

## Head 152 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (COMMERCE AND INDUSTRY BRANCH)

**Controlling officer:** the Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) will account for expenditure under this Head.

<b>Estimate 2003–04</b> .....	<b>\$165.6m</b>
<b>Establishment ceiling 2003–04</b> (notional annual mid-point salary value) representing an estimated 126 non-directorate posts as at 31 March 2003 and as at 31 March 2004 .....	<b>\$50.2m</b>
In addition there will be an estimated 11 directorate posts as at 31 March 2003 and as at 31 March 2004.	
<b>Capital Account commitment balance</b> .....	<b>\$89.7m</b>

### Controlling Officer's Report

#### Programmes

- Programme (1) Director of Bureau's Office** This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Commerce, Industry and Technology).
- Programme (2) Commerce and Industry** This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).

#### Detail

##### Programme (1): Director of Bureau's Office

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	<b>2003–04 (Estimate)</b>
Financial provision (\$m)	—	—	—	<b>6.6</b>

#### Aim

- 2 The aim is to ensure the smooth operation of the Office of the Secretary for Commerce, Industry and Technology.

#### Brief Description

3 The Office of the Secretary for Commerce, Industry and Technology is responsible for providing administrative support to the Secretary for Commerce, Industry and Technology in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

##### Programme (2): Commerce and Industry

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	<b>2003–04 (Estimate)</b>
Financial provision (\$m)	108.6	112.8 (+3.9%)	117.9 (+4.5%)	<b>159.0 (+34.9%)</b>

#### Aim

4 The aims are to encourage Hong Kong's trading partners to remove barriers to trade, promote international business confidence in Hong Kong and facilitate business transactions; to develop Hong Kong as a competitive and knowledge-based economy by increasing the added value and productivity of Hong Kong's industries and enhancing the long-term capability of small and medium enterprises (SMEs); to foster our trading and investment ties with the Mainland and support our businesses in tapping the opportunities arising from the Mainland's accession to the World Trade Organisation (WTO); to attract external direct investment to Hong Kong; to maintain a modern and comprehensive intellectual property protection regime which complies fully with international standards; and to initiate, co-ordinate and monitor activities under the Helping Business Programme and initiatives to promote and support Hong Kong's services industries.

#### Brief Description

- 5 The Commerce and Industry Branch's main responsibilities under this programme are to:

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- enhance the mutually beneficial economic relationship between the HKSAR and the Mainland through closer contact and discussions;
- institute measures and arrangements to facilitate international trade and to gain market access for Hong Kong's products and services;
- formulate policies on trade promotion;
- formulate policies to support SMEs;
- provide greater support to local businesses operating in the Mainland, particularly those in Guangdong, with which we see a strategic partner relationship in trade and investment promotion;
- formulate policies to attract more external direct investment to Hong Kong; and
- formulate policies on protection of intellectual property rights.

### **6 During 2002–03, the branch:**

- participated actively in the Asia-Pacific Economic Cooperation (APEC) for the implementation of action plans to achieve the goal of free and open trade and investment in the Asia Pacific region by the year 2020;
- monitored closely the implementation of China's and Chinese Taipei WTO commitments, and assessed the implication arising therefrom;
- participated in consultations with the Mainland on the establishment of the "Mainland/Hong Kong Closer Economic Partnership Arrangement";
- directed negotiations with New Zealand on a Closer Economic Partnership (CEP) Agreement;
- participated actively in the Pacific Economic Cooperation Council (PECC) to promote economic growth and development in the Pacific Region;
- supported a LegCo Bills Committee in scrutinising the Chemical Weapons (Convention) Bill which seeks to fully implement the Chemical Weapons Convention in Hong Kong;
- following careful study, agreed in principle with the US Government to implement a Container Security Initiative pilot scheme in Hong Kong, with a view to ensuring the smooth flow of US-bound cargo from Hong Kong;
- worked with the trading and cargo handling sectors to find ways to minimise possible disruption to business arising from the implementation of a new US Customs rule which requires carriers to provide data on US-bound cargo at least 24 hours before lading of the cargo at a foreign port;
- worked out the arrangement and legislative framework for implementing an international certification scheme for rough diamonds, so as to avoid disruption to Hong Kong's trade in rough diamonds;
- started discussions on a new bilateral agreement on investment promotion and protection;
- monitored and assisted the implementation of the SME support measures as recommended by the Small and Medium Enterprises Committee, and provided policy input to the review of the funding schemes for SMEs;
- strengthened communication and co-operation with the Mainland authorities on trade and investment issues through the Mainland and HKSAR Joint Commission on Commerce and Trade;
- organised seminars and symposiums to facilitate communication between Mainland officials and Hong Kong businessmen on the Mainland's policies arising from its WTO accession;
- established the Guangdong Economic and Trade Office (ETO);
- formulated and monitored the implementation of inward investment promotion policies, particularly in relation to promoting Hong Kong as part of the Greater Pearl River Delta Region;
- introduced the Copyright (Amendment) Bill 2001 into the Legislative Council to remove the civil and criminal liabilities related to parallel importation of and subsequent dealing in computer software under the Copyright Ordinance;
- formulated a long-term solution to address public concerns on criminal liability for corporate end-user piracy and introduced the Copyright (Amendment) Bill 2003 into the Legislative Council to make permanent the arrangement that criminal liability for corporate end-user piracy exists only for computer programme, movie, television drama and musical recording;
- completed preparatory work for the commencement of the new Trade Marks Ordinance which modernises our trade marks law regime;
- completed more than 10 studies and projects and identified over 50 initiatives with a view to streamlining government procedures, reducing government regulations, assessing impact of regulatory proposals, or improving government services under the Helping Business Programme;

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- monitored the implementation of 10 initiatives under the Services Promotion Programme and produced publicity materials, including two TV Announcements for Public Interest and organised the “Soar Over Hong Kong” Scheme, to promote understanding of Hong Kong’s services economy;
- introduced the Professional Services Development Assistance Scheme to help enhance the external competitiveness and standard of professional services;
- completed a review on the import and export licensing requirements for transshipment cargoes;
- completed the Electronic Data Interchange (EDI) system for cargo manifests and processed legislative amendments to support the launch of EDI services for cargo manifests;
- made preparations, including a tendering exercise, for engaging additional service providers for processing certain official trade-related documents from 2004; and
- completed a consultancy study on the feasibility of introducing EDI services for submission of cargo manifests for the road mode of transport.

### ***Matters Requiring Special Attention in 2003–04***

7 During 2003–04, the branch will:

- continue to promote a free, open and non-discriminatory multilateral trading system through participation in the work of the WTO;
- participate actively and constructively in the new round of multilateral trade negotiations;
- continue to work towards the APEC goal of free and open trade and investment in the Asia Pacific region by 2020;
- continue to monitor the development of regional economic integration, and explore with trading partners possible ways of enhancing economic co-operation;
- continue to work together with the Mainland authorities to take forward the consultation on the “Mainland/Hong Kong Closer Economic Partnership Arrangement”;
- continue to promote economic growth and development in the Pacific region through active participation in the PECC;
- monitor the implementation of the Container Security Initiative pilot scheme in respect of US-bound cargo;
- monitor the implementation of the international certification scheme for rough diamonds;
- monitor the implementation of the SME support measures, including the funding schemes for SMEs;
- continue to strengthen communication and co-operation with the Mainland authorities on trade and investment issues through the Mainland and HKSAR Joint Commission on Commerce and Trade;
- facilitate the dissemination of information from the Mainland authorities to Hong Kong businesses, and promote exchanges and contacts between them;
- further strengthen economic links with Guangdong and enhance support for Hong Kong businesses there through the newly-established Guangdong ETO;
- continue to formulate policies and monitor programmes on inward investment promotion, especially in relation to positioning Hong Kong as part of the Greater Pearl River Delta Region;
- continue with the preparation of legislative amendments to implement proposals arising from the public consultation exercise in 2002 on Review of Certain Provisions of Copyright Ordinance;
- commence the new Trade Marks Ordinance;
- continue the modernisation of Intellectual Property Department’s computer system;
- continue to take forward the Helping Business Programme with a view to maintaining Hong Kong as the best place in the world to do business;
- continue to engender a helping business culture and cultivate the right mindset in the civil service by organising helping business seminars and publicity events, and distributing publications among civil servants;
- continue to identify and implement appropriate initiatives to promote the service industries;
- continue to co-ordinate the Government’s efforts towards supporting the development of professional services;
- continue to administer the Professional Services Development Assistance Scheme to help raise the external competitiveness and standard of professional services;
- introduce necessary legislative amendments to implement the results of the review on the import and export licensing requirements for transshipment cargoes with a view to simplifying the requirements;

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- continue to co-ordinate the Government's efforts in assisting Hong Kong companies to tap the business opportunities arising out of the 2008 Beijing Olympics;
- launch EDI services for cargo manifests and the Textiles Trader Registration Scheme;
- continue to make preparations for new arrangements for front-end processing of certain official trade-related documents from 2004; and
- consider the way forward for developing EDI services for submission of cargo manifests for the road mode of transport.

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	<b>2003-04 (Estimate) (\$m)</b>
(1) Director of Bureau's Office .....	—	—	—	<b>6.6</b>
(2) Commerce and Industry .....	108.6	112.8	117.9	<b>159.0</b>
	<hr/> 108.6	<hr/> 112.8 (+3.9%)	<hr/> 117.9 (+4.5%)	<hr/> <b>165.6</b> <b>(+40.5%)</b>

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2003-04 is \$6.6 million. This is the provision for the salaries and allowances of the Secretary for Commerce, Industry and Technology and staff in his Office.

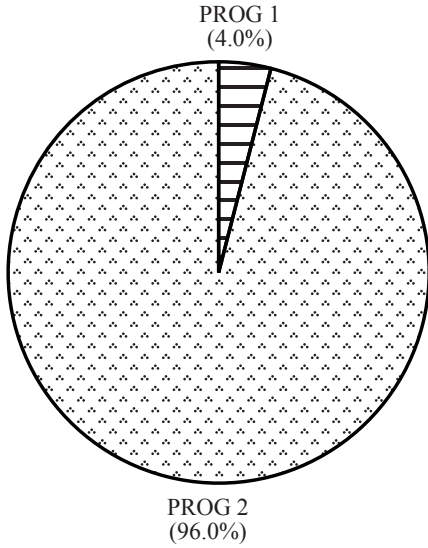
**Programme (2)**

Provision for 2003-04 is \$41.1 million (34.9%) higher than the revised estimate for 2002-03. This is mainly due to the additional cashflow requirements for the Professional Services Development Assistance Scheme and minor studies related to the Helping Business and Services Promotion Programmes and the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong, partly offset by the deletion of two posts in 2003-04, the full-year effect of civil service pay cut in 2002 and reduced operating expenses to achieve efficiency savings.

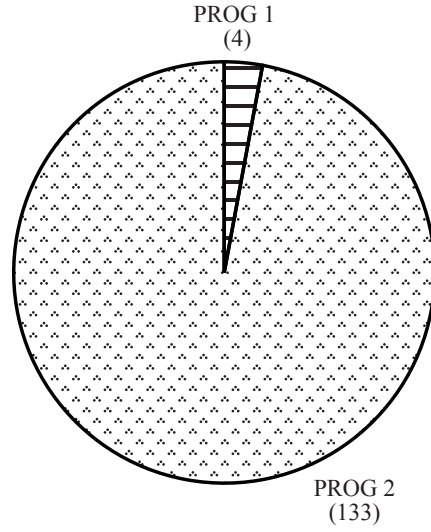
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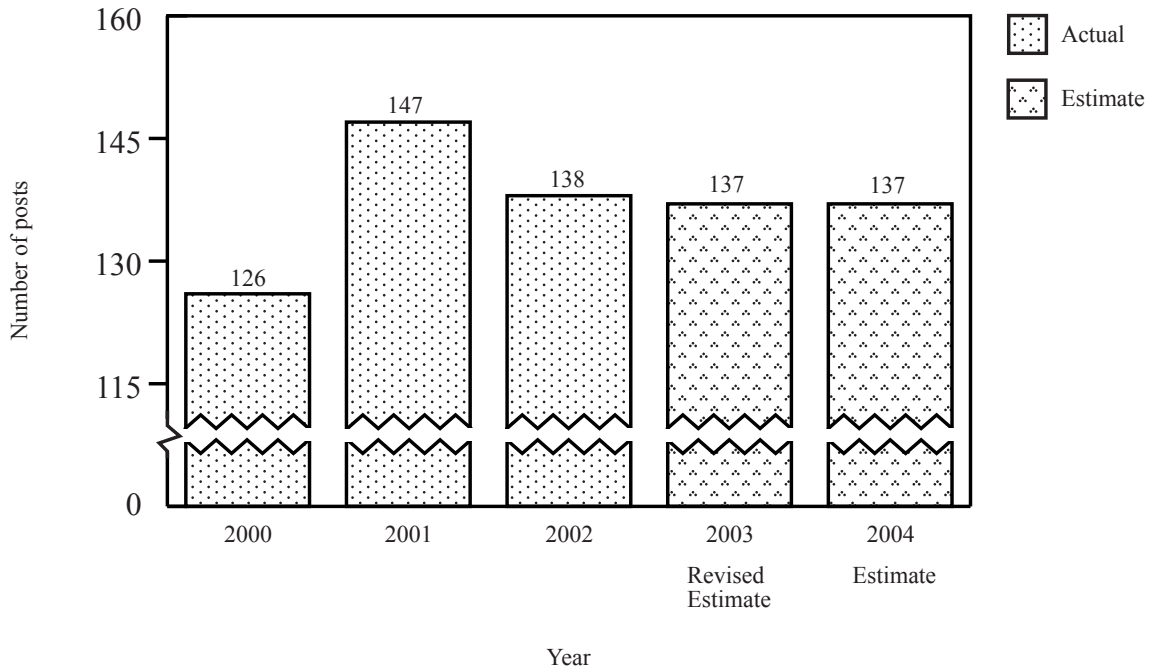
*Allocation of provision to programmes (2003-04)*



*Staff by programme (as at 31 March 2004)*



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



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Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	<b>Estimate 2003-04</b>
	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Recurrent Account</b>				
000	Operational expenses.....	—	—	<b>116,344</b>
	Salaries .....	70,311	64,785	—
	Allowances .....	3,625	4,980	—
	Job-related allowances .....	6	7	—
	Honoraria for members of committee.....	286	440	—
	General departmental expenses .....	18,849	23,472	—
	Subscription to the Asia Pacific Economic Cooperation .....	718	750	—
	Subscription to the Pacific Economic Cooperation Council.....	129	150	—
	<b>Total, Recurrent Account .....</b>	<b>93,924</b>	<b>94,584</b>	<b>116,344</b>
<b>Capital Account</b>				
II — Other Non-Recurrent				
700	General other non-recurrent .....	9,585	2,657	<b>33,657</b>
838	Minor consultancy studies (block vote).....	5,139	15,600	<b>15,600</b>
	<b>Total, Other Non-Recurrent .....</b>	<b>14,724</b>	<b>18,257</b>	<b>49,257</b>
	<b>Total, Capital Account .....</b>	<b>14,724</b>	<b>18,257</b>	<b>49,257</b>
	<b>Total Expenditure.....</b>	<b>108,648</b>	<b>112,841</b>	<b>165,601</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Commerce and Industry Branch is \$165,601,000. This represents an increase of \$47,700,000 over the revised estimate for 2002–03 and of \$56,953,000 over actual expenditure in 2001–02.

#### *Recurrent Account*

**2** Provision of \$116,344,000 under *Subhead 000 Operational expenses* is for the salaries and allowance of staff of the Commerce and Industry Branch and its other operating expenses. The increase of \$24,795,000 (27.1%) over the revised estimate for 2002–03 is mainly due to the payment of salaries and related expenses of the Office of the Secretary for Commerce, Industry and Technology; the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong; and the transfer of the operating expenses for publicity programme to maintain Hong Kong's position as a pre-eminent services centre previously funded under the Capital Account, partly offset by full-year effect of civil service pay cut in 2002 and reduced operating expenses to achieve efficiency savings.

**3** The establishment as at 31 March 2003 will be 137 permanent posts. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$50,177,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	<b>2003–04 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	70,311	64,785	64,420	<b>65,317</b>
- Allowances.....	3,625	4,980	3,500	<b>3,432</b>
- Job-related allowances.....	6	7	7	<b>7</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	—	<b>71</b>
Departmental Expenses				
- Honoraria for members of committee .....	286	440	290	<b>300</b>
- General departmental expenses.....	18,849	23,472	22,432	<b>46,317</b>
Other Charges				
- Subscription to the Asia Pacific Economic Cooperation .....	718	750	750	<b>750</b>
- Subscription to the Pacific Economic Cooperation Council.....	129	150	150	<b>150</b>
	93,924	94,584	91,549	<b>116,344</b>

#### *Capital Account*

##### Other Non-Recurrent

**5** Provision of \$15,600,000 under *Subhead 838 Minor consultancy studies (block vote)* is for the Business and Services Promotion Unit to conduct minor studies each costing above \$100,000 but not exceeding \$3,000,000 related to the Helping Business and Services Promotion Programmes. The increase of \$7,377,000 (89.7%) over the revised estimate for 2002–03 is due to increased cashflow requirements for existing studies and a number of minor studies to be commissioned in 2003–04.



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**Capital Account**

**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002-03	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	012	Professional Services Development Assistance Scheme.....	100,000	—	10,928	89,072
	685	Development of Hong Kong's assessment capabilities for the operation of strategic trade controls...	4,000	2,686	657	657
		Total.....	104,000	2,686	11,585	89,729