

Head 181 — TRADE AND INDUSTRY DEPARTMENT

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

Estimate 2009–10 **\$581.1m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 501 non-directorate posts as at 31 March 2009 and as at 31 March 2010 **\$179.3m**

In addition, there will be an estimated 11 directorate posts as at 31 March 2009 and as at 31 March 2010.

Commitment balance **\$12,760.2m**

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations

Programme (2) Trade Support and Facilitation

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

These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).

Detail

Programme (1): Commercial Relations

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	79.6	85.2	88.3 (+3.6%)	88.4 (+0.1%)
				(or +3.8% on 2008–09 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 international markets.

Brief Description

3 The Department is responsible for the commercial relations of Hong Kong, 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 on 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 The Department has helped achieve significant results on the commercial relations front. Hong Kong was ranked the 12th largest trading economy in merchandise trade and the 16th in services trade in the world in 2007 by the WTO. It came first in the 2009 Index of Economic Freedom published by the Heritage Foundation of the United States (US) in January 2009.

6 In 2008, the Department's key activities included the following:

- active participation in the WTO to—
 - monitor and evaluate the implementation of the Uruguay Round agreements and work programmes adopted at the WTO Ministerial Conferences;

- contribute 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 and trade in industrial goods, trade in services, rules and trade facilitation; and
- monitor the implementation of accession commitments by recently acceded WTO Members (RAMs) and negotiations for accession to the WTO by important trading partners, and keep 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, and serving as the Vice-Chair of the Committee on Trade and Investment;
 - contributing to discussion in regional economic integration; trade and investment facilitation; reforming of APEC; and revitalising APEC's communications strategy, including leading a sub-group to develop a branding strategy for APEC; and
 - providing secretariat support for Hong Kong, China's representatives to the APEC Business Advisory Council;
- active participation in regional bodies, including the Pacific Economic Cooperation Council (PECC);
- discussion with interested trading partners to enhance bilateral economic co-operation, including the exploration of bilateral trade agreements and co-operation arrangements. The Department agreed with the US on an extension of the Secure Freight Initiative pilot scheme in Hong Kong to further co-operation with the US on port security contributing towards a safe environment for international maritime trade;
- 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. These included representations to India on its anti-dumping actions against recordable digital versatile discs and flax fabrics from Hong Kong; and
- close monitoring of, and giving prompt advice to local traders and manufacturers on, changes in the import regulations of our trading partners.

Matters Requiring Special Attention in 2009–10

7 During 2009–10, the Department will:

- in the WTO—
 - monitor the implications of the various WTO agreements for Hong Kong and implementation of these agreements by trading partners; and
 - participate actively in the negotiations on 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 the implementation of the second Trade Facilitation Action Plan, Investment Facilitation Action Plan, greater regional economic integration and the revitalisation of APEC's communications strategy;
- monitor the development of regional economic integration and assess their impact on Hong Kong, and explore with interested trading partners possible means of enhancing economic co-operation; and
- safeguard Hong Kong's trade interests through—
 - monitoring the institutional reforms related to future enlargement of the European Union (EU) 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 actions, 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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	122.3	129.0	121.2 (–6.0%)	122.7 (+1.2%)
				(or –4.9% on 2008–09 Original)

Aim

8 The aim is to optimise the benefits to Hong Kong flowing from international and bilateral trade agreements, including the Mainland and Hong Kong Closer Economic Partnership Arrangement (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

9 The Department provides various licensing and certification services for commodities (such as textiles and clothing, strategic commodities, rough diamonds and rice, and Mainland cereals and grain flour) in fulfillment 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.

10 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.

11 The Department continues to maintain a robust control system on strategic commodities, and to participate actively in international co-operation of strategic trade control. In 2007, the Department launched a new trade facilitation scheme, called the "Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service", to further streamline licensing procedures and expedite processing time for certain frequent and qualified users of licensing services for strategic commodities. The scope of such an arrangement was further extended to cover more products in May 2008.

12 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.

13 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, as demonstrated in its capacity to address the temporary increase in demand of rice during March and April 2008 at the retail level.

14 Since the conclusion of CEPA in 2003, the Department has engaged in the on-going discussion with the Mainland on further CEPA liberalisation measures and various issues related to their implementation. In July 2008, the consultations for further liberalisation was successfully concluded and the Supplement V to CEPA was signed with the Mainland, encompassing 29 liberalisation measures in 17 service areas. The Mainland also announced 25 services liberalisation and facilitation measures (of which 17 were included in CEPA Supplement V) for early and pilot implementation in Guangdong Province. Apart from operating a one-stop Hong Kong Service Supplier (HKSS) Certification Scheme for all CEPA service areas and handling enquiries on all 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.

15 The key performance measures are:

Targets

	Target	2007 (Actual)	2008 (Actual)	2009 (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) (%)	100	100	100	100
comprehensive licence (textiles) (70 per cent completed within three working days and 30 per cent within six working days) (%)Φ	100	N.A.	100	100
amendment of comprehensive licence (textiles) (completed within two working days) (%)β	100	N.A.	100	100

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	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
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 (TTRS) (completed within two working days) (%).....	100	100	100	100
Certificate of Hong Kong Origin, Certificate of Origin Processing and Certificate of Hong Kong Origin- CEPA (CO(CEPA)) (issued within 1.5 working days) (%).....	100	100	100	100
certificate of origin (Form A) (issued within 1.5 working days) (%).....	100	100	100	100
expeditious issue of certificate of Hong Kong origin/Form A/CO(CEPA) (issued within 24 hrs) (%).....	100	100	100	100
enquiry on CO(CEPA), CEPA rules of origin				
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
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) (%)α.....	100	N.A.	N.A.	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

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	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
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 (issued within 2.5 working days) (%)Ω.....	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) (%)λ.....	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 seven calendar days)(%)§.....	100	N.A.	100	100
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)(%)δ.....	100	100	100	100
other written enquiries (replied within ten days) (%).....	100	100	100	100

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

Φ Target processing time introduced as from 1 January 2008. The target processing time has been reduced from “30 per cent completed within three working days and 70 per cent within six working days” to “70 per cent completed within three working days and 30 per cent within six working days” as from 1 January 2009. The processing time for the issue of comprehensive licence (textiles) may be longer during the peak seasons of annual registration in the first and fourth quarters.

β Target processing time introduced as from 1 January 2008.

α New target processing time introduced as from 1 January 2009.

Target processing time reduced from two days to one day as from 1 January 2008. The performance in 2007 is based on the target processing time of two days.

Ω The processing time may be longer for imports of certain sensitive products or exports to certain destinations.

λ The revised target from “within 24 hours” to “within the following working day” tallies with the wording as adopted in the performance pledge of the Department.

§ The registration arrangement for local importers of cereals and grain flour from the Mainland was implemented on 13 February 2008 to facilitate local importers to obtain relevant imports under the export administrative measures of the Mainland.

δ Target processing time reduced from five working days to three working days as from 1 January 2009.

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Indicators

	2007 (Actual)	2008 (Actual)	2009 (Plan)
<i>Licence issued</i>			
consignment-specific textiles import licence	29 228	25 366	22 000∇
consignment-specific textiles export licence	27 496	23 002	19 200∇
comprehensive import licence (textiles)	561 033	527 590	496 100∇
comprehensive export licence (textiles)	1 650 604	1 590 400	1 532 400∇
export notification I	628 823	342 032	186 000¶
export notification II	2 758 813	2 408 673μ	2 103 000μ
import notification	2 225 576	1 759 898	1 391 700¶
transhipment notification	481 317	452 646μ	425 700μ
textiles trader registration	18 332	17 686	17 063Λ
Certificate of Hong Kong Origin and Certificate of Origin Processing	1 240	833‡	560‡
certificate of origin (Form A)	0	0	0
CO(CEPA)	1 241	1 054	1 050
factory registration	1 967	1 544φ	1 210φ
OPA registration	822	547φ	360φ
LSA registration	824	391φ	190φ
PN	96 082	48 909	24 900¶
statutory declarations of antique	4	3	3
reserved commodities licence	8 571	8 040	7 540
registration of reserved commodity stockholder	96	108	122
ozone depleting substances licence	204	187	171
strategic commodities licence	109 984	160 961	160 960
delivery verification certificate	11	7	10
international import certificate	86	84	80
other non-textiles licence	30	16	8v
Kimberley Process Certificate	5 537	5 439	5 343α
registration of rough diamond tradersΨ	252	204	197
HKSS certificate	518^	630^	600^
permit under the Chemical Weapons (Convention) Ordinance	0	0	3
registration for importers of cereals and grain flour from the Mainland	N.A.	88	150
<i>CEPA</i>			
enquiries	10 231	8 613	8 613
visitors to the Department's CEPA website	159 068	174 779	174 779

∇ The reduction in the number of textiles licences for 2009 is expected due to the on-going relocation of textiles production outside Hong Kong.

¶ With the expiry of the US's quantitative restrictions on the Mainland's textiles and clothing products with effect from 2009 which may induce further relocation of textiles production outside Hong Kong, decrease in the 2009 projected figures is expected.

μ The reduction in the number of export notification II and transhipment notification is due to expected diminishing re-export of Mainland-origin products through Hong Kong.

Λ The reduction in the number of textiles trader registrants for 2009 is expected due to the on-going relocation of textiles production outside Hong Kong and the closure of factories arising from the recent economic downturn.

‡ The decrease in the number of Certificate of Hong Kong Origin (CHKO) and Certificate of Hong Kong Processing in 2008 was mainly due to the decrease in CHKO applications. The same decreasing trend is expected in 2009.

φ The decrease in the number of factory registrations in 2008 was mainly due to the decrease in textiles and clothing registrants. The same reason accounted for decrease in numbers of OPA and LSA registrations. The same decreasing trend is expected in 2009.

v The projected figure for other non-textiles licence in 2009 is adjusted downwards to reflect the decreasing trend in the actual number of licences recorded in 2008.

α The projected figure for Kimberley Process Certificate in 2009 is adjusted downwards to reflect the decreasing trend in the actual number of licences recorded in 2008.

Ψ Under the biennial registration system 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 include fresh applications as well as certificates for amendment, replacement, cancellation and renewal, and certified true copy.

Matters Requiring Special Attention in 2009–10

16 During 2009–10, the Department will:

- continue to review and make necessary adjustments to the textiles control system taking into account development of the textiles trade regime in overseas markets, the extent of trade restrictive measures invoked by other economies, and the local manufacturing scene;
- continue discussion with the Mainland authorities on further trade liberalisation and facilitation measures and other implementation matters under CEPA, and 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); and
- 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.

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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	234.1	240.2	311.9 (+29.9%)	370.0 (+18.6%)
				(or +54.0% on 2008–09 Original)

Aim

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

Brief Description

18 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, workshops and other activities to help broaden SMEs' business knowledge and enhance their entrepreneurial skills.

19 The Department administers three SME Funding Schemes: the SME Loan Guarantee Scheme, the SME Export Marketing Fund, and the SME Development Fund. It also provides secretariat support for the Small and Medium Enterprises Committee, which advises Government on issues affecting the development of SMEs in Hong Kong.

20 The Department maintains regular liaison with local industries and trade and industrial organisations. It also provides support to the organisation of the Hong Kong Awards for Industries, and the Working Group on Industrial, Commercial and Professional Sectors under the Basic Law Promotion Steering Committee.

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

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

23 In 2008, the Department's key activities included the following:

- in January 2008, the Finance Committee of the Legislative Council approved an additional funding of \$500 million and an increase in loan guarantee commitment by \$2 billion to extend the operation of the SME Funding Schemes. Some enhancement measures to the SME Loan Guarantee Scheme and the SME Export Marketing Fund were introduced in March 2008 to facilitate SMEs in obtaining loans from the participating lending institutions and expanding to markets outside Hong Kong;
- in view of the serious global financial crisis in the latter half of 2008, the Department obtained approval from the Finance Committee of the Legislative Council to introduce further enhancement measures to the SME Loan Guarantee Scheme and the SME Export Marketing Fund in November 2008, with a view to strengthening support to SMEs in securing loans from the participating lending institutions and expanding to overseas markets;

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- a time-limited Special Loan Guarantee Scheme, which provides 70 per cent government guarantee to assist Hong Kong's enterprises in obtaining loans from the participating lending institutions, was introduced in December 2008 to provide enhanced support for enterprises to tide over liquidity problem during the global financial crisis; and
- the 2007–08 SME Mentorship Programme organised by SUCCESS was concluded in April 2008 with very positive feedback. A new round of SME Mentorship Programme was launched in October 2008.

24 The key performance measures are:

Targets

	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
SUCCESS				
confirmation of consultation meeting with applicants of Business Advisory Service (BAS) 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
SME Loan Guarantee Scheme				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%).....	100	99.6	99.5	100
Special Loan Guarantee Scheme ^φ				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%).....	N.A.	N.A.	100	100
SME Development Fund				
processing applications for grant within 70 working days (%) ^φ	100	100	100	100
SME Export Marketing Fund				
processing applications for grant within 30 working days (%).....	100	97.2	95.7	100

^φ The processing time refers to the time taken by the Secretariat of the SME Development Fund to conduct initial assessments on applications and submit recommendations to the Vetting Committee for decision.

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Plan)
SUCCESS			
enquiries	21 707	24 336	24 000
visitors to SUCCESS	36 270	35 653	36 000
visits to SUCCESS website	997 904	699 170	700 000
seminars and other activities.....	104	107	100
publications relating to local industries and SMEs.....	2	2	2
SME Loan Guarantee Scheme			
applications received and processed.....	1 488	1 684	1 700
no. of SME beneficiaries	1 179	1 222	1 230
amount of government guarantees issued (\$m).....	946.0	1,359.0	1,380.0

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	2007 (Actual)	2008 (Actual)	2009 (Plan)
Special Loan Guarantee Scheme			
application received and processed	N.A.	164	—Ψ
no. of SME beneficiaries	N.A.	39	—Ψ
amount of government guarantees issued (\$m)	N.A.	116.0	—Ψ
SME Development Fund			
applications received and processed	43	47	47
amount of government grants approved (\$m)	13.0	11.0	11.0
SME Export Marketing FundΔ			
applications received and processed	9 565	17 770	17 000
no. of SME beneficiaries	2 394	3 004	3 000
amount of government grants approved (\$m)	140.0	194.0	190.0

Ψ The Government launched a \$100 billion Special Loan Guarantee Scheme on 15 December 2008 to provide support for Hong Kong companies to obtain loans. Assuming each applicant will obtain an average amount of \$2.5 million guarantee, the Scheme will be able to benefit 40 000 companies. However, the actual number of applications, beneficiaries and amount of government guarantees issued will depend on factors such as the market demand, the nature and the amount of loan involved in each application, etc.

Δ The significant increase in the number of applications in 2008 is mainly due to the enhancement measures introduced to the Export Marketing Fund in March and November 2008.

Matters Requiring Special Attention in 2009–10

25 During 2009–10, the Department will:

- closely monitor the impact of the global financial crisis on Hong Kong's enterprises, in particular SMEs, and consider measures to further strengthen its support to the SMEs as and when necessary;
- continue to administer the SME Funding Schemes and the Special Loan Guarantee Scheme, and closely monitor the effectiveness and utilisation of the Schemes;
- continue to run the Special Loan Guarantee Scheme and conduct a review of the Scheme at the end of the application period in June 2009;
- continue to provide support services for SMEs through SUCCESS;
- make preparations for hosting the 30th APEC SME Working Group and related meetings in Hong Kong in 2010;
- continue to maintain close liaison with the trade, and help them meet the challenges in reaching out the global market; and
- implement measures to support the development and promotion of Hong Kong brands.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2007-08 (Actual) (\$m)	2008-09 (Original) (\$m)	2008-09 (Revised) (\$m)	2009-10 (Estimate) (\$m)
(1) Commercial Relations.....	79.6	85.2	88.3	88.4
(2) Trade Support and Facilitation.....	122.3	129.0	121.2	122.7
(3) Support for Small and Medium Enterprises and Industries	234.1	240.2	311.9	370.0
	436.0	454.4	521.4 (+14.7%)	581.1 (+11.4%)
				(or +27.9% on 2008-09 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2009-10 is \$0.1million (0.1%) higher than the revised estimate for 2008-09. This is mainly due to the full-year salary provision for filling one vacant post.

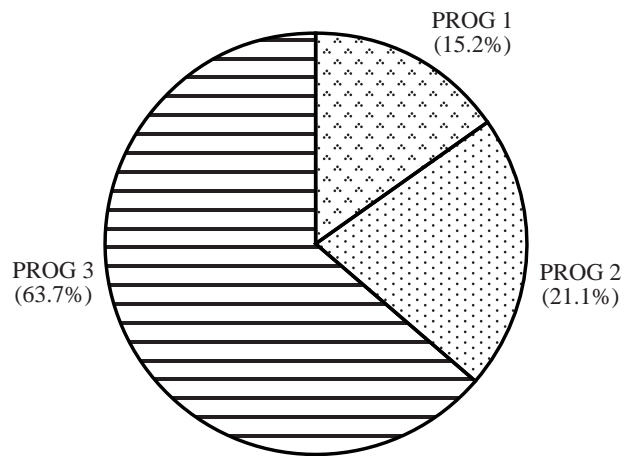
Programme (2)

Provision for 2009-10 is \$1.5 million (1.2%) higher than the revised estimate for 2008-09. This is mainly due to the increase in provision for filling of vacant posts and departmental expenses for upgrading computer systems.

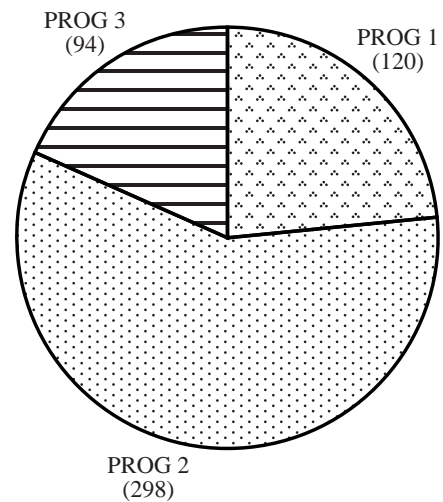
Programme (3)

Provision for 2009-10 is \$58.1 million (18.6%) higher than the revised estimate for 2008-09. This is mainly due to the increase in provision for filling of vacant posts, hosting of APEC SME Working Group and related meetings in Hong Kong in 2010, and increase in cash flow requirements for SME funding schemes.

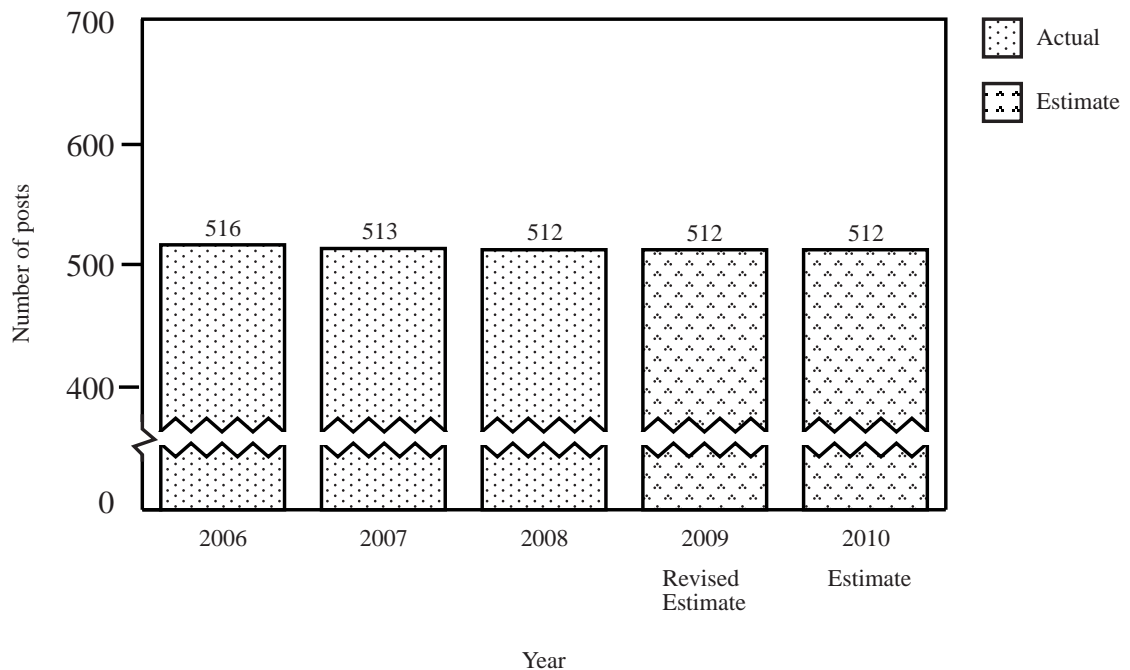
*Allocation of provision
to programmes
(2009-10)*



*Staff by programme
(as at 31 March 2010)*



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



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Sub-head (Code)		Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	254,684	265,376	265,376	270,232
	Total, Recurrent.....	254,684	265,376	265,376	270,232
	Non-Recurrent				
700	General non-recurrent.....	181,270	189,019	255,992	310,848
	Total, Non-Recurrent.....	181,270	189,019	255,992	310,848
	Total, Operating Account	435,954	454,395	521,368	581,080
<hr/>					
	Total Expenditure	435,954	454,395	521,368	581,080

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Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Trade and Industry Department is \$581,080,000. This represents an increase of \$59,712,000 over the revised estimate for 2008–09 and of \$145,126,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$270,232,000 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 2009 will be 512 permanent posts. No change in establishment is expected in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$179,282,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	191,275	196,643	205,548	208,465
- Allowances	2,473	3,242	2,883	2,481
- Job-related allowances	2	30	11	30
Personnel Related Expenses				
- Mandatory Provident Fund contribution	219	413	315	312
- Civil Service Provident Fund contribution	155	280	624	690
Departmental Expenses				
- General departmental expenses	53,118	59,956	51,464	53,604
Other Charges				
- Subscription to the Asia-Pacific Economic Cooperation	4,813	1,069	1,069	1,192
- Trade negotiations and associated activities	645	1,500	1,296	1,300
- Contribution to the organisation of the Hong Kong Awards for Industries	1,600	1,600	1,600	1,600
- Subscription to the Pacific Economic Cooperation Council	—	128	128	128
- Contribution to the International Textiles and Clothing Bureau	384	515	438	430
	<u>254,684</u>	<u>265,376</u>	<u>265,376</u>	<u>270,232</u>

Head 181 — TRADE AND INDUSTRY DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	520	SME Loan Guarantee Scheme#.....	12,600,000	102,899	20,900	12,476,201
	524	SME Export Marketing and Development Funds	1,750,000	1,230,887	235,092	284,021
		Total	<u>14,350,000</u>	<u>1,333,786</u>	<u>255,992</u>	<u>12,760,222</u>

The approved commitment of \$12.6 billion refers to the total loan guarantee commitment approved by the Finance Committee (based on an assumed default rate of 7.5 per cent, the approved maximum expenditure for settlement of default claim is \$950 million).