relating to the implementation of the announced liberalisation measures. Following successful CEPA consultations, the Mainland and Hong Kong signed Supplement VIII to CEPA in December 2011 introducing 32 services liberalisation and trade and investment facilitation measures. Both sides also agreed to enhance origin criteria under trade in goods, and relax the definition and related requirements of "Hong Kong Service Supplier";
- discussion with interested trading partners to enhance bilateral economic co-operation, including the exploration and negotiations of bilateral trade agreements and co-operation arrangements. The Closer Economic Partnership Agreement with New Zealand came into effect in January 2011. The Free Trade Agreement (FTA) with the European Free Trade Association (EFTA), which comprises Iceland, Liechtenstein, Norway and Switzerland, was signed in June 2011;
- advising local companies on importing economies' anti-dumping legislation and procedures, and making timely representations against any unfair and unjustifiable allegations and practices in anti-dumping cases;
- 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 the Mainland policy changes and to explore the Mainland domestic market.

Matters Requiring Special Attention in 2012–13

8 During 2012–13, the Department will:

- monitor the implementation of the WTO agreements and participate actively in work relating to the DDA. We will continue to work closely and constructively with the Director-General of the WTO and all WTO Members towards a successful conclusion of the negotiations;
- participate actively in the APEC, PECC and other regional bodies, and contribute particularly to APEC's work on greater regional economic integration as well as on trade and investment liberalisation and facilitation;
- monitor the development of regional economic integration and explore the opportunities for Hong Kong's participation, explore with interested trading partners including the emerging economies, such as Chile and Russia, possible means of enhancing economic co-operation, and seek to implement the FTA with EFTA;
- continue to discuss, in consultation and conjunction with relevant bureaux and departments, with the Mainland authorities on further liberalisation under CEPA and issues relating to the effective implementation of the announced liberalisation measures;
- continue efforts to facilitate the trade to meet challenges arising from changes in the Mainland's policies and the global economic environment; and

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- safeguard Hong Kong’s trade interests through—
 - monitoring the progress of accession to the European Union (EU) by certain European countries (including Croatia, Iceland and Turkey) and the related institutional changes to ensure that Hong Kong’s trade interests and market access to the enlarged EU will not be adversely affected; and
 - responding to anti-dumping and other trade protection measures, monitoring changes in major trading partners’ trade laws and legislation, and giving prompt advice to local traders and manufacturers.

Programme (2): Trade Support and Facilitation

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	111.0	115.4	114.1 (–1.1%)	118.2 (+3.6%)
				(or +2.4% on 2011–12 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, rough diamonds, rice, 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 The Department continues to maintain a textiles control system to provide greater facilitation to the trade while maintaining necessary control to safeguard the interests of Hong Kong’s textiles exports. The textiles control system, along with vigorous enforcement actions by the Customs and Excise Department, has served as an effective deterrence against textiles-related malpractices.

12 The Department continues to maintain a robust control system on strategic commodities, and to participate actively in international co-operation in strategic trade control. Legislation was amended in January 2012 to align the list of controlled items with the latest control lists of the international regimes. The Department continues to implement 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 also continues to implement the Kimberley Process Certification Scheme, which aims at stopping trade in “conflict diamonds” from fuelling armed conflicts, activities of rebel movements and illicit proliferation of armament.

14 Through the operation of the Rice Control Scheme, the Department aims at ensuring a stable supply of rice in Hong Kong and maintaining a reserve stock to cater for emergencies or any short term shortage of supply. The Scheme has been operating smoothly and efficiently.

15 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 service suppliers who have encountered difficulties in making use of CEPA benefits in the Mainland.

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16 The key performance measures are:

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (Plan)
consignment-specific textiles licence				
import (issued within two working days) (%)	100	100	100	100
export (issued within two working days) (%)Δ	100	100	100	100
amendment and cancellation of consignment-specific textiles licence (completed within two working days) (%)	100	100	100	100
expeditious issue of consignment-specific textiles licence (issued within 24 hrs excluding intervening non-working days) (%)	100	100	100	100
comprehensive licence (textiles) issued within three working days (%)	100	100	100	N. A.Ψ
amendment and cancellation of comprehensive licence (textiles) (completed within two working days) (%)	100	100	100	N. A.Ψ
certificate of registration for Textiles Trader Registration (issued within three working days) (%)	100	100	100	100
amendment of textiles notification under the Textiles Trader Registration Scheme (completed within two working days) (%)	100	100	100	100
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.∇	N.A.∇
expeditious issue of Certificate of Hong Kong Origin/Form A/CO(CEPA)/CO(NZ)^ (issued within 24 hrs excluding intervening non-working days) (%)	100	100	100	100
enquiry on CO(CEPA) and CO(NZ)^ and preferential rules of originδ				
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	100
enquiry on PN : permissible limits for component parts or classification enquiry				
simple enquiry (replied within one working day) (%)	100	100	100	100
complicated enquiry (replied within four working days) (%)	100	100	100	100
application for factory registration (completed processing within 14 working days) (%)	100	100	100	100

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	Target	2010 (Actual)	2011 (Actual)	2012 (Plan)
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
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	100	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) (%)	100	100	100	100
pre-classification service on strategic commodities (completed within two working days) (%)	100	100	100	100
Kimberley Process Certificate (Import) for rough diamonds (issued within 20 mins) (%)	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 Transshipment 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

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	Target	2010 (Actual)	2011 (Actual)	2012 (Plan)
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	N.A.∇	100
other written enquiries (replied within ten calendar days) (%)	100	100	100	100

Δ The licence covers both domestic exports and re-exports and the same target processing time applies.

Ψ The comprehensive licence requirement has been lifted upon the removal of the licensing requirements for textiles imports and exports involving non-sensitive markets since 20 May 2011.

∇ No application was received/is expected to be received.

δ 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, and the FTA with EFTA.

α The processing time may take longer for complicated cases.

φ The target processing time has been reduced from “seven calendar days” to “four working days” as from 1 January 2012.

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Plan)
<i>Licence issued</i>			
consignment-specific textiles import licence	16 984	11 480#	7 900#
consignment-specific textiles export licence.....	11 954	8 570#	6 700#
comprehensive import licence (textiles) (CIL)	505 586	177 481λ	N.A.λ
comprehensive export licence (textiles) (CEL).....	2 465 531	847 240λ	N.A.λ
export notification I (ENI)	76 726	62 431‡	50 800‡
export notification II (ENII)	1 305 971	1 145 809@	1 005 300@
import notification (IN)	1 371 201	1 130 933@	932 800@
transshipment notification (TN)	390 485	130 068μ	N.A.μ
textiles trader registration	16 019	14 832Λ	13 733Λ
Certificate of Hong Kong Origin and Certificate of Origin Processing and CO(NZ)^	577	695	857
Certificate of Origin (Form A).....	0	0	0
CO(CEPA).....	1 390	1 584	1 805
factory registration.....	1 048	979	915
OPA registration	211	165	129
LSA registration.....	75	46	28
PN	5 271	2 424¶	1 100¶
statutory declarations of antique	0	1	1
reserved commodities licence	8 628	9 457	9 986
registration of reserved commodity stockholder.....	129	152	170
ozone depleting substances licence.....	110	116	120β
strategic commodities licence	317 326	350 478	350 480
delivery verification certificate	6	8	10
international import certificate.....	79	88	90
other non-textiles licence	6	7	6
Kimberley Process Certificate	4 733	4 532	4 2800
registration of rough diamond tradersΩ.....	197	235	200
HKSS certificate§	517	494	590
permit under the Chemical Weapons (Convention) Ordinance (Cap. 578).....	0	0	3
registration for importers of cereals and grain flour from the Mainland.....	87	88	90γ
<i>CEPA</i>			
enquiries	8 993	8 327	8 327
visitors to the Department's CEPA website.....	155 535	133 986	133 986

^ CO(NZ) was introduced on 1 January 2011.

The reduction/expected reduction in the number of textiles licences is due to the on-going relocation of textiles production outside Hong Kong and the liberalisation of the licensing requirements for textiles shipments involving non-sensitive markets since 20 May 2011.

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- λ The comprehensive licence requirement has been lifted upon the removal of the licensing requirements for textiles imports and exports involving non-sensitive markets since 20 May 2011. The figures for 2011 reflect the number of licences issued up to 19 May 2011.
- ‡ The reduction/expected reduction in the number of ENI is mainly due to the on-going relocation of textiles production outside Hong Kong.
- @ The reduction/expected reduction in the number of ENII and IN is due to the slowdown of the global economy.
- μ The TN requirement has been lifted upon the removal of the licensing requirements for all textiles transshipments on 20 May 2011. The figure for 2011 reflects the number of TN lodged up to 19 May 2011.
- Λ The reduction/expected reduction in the number of textiles trader registrants is due to the on-going relocation of textiles production outside Hong Kong.
- ¶ The decrease/expected decrease in the number of PN is due to the on-going relocation of textiles production outside Hong Kong.
- β The projected figure for ozone depleting substance licence in 2012 is adjusted upwards to reflect the increasing trend in the actual number of licences recorded in 2011.
- θ The projected figure for Kimberley Process Certificate in 2012 is adjusted downwards to reflect the decreasing trend in the actual number of certificates recorded in 2011.
- Ω Under the biennial registration for rough diamond traders introduced in January 2003, more traders were registered in 2003 and renewal of registration takes place every two years thereafter, which explains the cyclical fluctuation between years.
- § 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.
- γ The total number of registrants is expected to rise slightly in 2012, taking into account potential new entrants.

Matters Requiring Special Attention in 2012–13

17 During 2012–13, the Department will:

- continue discussion with the Mainland authorities on further liberalisation and effective implementation of CEPA, and in consultation and conjunction with relevant bureaux and departments, consult the local trade and reflect their views to the Mainland in the process;
- continue to promote understanding of CEPA liberalisation and implementation through the provision of user-friendly enquiry hotline, organisation of or participation in various promotional and publicity activities, and timely dissemination of information to the trade;
- strengthen liaison with the Mainland authorities and the local trade on various issues of interest with significant impact on the local trade, particularly small and medium enterprises (SMEs);
- continue to 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
- review and adjust the textiles control system as appropriate taking into account developments concerning textiles internationally and locally.

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	460.3	504.9	423.3 (–16.2%)	431.8 (+2.0%)
				(or –14.5% on 2011–12 Original)

Aim

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

Brief Description

19 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.

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20 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). The Department also ran a time-limited Special Loan Guarantee Scheme (SpGS) to help Hong Kong enterprises tide over the liquidity problem during the global financial crisis. The SpGS ceased receiving application after end December 2010.

21 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 organisation of the Hong Kong Awards for Industries, as well as to the Working Group on Industrial, Commercial and Professional Sectors under the Basic Law Promotion Steering Committee.

22 The Department assists Hong Kong enterprises in the development and promotion of brands to enhance their competitiveness in the Mainland and overseas markets.

23 On the regional front, the Department participates in various APEC meetings and seminars/fora concerning SMEs.

24 In 2011, the Department's key activities included the following:

- in July 2011, approval was sought from the Finance Committee of the Legislative Council to increase the total loan guarantee commitment under the SGS from \$20 billion to \$30 billion, and the total commitment for the EMF and SDF from \$2.75 billion to \$3.75 billion;
- assisted the Commerce and Economic Development Bureau (CEDB) in formulating a proposal in respect of a five-year dedicated fund of \$1 billion to support Hong Kong enterprises in developing their brands, upgrading and restructuring their operations and promoting sales in the Mainland domestic market, so as to help them capture the opportunities arising from the National 12th Five-Year Plan; and
- in addition to the high level SME conference held at the Hong Kong Convention and Exhibition Centre in December 2011, the Department organised a number of seminars and workshops during the year to assist SMEs in exploring opportunities in the Mainland's domestic market and broaden their knowledge on brand-building strategies. The Department also participated in the Hong Kong Brands and Products Expo held in December 2011 to showcase the Government's support measures on branding.

25 The key performance measures are:

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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	99.2	100	100
SpGS				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%)	100	97.0	99.4	N.A.Φ

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	Target	2010 (Actual)	2011 (Actual)	2012 (Plan)
SDF				
processing applications for grant within 60 working days (%)φ	100	100	100	100
EMF				
processing applications for grant within 30 working days (%).....	100	96.4	98.3	100

φ The target processing time has been reduced from “70 working days” to “60 working days” as from 1 January 2011.

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Plan)
SUCCESS			
enquiries	20 575	20 176	20 200
visitors to SUCCESS	34 520	32 942	32 900
visits to SUCCESS website	728 676	670 540	670 500
seminars and other activities	107	105	100
publications relating to local industries and SMEs	2	2	2
SGS			
applications received and processed	992	1 916ψ	1 920
no. of SME beneficiaries	767	1 639ψ	1 640
amount of government guarantees issued (\$m).....	2,035.50	2,113.6ψ	2,114.0
SpGS			
applications received and processed	17 287	—Φ	N.A.Φ
no. of beneficiaries.....	4 812	38Φ	N.A.Φ
amount of government guarantees issued (\$m).....	26,315.0	314.4Φ	N.A.Φ
SDF			
applications received and processed	40	44	44
amount of government grants approved (\$m)	17.2	30.3	30.3
EMF			
applications received and processed	27 846	21 943	21 900
no. of SME beneficiaries	3 876	3 020	3 000
amount of government grants approved (\$m)	350.8	274.8	274.0

Φ Application period for the SpGS ended on 31 December 2010. Applications received in late December 2010 were approved in 2011. The target and indicator are removed as from 2012.

ψ The substantial increase in the number of applications under the SGS in 2011 was mainly due to the expiry of the application period for the SpGS on 31 December 2010.

Matters Requiring Special Attention in 2012–13

26 During 2012–13, the Department will:

- assist CEDB to finalise implementation details of the five-year dedicated fund to support Hong Kong enterprises in developing their brands, upgrading and restructuring their operations and promoting sales in the Mainland domestic market, and seek funding approval from the Finance Committee with a view to launching the fund in mid 2012;
- continue to closely monitor the economic development of Hong Kong and its effect on Hong Kong enterprises, in particular SMEs;
- continue to administer the SME Funding Schemes and closely monitor their effectiveness and utilisation;
- continue to provide support services for SMEs through SUCCESS;
- continue to maintain close liaison with the trade, and help them meet the challenges in reaching out to the global market; and
- continue to implement measures and co-operate with trade and industrial organisations to support the development and promotion of Hong Kong brands.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
(1) Commercial Relations	89.1	98.1	97.0	101.8
(2) Trade Support and Facilitation.....	111.0	115.4	114.1	118.2
(3) Support for Small and Medium Enterprises and Industries	460.3	504.9	423.3	431.8
	660.4	718.4	634.4 (–11.7%)	651.8 (+2.7%)
				(or –9.3% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2012–13 is \$4.8 million (4.9%) higher than the revised estimate for 2011–12. This is mainly due to the full-year salary provision for filling vacant posts and increase in other operating expenses. There will be a net increase of two posts in 2012–13.

Programme (2)

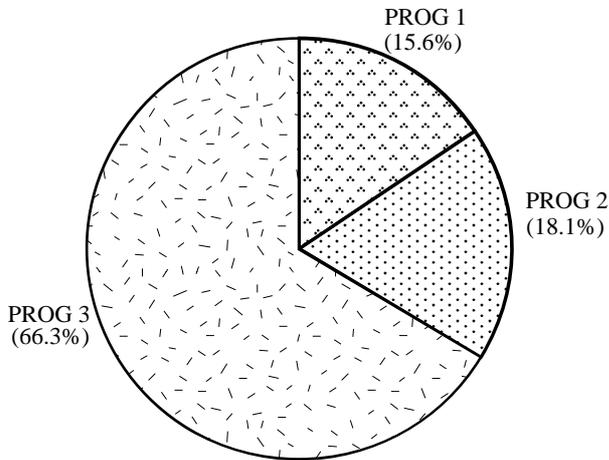
Provision for 2012–13 is \$4.1 million (3.6%) higher than the revised estimate for 2011–12. This is mainly due to the full-year salary provision for filling vacant posts and increase in other operating expenses. There will be a net increase of one post in 2012–13.

Programme (3)

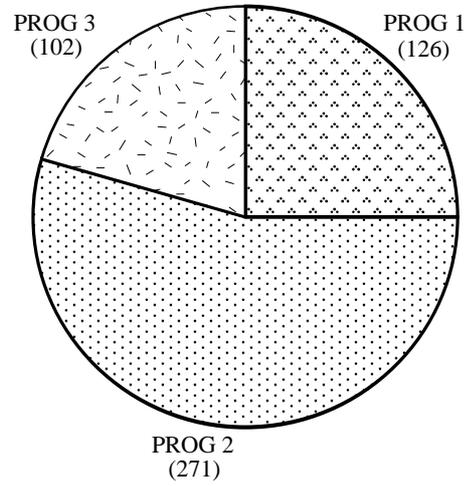
Provision for 2012–13 is \$8.5 million (2.0%) higher than the revised estimate for 2011–12. This is mainly due to the increased cash flow requirements for SME funding schemes, full-year salary provision for filling vacant posts and increase in other operating expenses.

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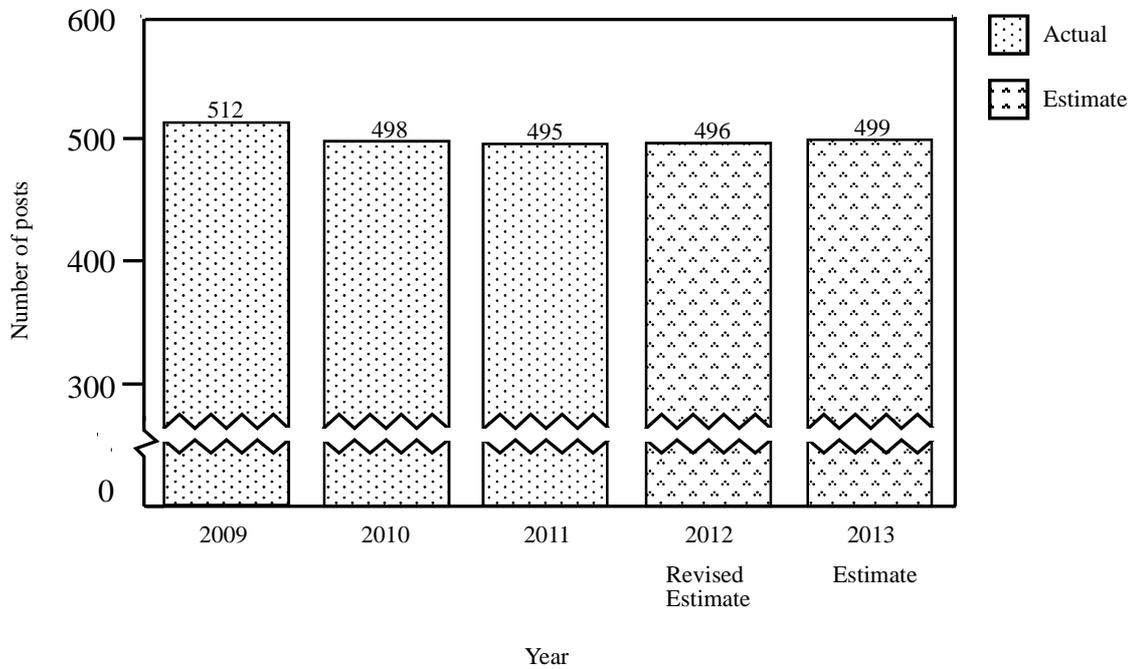
*Allocation of provision
to programmes
(2012-13)*



*Staff by programme
(as at 31 March 2013)*



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



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Sub-head (Code)	Actual expenditure 2010–11	Approved estimate 2011–12	Revised estimate 2011–12	Estimate 2012–13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	268,672	281,170	278,670	292,588
	Total, Recurrent	<u>268,672</u>	<u>281,170</u>	<u>278,670</u>	<u>292,588</u>
Non-Recurrent					
700	General non-recurrent	391,702	435,600	354,096	359,200
	Total, Non-Recurrent	<u>391,702</u>	<u>435,600</u>	<u>354,096</u>	<u>359,200</u>
	Total, Operating Account	<u>660,374</u>	<u>716,770</u>	<u>632,766</u>	<u>651,788</u>
Capital Account					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote)	—	1,671	1,671	—
	Total, Plant, Equipment and Works	<u>—</u>	<u>1,671</u>	<u>1,671</u>	<u>—</u>
	Total, Capital Account	<u>—</u>	<u>1,671</u>	<u>1,671</u>	<u>—</u>
	Total Expenditure	<u><u>660,374</u></u>	<u><u>718,441</u></u>	<u><u>634,437</u></u>	<u><u>651,788</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Trade and Industry Department is \$651,788,000. This represents an increase of \$17,351,000 over the revised estimate for 2011–12 and a decrease of \$8,586,000 against the actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$292,588,000 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 2012 will be 496 permanent posts. It is expected that there will be a net increase of three permanent posts in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$193,986,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	195,742	203,553	210,020	217,474
- Allowances	3,101	3,166	3,566	3,373
- Job-related allowances.....	—	8	2	8
Personnel Related Expenses				
- Mandatory Provident Fund contribution	311	177	198	111
- Civil Service Provident Fund contribution	1,260	1,903	2,324	2,891
Departmental Expenses				
- General departmental expenses	63,203	66,350	57,413	63,190
Other Charges				
- Subscription to the Asia Pacific Economic Co-operation.....	1,439	1,285	1,219	1,302
- Trade negotiations and associated activities	1,888	3,000	2,200	2,511
- Contribution to the organisation of the Hong Kong Awards for Industries.....	1,600	1,600	1,600	1,600
- Subscription to the Pacific Economic Co-operation Council	128	128	128	128
	268,672	281,170	278,670	292,588

Head 181 — TRADE AND INDUSTRY DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011-12	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
520	SME Loan Guarantee Scheme#		30,000,000	166,919	17,400	29,815,681
524	SME Export Marketing and Development Funds.....		3,750,000	2,254,611	297,696	1,197,693
802	Special Loan Guarantee Scheme@		100,000,000	30,884	39,000	99,930,116
	Total		<u>133,750,000</u>	<u>2,452,414</u>	<u>354,096</u>	<u>130,943,490</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.