

## Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

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

|   |                 |
|---|-----------------|
| <b>Estimate 2007–08</b> .....   | <b>\$302.1m</b> |
| <b>Establishment ceiling 2007–08</b> (notional annual mid-point salary value) representing an estimated 129 non-directorate posts as at 31 March 2007 rising by one post to 130 posts as at 31 March 2008 ... | <b>\$58.3m</b>  |
| In addition, there will be an estimated 18 directorate posts as at 31 March 2007 and as at 31 March 2008.   |                 |
| <b>Commitment balance</b> .....   | <b>\$9.6m</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, Industry and Technology). |
| <b>Programme (2) Public Relations</b>     |  |
| <b>Programme (3) Investment Promotion</b> |  |

#### Detail

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

|                           | 2005–06<br>(Actual) | 2006–07<br>(Original) | 2006–07<br>(Revised) | 2007–08<br>(Estimate)             |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 109.9               | 141.7                 | 109.9<br>(–22.4%)    | <b>142.0</b><br>(+29.2%)          |
|                           |                     |                       |                      | (or +0.2% on<br>2006–07 Original) |

#### Aim

- 2 The aim is to represent and promote Hong Kong's trading and commercial interests outside Hong Kong.

#### Brief Description

3 The overseas Economic and Trade Offices (ETOs) in Brussels, Geneva, London, New York, San Francisco, Washington, Singapore, Sydney, Tokyo and Toronto identify, develop and cultivate contacts with host governments, represent Hong Kong at international trade organisations, and maintain liaison with other governments and organisations in order to further Hong Kong's trade and economic interests. They monitor and report on developments which are likely to affect such interests. They lobby and negotiate with their host and other governments on specific trade issues and assist officers from Hong Kong in negotiating trade agreements and in promoting the new business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

- 4 The key performance measures in respect of commercial relations are:

#### Indicators

|   | 2005<br>(Actual) | 2006<br>(Actual) | 2007<br>(Estimate) |
|---|------------------|------------------|--------------------|
| meetings on trade-related matters attended .....        | 3 782            | 3 669            | <b>3 520</b>       |
| visits to host governments and trade organisations..... | 829              | 866              | <b>860</b>         |
| seminars, exhibitions and workshops                     |                  |                  |                    |
| organised .....   | 115              | 106              | <b>110</b>         |
| participated.....                                       | 544              | 634              | <b>610</b>         |

# All figures in the detailed analysis by programme area exclude provisions/indicators for the Hong Kong Economic and Trade Office (HKETO) in Guangdong transferred to Head 144—Government Secretariat: Constitutional Affairs Bureau with effect from 2006–07.

**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

|  | 2005<br>(Actual) | 2006<br>(Actual) | 2007<br>(Estimate) |
|--|------------------|------------------|--------------------|
| public speeches given.....                       | 276              | 286              | <b>310</b>         |
| media interviews/briefings given.....            | 486              | 496              | <b>520</b>         |
| circulars/newsletters/press releases issued..... | 483              | 527              | <b>560</b>         |

**Matters Requiring Special Attention in 2007–08**

5 During 2007–08, the overseas ETOs will:

- continue to promote Hong Kong's trade and commercial interests, including countering protectionism in Hong Kong's major markets, as well as representing Hong Kong and providing support to the Trade and Industry Department in bilateral and multilateral trade negotiations; and
- strengthen Hong Kong's representation by setting up a new ETO in Berlin to capitalise on the new business and trade opportunities following the expansion of the European Union.

**Programme (2): Public Relations**

|                           | 2005–06<br>(Actual) | 2006–07<br>(Original) | 2006–07<br>(Revised) | 2007–08<br>(Estimate)             |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 81.7                | 105.0                 | 84.2<br>(–19.8%)     | <b>109.8</b><br>(+30.4%)          |
|                           |                     |                       |                      | (or +4.6% on<br>2006–07 Original) |

**Aim**

6 The aim is to promote Hong Kong as a reliable trading partner and a premier location for doing business.

**Brief Description**

7 The overseas ETOs monitor and report on reactions to events in Hong Kong. They organise publicity and public relations activities for Hong Kong in the host countries/regions under their purview and provide a comprehensive information and enquiry service about Hong Kong.

8 The key performance measures in respect of public relations are:

**Indicators**

|   | 2005<br>(Actual) | 2006<br>(Actual) | 2007<br>(Estimate) |
|---|------------------|------------------|--------------------|
| call on senior government officials/organisations ..... | 1 541            | 1 552            | <b>1 560</b>       |
| public relations functions/events                       |                  |                  |                    |
| organised .....   | 807              | 670              | <b>720</b>         |
| participated.....                                       | 1 074            | 1 017            | <b>990</b>         |
| newsletters, pamphlets, press releases issued .....     | 1 004            | 1 100            | <b>1 070</b>       |
| no. of visitors assisted .....                          | 2 208            | 1 598            | <b>1 570</b>       |
| public speeches given.....                              | 404              | 379              | <b>420</b>         |
| media interviews/briefings given.....                   | 621              | 638              | <b>650</b>         |
| enquiries handled.....                                  | 52 920           | 42 503           | <b>42 460</b>      |

**Matters Requiring Special Attention in 2007–08**

9 During 2007–08, the overseas ETOs, including the new ETO to be set up in Berlin, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, Japan and the Association of Southeast Asian Nations countries.

**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

---

**Programme (3): Investment Promotion**

|                           | 2005–06<br>(Actual) | 2006–07<br>(Original) | 2006–07<br>(Revised) | <b>2007–08<br/>(Estimate)</b>     |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 38.4                | 50.1                  | 38.9<br>(–22.4%)     | <b>50.3</b><br>(+29.3%)           |
|                           |                     |                       |                      | (or +0.4% on<br>2006–07 Original) |

***Aim***

**10** The aim is to encourage and attract investments to Hong Kong, and to promote Hong Kong's many advantages as an investment and business hub in Asia. The objective is to ensure that companies have all the support they need to establish operations in Hong Kong.

***Brief Description***

**11** The overseas ETOs promote inward investments to Hong Kong by publicising the attraction of Hong Kong as a regional and international business centre and by providing advice and assistance to companies in the formulation and implementation of their plans to invest in Hong Kong.

**12** The key performance measures in respect of investment promotion are:

***Indicators***

|                                       | 2005<br>(Actual) | 2006<br>(Actual) | <b>2007<br/>(Estimate)</b> |
|---------------------------------------|------------------|------------------|----------------------------|
| projects pursued .....                | 356              | 438              | <b>430</b>                 |
| projects completed <sup>^</sup> ..... | 126              | 111              | <b>110</b>                 |

<sup>^</sup> A completed project refers to an investment project resulting in a foreign company setting up or expanding its business in Hong Kong. Only those companies which have acknowledged in writing the assistance rendered by Invest Hong Kong in the investment process are included.

***Matters Requiring Special Attention in 2007–08***

**13** During 2007–08, the overseas ETOs, including the new ETO to be set up in Berlin, will in collaboration with Invest Hong Kong and adopting a targeted approach, continue to attract overseas companies to invest in Hong Kong and take advantage of the preferential market access into the Mainland secured under the CEPA. They will encourage the target companies to introduce to Hong Kong, through their investments, new and improved products and services, design processes and management techniques, and will provide assistance to investors interested in establishing a business presence in Hong Kong.

**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

---

**ANALYSIS OF FINANCIAL PROVISION**

| <b>Programme</b>              | 2005-06<br>(Actual)<br>(\$m) | 2006-07<br>(Original)<br>(\$m) | 2006-07<br>(Revised)<br>(\$m) | <b>2007-08<br/>(Estimate)<br/>(\$m)</b>   |
|-------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| (1) Commercial Relations..... | 109.9                        | 141.7                          | 109.9                         | <b>142.0</b>                              |
| (2) Public Relations.....     | 81.7                         | 105.0                          | 84.2                          | <b>109.8</b>                              |
| (3) Investment Promotion..... | 38.4                         | 50.1                           | 38.9                          | <b>50.3</b>                               |
|                               | 230.0                        | 296.8                          | 233.0<br>(-21.5%)             | <b>302.1</b><br><b>(+29.7%)</b>           |
|                               |                              |                                |                               | <b>(or +1.8% on<br/>2006-07 Original)</b> |

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2007-08 is \$32.1 million (29.2%) higher than the revised estimate for 2006-07. This is mainly due to the setting up cost and operating expenses for the new ETO to be set up in Berlin in 2007-08, provisions for meeting unfavourable exchange rates and for organising promotion activities in celebration of the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR) as well as increased salary and allowance provisions for the creation of one post and staff changes.

**Programme (2)**

Provision for 2007-08 is \$25.6 million (30.4%) higher than the revised estimate for 2006-07. The reasons that account for the increase under Programme (1) above also apply here.

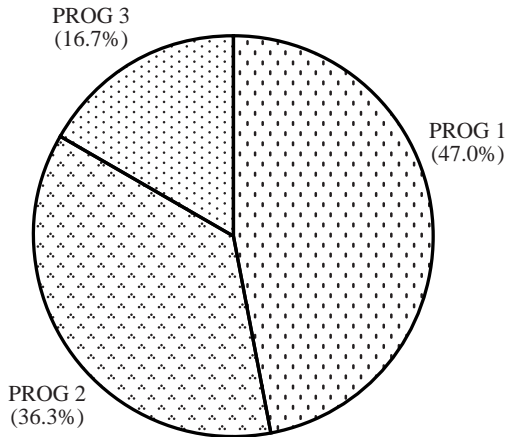
**Programme (3)**

Provision for 2007-08 is \$11.4 million (29.3%) higher than the revised estimate for 2006-07. The reasons that account for the increase under Programme (1) above also apply here.

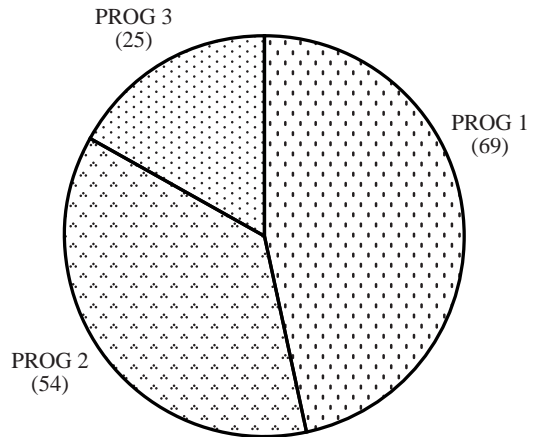
**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

---

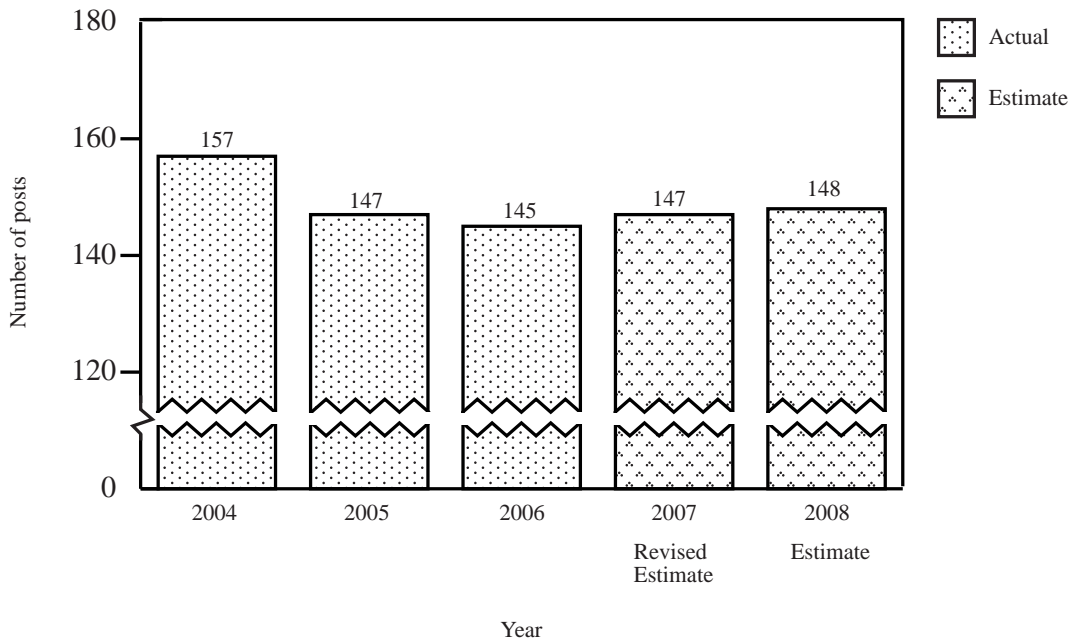
*Allocation of provision  
to programmes  
(2007-08)*



*Staff by programme  
(as at 31 March 2008)*



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



**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

| Sub-head<br>(Code)         | Actual<br>expenditure<br>2005–06 $\phi$                  | Approved<br>estimate<br>2006–07 | Revised<br>estimate<br>2006–07 | <b>Estimate<br/>2007–08</b> |                              |
|----------------------------|--|---------------------------------|--------------------------------|-----------------------------|------------------------------|
|                            | \$'000   | \$'000                          | \$'000                         | <b>\$'000</b>               |                              |
| <b>Operating Account</b>   |  |                                 |                                |                             |                              |
| Recurrent                  |  |                                 |                                |                             |                              |
| 000                        | Operational expenses.....                                | 245,901                         | 285,437                        | 231,766                     | <b>292,010</b>               |
|                            | Total, Recurrent .....                                   | <u>245,901</u>                  | <u>285,437</u>                 | <u>231,766</u>              | <b><u>292,010</u></b>        |
| Non-Recurrent              |  |                                 |                                |                             |                              |
| 700                        | General non-recurrent.....                               | 997                             | 10,588                         | 1,257                       | <b>9,580</b>                 |
|                            | Total, Non-Recurrent .....                               | <u>997</u>                      | <u>10,588</u>                  | <u>1,257</u>                | <b><u>9,580</u></b>          |
|                            | Total, Operating Account.....                            | <u>246,898</u>                  | <u>296,025</u>                 | <u>233,023</u>              | <b><u>301,590</u></b>        |
| <b>Capital Account</b>     |  |                                 |                                |                             |                              |
| Plant, Equipment and Works |  |                                 |                                |                             |                              |
| 661                        | Minor plant, vehicles and equipment (block<br>vote)..... | 434                             | 800                            | —                           | <b>500</b>                   |
|                            | Total, Plant, Equipment and Works .....                  | <u>434</u>                      | <u>800</u>                     | <u>—</u>                    | <b><u>500</u></b>            |
|                            | Total, Capital Account .....                             | <u>434</u>                      | <u>800</u>                     | <u>—</u>                    | <b><u>500</u></b>            |
|                            | Total Expenditure.....                                   | <u><u>247,332</u></u>           | <u><u>296,825</u></u>          | <u><u>233,023</u></u>       | <b><u><u>302,090</u></u></b> |

$\phi$  The figures under this column include provisions for the HKETO in Guangdong transferred to Head 144—Government Secretariat: Constitutional Affairs Bureau with effect from 2006–07.

## Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

### Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the overseas ETOs is \$302,090,000. This represents an increase of \$69,067,000 over the revised estimate for 2006–07 and of \$54,758,000 over actual expenditure in 2005–06.

#### *Operating Account*

##### Recurrent

**2** It is operationally necessary for the overseas ETOs to make certain payments in the currencies of their host economies. Expenditure in the following currencies will be charged to the appropriate subheads at the spot rates as at 29 December 2006 set out below—

|                   |                |
|-------------------|----------------|
| Australian Dollar | 1=HK\$6.10612  |
| Canadian Dollar   | 1=HK\$6.69493  |
| Euro              | 1=HK\$10.215   |
| Japanese Yen      | 1=HK\$0.065467 |
| Pound Sterling    | 1=HK\$15.233   |
| Singapore Dollar  | 1=HK\$5.0536   |
| Swiss Franc       | 1=HK\$6.37605  |

Expenditure incurred in the US Dollar will be charged to the appropriate subheads at a fixed exchange rate of US\$1=HK\$7.8.

**3** Provision of \$292,010,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$60,244,000 (26.0%) over the revised estimate for 2006–07 is mainly due to the operating expenses for the new ETO to be set up in Berlin in 2007–08, provisions for meeting unfavourable exchange rates and for organising promotion activities in celebration of the 10th Anniversary of the Establishment of the HKSAR, as well as increased salary and allowance provisions for the creation of one post and staff changes.

**4** The establishment as at 31 March 2007 will be 147 permanent posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. It is expected that one post will be created in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$58,281,000.

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

|  | 2005–06<br>(Actual)<br>(\$'000) | 2006–07<br>(Original)<br>(\$'000) | 2006–07<br>(Revised)<br>(\$'000) | <b>2007–08<br/>(Estimate)<br/>(\$'000)</b> |
|--|---------------------------------|-----------------------------------|----------------------------------|--|
| Personal Emoluments  |                                 |                                   |                                  |  |
| - Salaries.....  | 90,324                          | 92,804                            | 82,562                           | <b>96,085</b>                              |
| - Allowances.....  | 30,510                          | 36,205                            | 31,554                           | <b>33,216</b>                              |
| Personnel Related Expenses   |                                 |                                   |                                  |  |
| - Payment to redundant locally engaged staff of the ETO in London..... | 499                             | 453                               | 450                              | <b>308</b>                                 |
| - Mandatory Provident Fund contribution.....                           | 36                              | 36                                | 54                               | <b>46</b>                                  |
| - Civil Service Provident Fund contribution.....                       | —                               | —                                 | —                                | <b>75</b>                                  |
| - Disturbance allowance .....  | 1,630                           | 2,438                             | 1,351                            | <b>3,609</b>                               |
| Departmental Expenses  |                                 |                                   |                                  |  |
| - General departmental expenses.....                                   | 93,015                          | 117,986                           | 86,793                           | <b>122,121</b>                             |
| Other Charges  |                                 |                                   |                                  |  |
| - Publicity.....   | 29,842                          | 35,415                            | 28,937                           | <b>36,450</b>                              |
| - Grants to organisations.....   | 45                              | 100                               | 65                               | <b>100</b>                                 |
|  | 245,901                         | 285,437                           | 231,766                          | <b>292,010</b>                             |

#### *Capital Account*

##### Plant, Equipment and Works

**6** Provision of \$500,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$500,000 over the revised estimate for 2006–07. This is mainly due to the purchase of an office car for the new ETO to be set up in Berlin.

**Head 96 — GOVERNMENT SECRETARIAT:  
OVERSEAS ECONOMIC AND TRADE OFFICES**

---

**Commitments**

| Sub-head<br>(Code)              | Item<br>(Code) | Ambit  | Approved<br>commitment | Accumulated<br>expenditure<br>to 31.3.2006 | Revised<br>estimated<br>expenditure<br>for 2006-07 | Balance      |
|---------------------------------|----------------|--|------------------------|--|--|--------------|
|                                 |                |  | \$'000                 | \$'000                                     | \$'000   | \$'000       |
| <b><i>Operating Account</i></b> |                |  |                        |  |  |              |
| 700                             |                | <i>General non-recurrent</i>   |                        |  |  |              |
|                                 | 593            | Consultancy services on commercial relations and non-trade issues in Europe..... | 5,543                  | 4,206                                      | 757  | 580          |
|                                 | 934            | Setting up cost for the Economic and Trade Office in Europe .....                | 9,500                  | —  | 500  | 9,000        |
|                                 |                | Total.....   | <u>15,043</u>          | <u>4,206</u>                               | <u>1,257</u>                                       | <u>9,580</u> |