

## 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 2007–08</b> .....	<b>\$523.9m</b>
<b>Establishment ceiling 2007–08</b> (notional annual mid-point salary value) representing an estimated 98 non-directorate posts as at 31 March 2007 and as at 31 March 2008 .....	<b>\$35.8m</b>
In addition, there will be an estimated ten directorate posts as at 31 March 2007 and as at 31 March 2008.	
<b>Commitment balance</b> .....	<b>\$50.8m</b>

### Controlling Officer's Report

#### Programmes

<b>Programme (1) Director of Bureau's Office</b>	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Commerce, Industry and Technology).
<b>Programme (2) Commerce and Industry Programme (3) Subvention: Hong Kong Trade Development Council</b>	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).

#### Detail

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	6.7	6.6	6.7 (+1.5%)	<b>6.7</b> (—)
				(or +1.5% on 2006–07 Original)

#### 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	111.3	149.5	125.8 (–15.9%)	<b>167.2</b> (+32.9%)
				(or +11.8% on 2006–07 Original)

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### *Aim*

4 The aims are to encourage Hong Kong's trading partners, through multilateral, regional and bilateral means, to remove barriers to trade; to promote international business confidence in Hong Kong; 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 competitiveness of small and medium enterprises (SMEs); to foster our trading and investment ties with the Mainland and support our businesses in seizing the opportunities created by the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); 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 promote and support Hong Kong's professional services.

### *Brief Description*

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

- enhance the mutually beneficial economic relationship between the Hong Kong Special Administrative Region and the Mainland through the CEPA;
- promote and safeguard the market access of Hong Kong's products and services through active and constructive participation in the multilateral trading system including discussions on further trade liberalisations under the World Trade Organization (WTO);
- institute measures and arrangements to facilitate international trade and gain market access for Hong Kong's products and services;
- formulate policies on trade promotion;
- formulate policies to attract more external direct investment to Hong Kong;
- formulate policies to support SMEs;
- provide support to local businesses operating in the Mainland;
- foster friendship and understanding between the business communities of Hong Kong and our major markets;
- formulate policies on protection of intellectual property rights; and
- administer the Professional Services Development Assistance Scheme to help enhance the external competitiveness and standard of professional services.

6 During 2006–07, the Branch:

- successfully concluded the consultations with the Mainland on further liberalisation under the CEPA and liaised with the Mainland authorities to ensure the smooth implementation of the CEPA;
- participated actively and constructively in the work of the WTO including discussions on furthering progress of and bringing back on track the new round of multilateral trade negotiations, with a view to promoting and safeguarding the market access of Hong Kong's products and services;
- 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;
- participated actively in the Pacific Economic Cooperation Council (PECC) to promote economic growth and development in the Pacific region;
- monitored the implementation of the Chemical Weapons Convention in Hong Kong;
- formulated policies and monitored programmes on inward investment promotion, especially in relation to positioning Hong Kong as part of the Greater Pearl River Delta Region and attracting Mainland enterprises to invest in Hong Kong;
- kept under review the operation of the SME Funding Schemes;
- took the Copyright (Amendment) Bill 2006 through the legislative process with a view to enacting it within the 2006–07 legislative session;
- launched a public consultation exercise on more effective copyright protection in the digital environment;
- monitored the public education efforts to promote intellectual property compliance amongst the business sector, in particular SMEs, by encouraging businesses to properly manage their software assets;
- commenced the legislative amendments to the Trade Marks Rules which aim to facilitate the introduction of enhanced electronic services by the Trade Marks Registry;
- prepared legislative amendments to the Patents Ordinance with a view to implementing a system endorsed by the WTO to facilitate access to pharmaceutical products to address public health problems;

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- managed the Professional Services Development Assistance Scheme;
- further consulted stakeholders on the proposal to introduce electronic submission of advance cargo information for cargoes carried by the road mode of transport across the land boundary;
- introduced an additional service provider in the provision of services for electronic submission of cargo manifests;
- oversaw the full migration to electronic submission of manifests for cargoes carried by the water mode of transport in June 2006;
- extended the agreement with the existing service provider for the provision of electronic Textiles Trader Registration Scheme Notification for 2007; and
- initiated a review on the operation of Government Electronic Trading Services after 2008.

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

7 During 2007–08, the Branch will:

- continue to work together with the Mainland authorities to ensure the smooth and effective implementation of the CEPA and to further its development;
- continue to promote a free, open and non-discriminatory multilateral trading system through active and constructive participation in the work of the WTO including the current 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 the year 2020;
- continue to promote economic growth and development in the Pacific region through active participation in the PECC;
- 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, attracting Mainland enterprises to invest in Hong Kong;
- continue to work with the SME Committee to monitor the operation of the SME Funding Schemes;
- continue to maintain close communication and co-operation with the Mainland authorities on trade and investment issues;
- continue to take the Copyright (Amendment) Bill 2006 through the legislative process with a view to enacting it within the 2006–07 legislative session, and to prepare for the commencement of the provisions introducing new civil or criminal liability for copyright infringements;
- formulate the Government's proposals to strengthen copyright protection in the digital environment in light of the views received in the consultation exercise which will end in the first half of 2007;
- continue to oversee our efforts to promote awareness of intellectual property protection amongst the business sector, in particular SMEs;
- take the legislative amendments to the Patents Ordinance through the legislative process with a view to enacting them as soon as possible so that Hong Kong may notify the WTO before 1 December 2007 of our acceptance of a system which facilitates access to pharmaceutical products to address public health problems;
- continue to manage the Professional Services Development Assistance Scheme;
- undertake preparatory work to bring forward the project on electronic submission of advance cargo information for cargoes carried by the road mode of transport across the land boundary;
- continue to monitor the smooth operation of Government Electronic Trading Services; and
- complete the review on the operation of Government Electronic Trading Services.

### **Programme (3): Subvention: Hong Kong Trade Development Council**

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	<b>2007–08 (Estimate)</b>
Financial provision (\$m)	341.2	341.2	341.2 (—)	<b>350.0</b> (+2.6%)
				(or +2.6% on 2006–07 Original)

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### *Aim*

8 The aim is to facilitate the Hong Kong Trade Development Council (HKTDC) to perform its statutory functions, i.e. to promote, assist and develop Hong Kong's trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade.

### *Brief Description*

9 The HKTDC is the statutory organisation that promotes Hong Kong's external trade. With a global network of 40 offices in 27 countries, the HKTDC:

- creates global marketing and sales opportunities for Hong Kong's merchandise and service industries through its international trade promotion events, trade fairs in Hong Kong and product/service magazines;
- connects Hong Kong companies with potential buyers and sellers around the world through its databank and business-matching services;
- provides business information and market intelligence through a wide range of services, including its Internet portal;
- enhances and promotes the capability of Hong Kong industries through comprehensive development/training programmes, international image/brand-name promotion activities and a Design Gallery to showcase innovative Hong Kong products; and
- reinforces Hong Kong as a global marketplace in the Asia-Pacific region through corporate relations and business promotion activities around the world, including support for six bilateral committees and 31 Hong Kong business associations in 23 countries.

10 The key performance measures in respect of promoting Hong Kong's external trade are:

### *Indicators*

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
trade & services promotion			
events.....	474	589	592
companies participating.....	51 543	62 226	68 020
local fairs			
no. of overseas buyers .....	254 412	280 945	282 250
no. of fairs .....	24	31	32
business-matching enquiries worldwide			
automated business-matching#.....	8 280 242	8 372 781	8 400 000
customised business-matching#.....	47 682	2 540	2 800
trade publications			
worldwide circulation (million).....	2.21	2.10	2.20
no. of advertisements.....	39 838	40 595	43 000
no. of issues.....	97	89	91
trade portal (tdctrade.com)			
average daily user sessions.....	150 000	150 000	152 000

# In May 2006, the HKTDC enhanced its customised business-matching service by launching a more personalised and in-depth fee-charging service, namely the Premier Connect. While the Premier Connect aims to handle sophisticated enquires seeking potential business partners, users making simple sourcing enquiries are encouraged to use the automated business-matching service on the trade portal. The figures for 2006 and 2007 in respect of the indicator "customised business-matching" reflect the cases handled and to be handled through the new Premier Connect service. It is expected that the demand for the new Premier Connect service will grow in 2007 as the trade gets more familiar with the new service.

### *Matters Requiring Special Attention in 2007-08*

11 During 2007-08, the HKTDC will:

- increase Hong Kong's lead as the region's premier trade and sourcing hub by drawing in more overseas and Mainland SMEs; promote Hong Kong as a technology marketplace; enhance Hong Kong's edge in creative industries; provide integrated marketing solutions for world's SMEs; plan for further expansion of the Hong Kong Convention and Exhibition Centre; strengthen global outreach through the HKTDC's bilateral committees; connect Mainland private enterprises to the world; and customise the HKTDC's business matching services to meet a wide range of needs and position Hong Kong as Asia's hub for green business;

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- kindle demand for Hong Kong's goods and services in the Mainland and priority emerging markets; adopt a stylish approach to promoting Hong Kong's brands; promote Hong Kong as an international financial centre; maximise the HKTDC's presence in the Mainland; assist Hong Kong's SMEs in exploring new markets; and attract more Mainland and overseas companies to Hong Kong's service platform; and
- maximise the HKTDC's value to the world's SMEs through community outreach and strategic deployment of resources; realign the HKTDC's resources from less urgent to more pressing areas of the HKTDC's work to achieve maximum efficiency in the use of resources; promote the benefit of trade to Hong Kong and the HKTDC brand through the HKTDC's 40th anniversary; strengthen strategic partnership that adds value to Hong Kong's SMEs; and enrich services to Hong Kong's SMEs and instil a more socially responsible corporate culture in the HKTDC.

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2005–06 (Actual) (\$m)	2006–07 (Original) (\$m)	2006–07 (Revised) (\$m)	<b>2007–08 (Estimate) (\$m)</b>
(1) Director of Bureau's Office .....	6.7	6.6	6.7	<b>6.7</b>
(2) Commerce and Industry .....	111.3	149.5	125.8	<b>167.2</b>
(3) Subvention: Hong Kong Trade Development Council .....	341.2	341.2	341.2	<b>350.0</b>
	<hr/> 459.2	<hr/> 497.3	<hr/> 473.7 (-4.7%)	<hr/> <b>523.9</b> <b>(+10.6%)</b>
				<b>(or +5.3% on 2006–07 Original)</b>

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2007–08 is the same as the revised estimate for 2006–07.

**Programme (2)**

Provision for 2007–08 is \$41.4 million (32.9%) higher than the revised estimate for 2006–07. This is mainly due to the pooling of resources for internal redeployment among the Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within this policy area, increased salary provision arising from staff changes, increased cash flow for general non-recurrent items, increased estimate for the subscription to the WTO and increased departmental expenses.

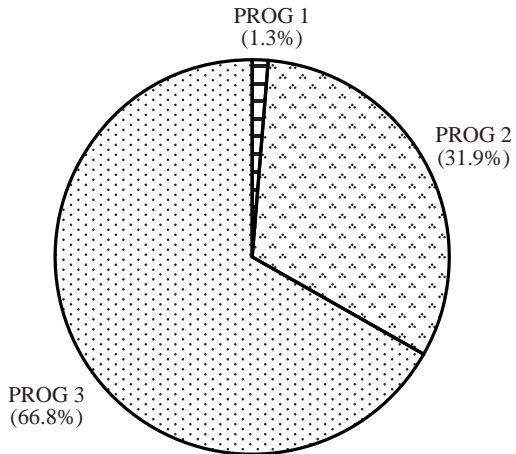
**Programme (3)**

Provision for 2007–08 is \$8.8 million (2.6%) higher than the revised estimate for 2006–07. The Government has recently reviewed the funding mechanism. The amount of the annual Government subvention to the HKTDC is determined having regard to the Government's financial position, HKTDC's funding requirements and by way of reference to 60% of the total amount of trade declaration charges received in the preceding year. The subvention to the HKTDC in 2007–08 is \$350.0 million.

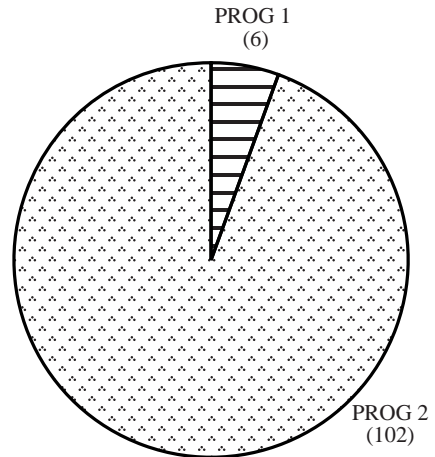
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*Allocation of provision to programmes (2007-08)*

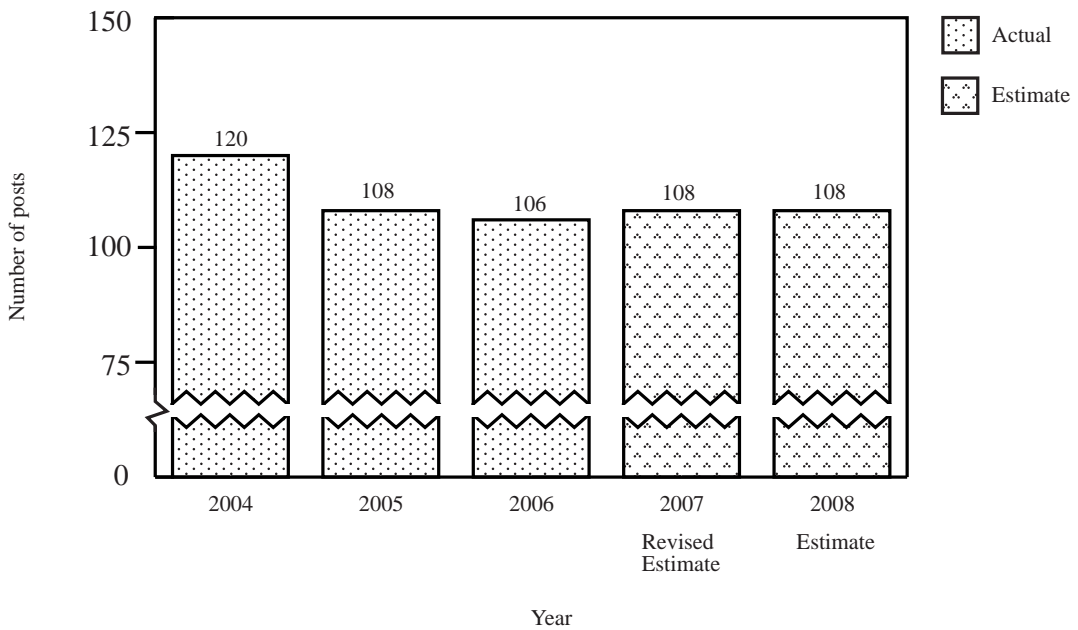


*Staff by programme (as at 31 March 2008)*



(No government staff under PROG 3)

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



*Note:* The net reduction of 12 posts between March 2004 and March 2005 includes the transfer of ten posts under the former Division 4 of Commerce and Industry Branch to the Financial Secretary's Office with effect from 1 June 2004.

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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	<b>Estimate 2007-08</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	448,072	481,854	460,320	<b>508,459</b>
	Total, Recurrent .....	<u>448,072</u>	<u>481,854</u>	<u>460,320</u>	<b><u>508,459</u></b>
Non-Recurrent					
700	General non-recurrent.....	11,108	15,414	13,343	<b>15,464</b>
	Total, Non-Recurrent .....	<u>11,108</u>	<u>15,414</u>	<u>13,343</u>	<b><u>15,464</u></b>
	Total, Operating Account.....	459,180	497,268	473,663	<b>523,923</b>
<hr/>					
	Total Expenditure.....	<u><u>459,180</u></u>	<u><u>497,268</u></u>	<u><u>473,663</u></u>	<b><u><u>523,923</u></u></b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Commerce and Industry Branch is \$523,923,000. This represents an increase of \$50,260,000 over the revised estimate for 2006–07 and of \$64,743,000 over actual expenditure in 2005–06.

#### *Operating Account*

#### Recurrent

**2** Provision of \$508,459,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Commerce and Industry Branch. The increase of \$48,139,000 (10.5%) over the revised estimate for 2006–07 is mainly due to the pooling of resources for internal redeployment among the Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within this policy area, increased salary provision arising from staff changes, increased estimate for the subscription to the WTO, increased subvention to the HKTDC and increased departmental expenses.

**3** The establishment as at 31 March 2007 will be 108 permanent posts. No change in establishment is expected 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 \$35,761,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	<b>2007–08 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	48,249	52,986	48,781	<b>51,704</b>
- Allowances.....	2,793	2,404	3,044	<b>3,190</b>
- Job-related allowances .....	—	4	1	<b>4</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	71	72	86	<b>78</b>
- Civil Service Provident Fund contribution.....	—	—	134	<b>240</b>
Departmental Expenses				
- General departmental expenses.....	16,494	42,316	30,928	<b>61,633</b>
Other Charges				
- Subscription to the WTO .....	35,619	39,226	32,500	<b>38,000</b>
Subventions				
- Hong Kong-Japan Business Co-operation Committee.....	3,610	3,610	3,610	<b>3,610</b>
- HKTDC.....	341,236	341,236	341,236	<b>350,000</b>
	448,072	481,854	460,320	<b>508,459</b>

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	012	Professional Services Development Assistance Scheme.....	100,000	36,671	13,000	50,329
	685	Development of Hong Kong's assessment capabilities for the operation of strategic trade controls...	4,000	3,186	343	471
		Total.....	<u>104,000</u>	<u>39,857</u>	<u>13,343</u>	<u>50,800</u>