

Head 181 — TRADE AND INDUSTRY DEPARTMENT

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

Estimate 2017–18	\$802.4m
Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 495 non-directorate posts as at 31 March 2017 rising by four posts to 499 posts as at 31 March 2018.....	\$252.7m
In addition, there will be an estimated 11 directorate posts as at 31 March 2017 and as at 31 March 2018.	
Commitment balance.....	\$131,247.6m

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	118.6	131.8	147.0 (+11.5%)	149.9 (+2.0%)
(or +13.7% on 2016–17 Original)				

Aim

2 The aim is to secure and preserve maximum access and fair treatment for Hong Kong's goods, services and investments in external markets.

Brief Description

3 The Department is responsible for Hong Kong's commercial relations with its trading partners, and for promoting and protecting Hong Kong's trade interests and rights. The rule-based multilateral trading system under the auspices of the World Trade Organization (WTO) is the cornerstone of Hong Kong's external trade policy. Being a founding Member of the WTO, Hong Kong has continued its separate membership in the WTO, under the name "Hong Kong, China", since its return to China.

4 The Department continues to participate actively in the Asia-Pacific Economic Cooperation (APEC) forum whose goal is to achieve free and open trade and investment among its member economies, which account for some 80 per cent of Hong Kong's total external trade.

5 Since the Mainland and Hong Kong concluded the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, both sides have continued to explore further liberalisation measures for trade in goods and services and to facilitate smooth and effective implementation of announced liberalisation measures. In this regard, the Department co-ordinates with relevant bureaux and departments in discussions with the Mainland authorities.

6 According to the latest statistics compiled by the WTO, in 2015 Hong Kong was the world's eighth largest economy in terms of merchandise trade and the 16th largest in terms of commercial services trade.

7 In 2016, the Department's key activities included the following:

- active participation in the WTO, including—
 - monitoring and evaluating the implementation of agreements and work programmes adopted at WTO Ministerial Conferences;
 - monitoring the progress of and contributing positively to the Doha Development Agenda negotiations, particularly the negotiations on non-agricultural market access, trade in services and rules; and

- monitoring the implementation of accession commitments by recently acceded WTO Members (RAMs) and negotiations for accession to the WTO, and keeping the trade and industry community informed of changes in the trade and investment laws and regulations of major RAMs;
- active participation in various APEC activities, including—
 - taking part in the Economic Leaders' Meeting, Ministerial Meetings and Senior Officials' Meetings;
 - contributing to work on trade and investment liberalisation and facilitation, including the monitoring of progress towards achieving the Bogor Goals, APEC Growth Strategy, regional economic integration, regulatory co-operation and comprehensive connectivity; 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);
- implementing the CEPA Agreement on Trade in Services, and discussing, in consultation with relevant bureaux and departments and the trade, with Mainland authorities enhancements to CEPA through further liberalisation and facilitation of trade and investment;
- discussing with trading partners, including selected emerging economies, enhancements to economic co-operation through, for example, establishing co-operation arrangements, free trade agreements (FTAs) and investment promotion and protection agreements (IPPPAs). Hong Kong continued to negotiate with the Association of Southeast Asian Nations (ASEAN) and Macao respectively for an FTA and a Closer Economic Partnership Arrangement, and commenced FTA negotiations with Georgia and Maldives. Hong Kong also participated in plurilateral negotiations with some WTO members on the Trade in Services Agreement (TISA) and the Environmental Goods Agreement (EGA). On IPPPAs, the Hong Kong-Canada IPPPA has entered into force. Hong Kong also signed an Investment Agreement with Chile, concluded negotiations with the United Arab Emirates and Mexico, continued to negotiate with Russia, commenced negotiations with Iran, and announced the intent to launch negotiations with India;
- advising local companies on importing economies' anti-dumping legislation and procedures;
- close monitoring of, and giving prompt advice to local traders and manufacturers on, changes in the import regulations of our trading partners; and
- close liaison with the trade and discussion with the Mainland authorities on measures to support and facilitate the trade to adjust to Mainland policy changes.

Matters Requiring Special Attention in 2017–18

- 8 During 2017–18, the Department will:
 - participate actively in WTO to monitor implementation of agreements and engage in work relating to the decisions adopted at WTO Ministerial Conferences;
 - participate actively in APEC, PECC and other regional bodies, and contribute particularly to APEC's work on regional economic integration, supply chain connectivity, and enhancing ease of doing business;
 - enhance economic co-operation with trading partners including emerging economies, continue to negotiate TISA, the EGA, the FTAs with Georgia and Maldives, IPPPAs with Iran and Russia, pursue IPPPA negotiations with India, and FTAs and IPPPAs with countries along the Belt and Road;
 - oversee and monitor the implementation of FTAs signed between Hong Kong and foreign economies;
 - discuss, in consultation with relevant bureaux and departments and the trade, with Mainland authorities measures to enrich the content of CEPA and organise a business forum to disseminate the updated information;
 - facilitate understanding by the trade of the Mainland's trade and economic policies with significant impact on business operations and changes in the global economic environment;
 - safeguard Hong Kong's trade interests through monitoring and responding where necessary, to anti-dumping and other trade protection measures and changes in major trading partners' laws, and provide prompt advice to local traders and manufacturers; and
 - organise a seminar cum exhibition on Hong Kong's role in promoting free trade and regional economic integration since the establishment of the Hong Kong Special Administrative Region.

Programme (2): Trade Support and Facilitation

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	121.4	129.1	120.9 (-6.4%)	122.8 (+1.6%)
				(or -4.9% on 2016–17 Original)

Aim

9 The aim is to optimise the benefits to Hong Kong flowing from international and bilateral trade agreements, including CEPA, to fulfil Hong Kong's obligations under such agreements by way of providing certifications and licensing services, and to enhance Hong Kong's role as a regional trading and distribution centre.

Brief Description

10 The Department provides various licensing, certification and registration services for commodities (such as textiles and clothing, strategic commodities, powdered formula, rough diamonds, rice, Mainland cereals and grain flour) in fulfilment of Hong Kong's international and bilateral obligations, to meet public safety and security requirements and to complement the trade arrangements of our major trading partners.

11 The Department continues to operate a voluntary Textiles Trader Registration Scheme to enable it to disseminate textiles-related regulatory and other information to the trade in a speedy manner.

12 The Department maintains a robust control system on strategic commodities and participates actively in international co-operation in strategic trade control. The list of strategic commodities controlled in Hong Kong is reviewed regularly to align the list of controlled items with the latest control lists of the international regimes. The Department implements the "Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service", which aims to streamline licensing procedures and expedite processing time for certain frequent and qualified users of licensing services for strategic commodities.

13 The Department continues to implement a powdered formula export licensing arrangement. Complemented by other supply chain improvement measures, this arrangement helps to ensure sufficient and stable supply of powdered formula for infants and young children under 36 months of age in Hong Kong.

14 The Department implements the Kimberley Process Certification Scheme, which aims at stopping trade in "conflict diamonds" that fuels armed conflicts, terrorist activities and illicit proliferation of armament.

15 The Department operates the Rice Control Scheme to ensure a stable supply of rice in Hong Kong and to maintain a reserve stock to cater for short-term shortage of supply and other emergencies.

16 Apart from providing a one-stop Hong Kong Service Supplier (HKSS) certification service to support the implementation of CEPA and handling enquiries on CEPA matters, the Department actively organises and participates in various promotional and publicity activities, and handles requests for assistance from Hong Kong businesses which encounter difficulties in making use of CEPA benefits.

17 The key performance measures are:

Targets

	Target#	2015 (Actual)	2016 (Actual)	2017 (Plan)
registration of textiles traders (completed processing within three working days) (%)	100	100	100	100
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Certificate of Hong Kong Origin - CEPA (CO(CEPA)) and Certificate of Hong Kong Origin - New Zealand (CO(NZ)) (issued within 1.5 working days) (%)	100	100	100	100
Certificate of Origin (Form A) (issued within 1.5 working days) (%)	100	N.A.¶	N.A.¶	100
expeditious issue of Certificate of Hong Kong Origin/Form A/CO(CEPA)/ CO(NZ) (issued within 24 hours excluding intervening non-working days) (%)	100	N.A.¶	N.A.¶	100

Head 181 — TRADE AND INDUSTRY DEPARTMENT

	Target#	2015 (Actual)	2016 (Actual)	2017 (Plan)
enquiry on CO(CEPA) and CO(NZ) and preferential 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
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 online system (completed processing within one working day) (%)	100	100	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	N.A.¶	100
combined annual renewal of factory registration and OPA registration (completed processing within one working day) (%)	100	100	100	100
enquiry on OPA: manufacturing processes allowed to be subcontracted outside Hong Kong				
simple enquiry (completed processing within one working day) (%)	100	100	100	100
complicated enquiry (completed processing within four working days) (%)	100	100	N.A.¶	100
import and export licence for reserved commodities (issued within one working day) (%)	100	100	100	100
import and export licence for ozone depleting substances (issued within two working days) (%)	100	100	100	100
import and export licence for strategic commodities				
licence application with prior approval-in-principle (issued within the same day) (%)	100	100	100	100
other licence applications (issued within 2.5 working days) (%)Ψ	100	100	100	100
pre-classification service on strategic commodities (completed within two working days)Ψ	100	100	100	100
powdered formula export licence (issued within two working days) (%)	100	100	100	100
amendment to and cancellation of powdered formula export licence (completed within one working day) (%)	100	100	100	100
Kimberley Process Certificate (Import) for rough diamonds (issued within 20 minutes) (%)	100	100	100	100

Head 181 — TRADE AND INDUSTRY DEPARTMENT

	Target#	2015 (Actual)	2016 (Actual)	2017 (Plan)
Kimberley Process Certificate (Export) for rough diamonds (issued within the following working day) (%)	100	100	100	100
registration for rough diamond traders (completed within one working day) (%)	100	100	100	100
certified true copy (issued within one working day) (%)	100	100	100	100
registration for Transhipment Cargo Exemption Scheme (completed within 14 working days) (%)	100	100	100	100
registration for importers of cereals and grain flour from the Mainland (completed within four working days) (%)	100	100	100	100
HKSS certificate fresh application (completed within 14 working days) (%)	100	100	100	100
amendment and renewal (issued within five working days) (%)	100	100	100	100
replacement and cancellation (issued within three working days) (%)	100	100	100	100
other written enquiries (replied within ten calendar days) (%)	100	100	100	100

Target is applied upon receipt of all necessary documents and information.

¶ No application/enquiry was received.

‡ Preferential rules of origin refer to the rules of origin applicable under respective arrangements/agreements of trade liberalisation between Hong Kong and its trading partners, including CEPA, the Closer Economic Partnership Agreement with New Zealand, the FTA with the European Free Trade Association States and the FTA with Chile.

Ψ The processing time may take longer for complicated cases.

Indicators

	2015 (Actual)	2016 (Actual)	2017 (Plan)
<i>Licence issued</i>			
textiles trader registration	9 010	7 551β	7 560
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Certificate of Origin (Form A), CO(CEPA) and CO(NZ)	3 224	1 610φ	1 610
factory registration	781	731φ	730
OPA registration	69	53φ	53
LSA registration	7	7	7
statutory declarations of antique	0	0	0
reserved commodities licence	9 943	10 321	10 400
registration of reserved commodity stockholder	196	215	220
ozone depleting substances licence	89	65	65
strategic commodities licence	395 559	378 637	379 000
powdered formula export licence	32 700	25 686Δ	25 700
delivery verification certificate	9	3	3
international import certificate	35	47	47
pesticide (methyl bromide) licence	2	2	2
Kimberley Process Certificate	3 343	4 225Φ	4 230
registration of rough diamond tradersy	237	264	240
HKSS certificateΛ	512	546	520
permit under the Chemical Weapons (Convention) Ordinance (Cap. 578)Ω	0	0	0
registration for importers of cereals and grain flour from the Mainland	92	91	91

	2015 (Actual)	2016 (Actual)	2017 (Plan)
<i>CEPA</i>			
enquiries ^ω	10 602	12 777	12 800
visitors to the Department's CEPA website.....	96 375	89 165	89 200

- β Due to the termination of the textiles control system on 21 November 2014, the number of textiles trader registrants continued to decrease in 2016.
- φ Due to the on-going relocation of production outside Hong Kong, the actual numbers of factory registration, certificate of origin and OPA registration approved in 2016 decreased when compared with the previous year.
- Δ The actual number of powdered formula export licences issued in 2016 decreased when compared with the previous year.
- Φ The actual number of Kimberley Process Certificate issued in 2016 has increased when compared with the previous year.
- γ The registration for rough diamond traders is valid for two years and registrants may apply for renewal of registration every two years thereafter.
- Λ The figures on HKSS certificates include fresh applications as well as certificates for amendment, replacement, cancellation and renewal, and certified true copy. Each certificate issued is valid for two years and certificate holders may apply for renewal of certificates every two years thereafter.
- Ω Under the Chemical Weapons (Convention) Ordinance, the Department is empowered to administer a permit system to control and monitor the production and related activities pertinent to scheduled chemicals. There may be potential demand to operate chemical facilities which require permit from the Department. Given the chemical industry in Hong Kong is small in size, such potential demand would not be large.
- ω Following the signing of the CEPA Agreement on Trade in Services in November 2015, there is an increase in the number of enquiries relating to HKSS certificates.

Matters Requiring Special Attention in 2017–18

18 During 2017–18, the Department will:

- promote understanding of CEPA among the trade through timely dissemination of information to the trade, and organisation of or participation in various promotional and publicity activities including the provision of a user-friendly enquiry hotline and organisation of a business forum to introduce further enhancements to CEPA and the related implementation arrangements;
- liaise closely with the Mainland authorities and local traders on Mainland issues of significant impact on business operations, and help reflect the trade's concerns to the relevant Mainland authorities;
- keep the strategic trade control system under review with a view to streamlining procedures and requirements without compromising the integrity and effectiveness of control; and
- keep in view the powdered formula export licensing arrangement and make adjustment as appropriate having regard to the outcome of reviews by the Food and Health Bureau on the supply situation of powdered formula in Hong Kong.

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	479.0	512.8	498.8 (−2.7%)	529.7 (+6.2%)
				(or +3.3% on 2016–17 Original)

Aim

19 The aim is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries.

Brief Description

20 The Department implements programmes to enhance the competitiveness of SMEs and their long-term development. It provides information and consultation services for SMEs through its Support and Consultation Centre for SMEs (SUCCESS). SUCCESS also organises seminars and workshops to help broaden SMEs' business knowledge and enhance their entrepreneurial skills.

21 The Department administers three SME Funding Schemes, namely, the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF), and the SME Development Fund (SDF). A capital injection of \$1.5 billion into the EMF and SDF together with enhancement measures to both schemes took effect in 2015; with the enhancements, the maximum grant of an approved project under the SDF has been raised from \$2 million to \$5 million, and the scope of the EMF has been expanded to cover export promotion activities conducted through electronic platforms and media. The Department continues to follow up on the residual work relating to the Special Loan Guarantee Scheme which had ceased receiving applications after December 2010.

22 The Department assists Hong Kong enterprises in the development and promotion of brands to enhance their competitiveness in the Mainland and overseas markets. In particular, the Department administers the Organisation Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), which was launched in 2012 to support Hong Kong enterprises in developing brands, upgrading and restructuring their operations, and promoting sales in the Mainland domestic market. The Department also works with the Commerce and Economic Development Bureau (CEDB) and the Hong Kong Productivity Council (HKPC) to administer the Enterprise Support Programme of the BUD Fund.

23 The Department maintains regular liaison with local industries and trade and industrial organisations. It provides secretariat support for the Small and Medium Enterprises Committee, which advises the Government on issues affecting the development of SMEs in Hong Kong. It also provides support to the organisation of the Hong Kong Awards for Industries.

24 The key performance measures are:

Targets

	Target#	2015 (Actual)	2016 (Actual)	2017 (Plan)
SUCCESS				
confirming consultation meeting with applicants of Business Advisory Service within ten working days (%)	100	100	100	100
replying to simple enquiries on licensing requirements within one working day (%)	100	100	100	100
replying to complicated enquiries on licensing requirements within three working days (%)	100	100	100	100
replying to simple enquiries on SME support services and facilities within one working day (%)	100	100	100	100
replying to complicated enquiries on SME support services and facilities within three working days (%)	100	100	100	100
SGS				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%)	100	100	100	100
SDF				
processing applications for grant within 60 working days (%)	100	100	100	100
EMF				
processing applications for grant within 30 working days (%)	100	100	100	100
BUD Fund (Organisation Support Programme)				
processing applications for grant within 60 working days (%)	100	100	100	100
BUD Fund (Enterprise Support Programme)				
processing applications for grant within 60 working days (%)◊.....	100	N.A.	N.A.	100

Target is applied upon receipt of all necessary documents and information.

◊ New target as from 2017.

Indicators

	2015 (Actual)	2016 (Actual)	2017 (Plan)
SUCCESS			
enquiries	8 714	3 763 ^a	3 800
visitors to SUCCESS	19 406	3 366 ^a	3 400
visits to SUCCESS website.....	957 201	533 099 ^ψ	533 100
seminars and other activities	100	105	100
publications relating to local industries and SMEs	2	2	2
e-newsletters sent to SUCCESS members	26	26	26
SGS			
applications received and processed	978	787	790
no. of SME beneficiaries.....	861	701	700
amount of government guarantees issued (\$m)	1,204.2	965.4	965.0
SDF			
applications received and processed	41	34	34
amount of government grants approved (\$m).....	20.6	28.6 ^φ	28.6
EMF			
applications received and processed	14 425	11 387 ^μ	11 400
no. of first time SME beneficiaries	1 948	1 490 ^μ	1 500
total no. of SME beneficiaries.....	7 734	6 224 ^μ	6 200
amount of government grants approved (\$m).....	205.0	158.4 ^μ	158.0
BUD Fund (Organisation Support Programme)			
applications received and processed	21	26	26
amount of government grants approved (\$m).....	18.3	32.4	32.4
BUD Fund (Enterprise Support Programme)@			
applications received and processed	204	525 [§]	525
amount of government grants approved (\$m).....	54.3	108.5 [§]	109.0

- α The actual numbers of “enquiries” and “visitors to SUCCESS” decreased in 2016. This is attributable to the relocation of SUCCESS in late 2015 leading to less enquiries made in person in SUCCESS, and the downward trend of visitors to SUCCESS as a result of regular updating of SME-related information on SUCCESS website and regular notifications sent to SME contacts electronically.
- ψ The actual number of “visits to SUCCESS website” decreased in 2016 subsequent to a substantial surge in 2015 which may be attributable to more visitors searching for information relating to the relocation of SUCCESS in late 2015.
- φ The increase in the amount of government grants approved in 2016 was due to the increase in the maximum grant for each project from \$2 million to \$5 million since August 2015.
- μ The number of EMF applications and related indicators decreased in 2016. This is attributable to the more cautious approach adopted by SMEs for export marketing activities in the light of the unstable global economic condition.
- @ New indicators as from 2017. The Department works with CEDB and HKPC to administer the Enterprise Support Programme of the BUD Fund.
- § The increase in applications and the grants approved in 2016 was due to the enhanced promotion of the programme and the introduction of “ESP Easy – Simplified Application Track” since August 2015.

Matters Requiring Special Attention in 2017–18

25 During 2017–18, the Department will:

- closely monitor the global and domestic economic environment and the impact of any changes in the environment on Hong Kong enterprises, in particular SMEs;
- liaise closely with the trade, and help them meet the challenges facing them;
- administer the Organisation Support Programme of the BUD Fund and work with CEDB and HKPC to administer the Enterprise Support Programme of the BUD Fund; and
- administer various SME Funding Schemes and closely monitor their effectiveness and utilisation.

ANALYSIS OF FINANCIAL PROVISION

Programme	2015–16 (Actual) (\$m)	2016–17 (Original) (\$m)	2016–17 (Revised) (\$m)	2017–18 (Estimate) (\$m)
(1) Commercial Relations.....	118.6	131.8	147.0	149.9
(2) Trade Support and Facilitation.....	121.4	129.1	120.9	122.8
(3) Support for Small and Medium Enterprises and Industries	479.0	512.8	498.8	529.7
	719.0	773.7	766.7	802.4
			(-0.9%)	(+4.7%)
				(or +3.7% on 2016–17 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2017–18 is \$2.9 million (2.0%) higher than the revised estimate for 2016–17. This is mainly due to the full-year effect of filling vacancies in 2016–17 and increased provision for salary increments and personnel related expenses.

Programme (2)

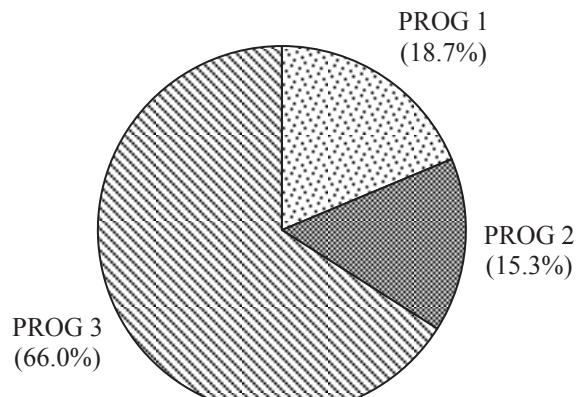
Provision for 2017–18 is \$1.9 million (1.6%) higher than the revised estimate for 2016–17. This is mainly due to the full-year effect of filling vacancy in 2016–17 and increased provision for salary increments and personnel related expenses.

Programme (3)

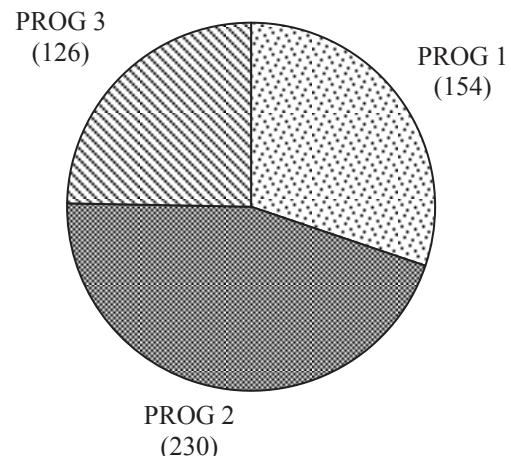
Provision for 2017–18 is \$30.9 million (6.2%) higher than the revised estimate for 2016–17. This is mainly due to increased cash flow requirements for funding schemes. There will be an increase of four posts in 2017–18.

*Allocation of provision
to programmes*

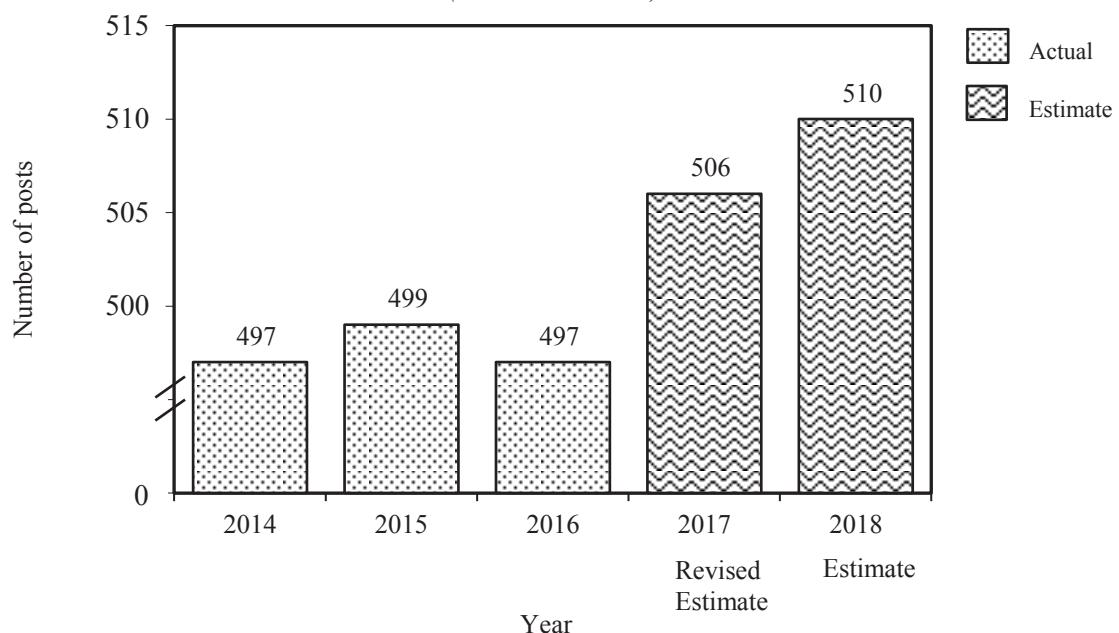
(2017-18)



*Staff by programme
(as at 31 March 2018)*



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



Head 181 — TRADE AND INDUSTRY DEPARTMENT

Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses	332,874	350,878	363,381	369,411
Total, Recurrent.....	<u>332,874</u>	<u>350,878</u>	<u>363,381</u>	<u>369,411</u>
Non-Recurrent				
700 General non-recurrent	386,167	422,773	403,332	433,035
Total, Non-Recurrent.....	<u>386,167</u>	<u>422,773</u>	<u>403,332</u>	<u>433,035</u>
Total, Operating Account	<u>719,041</u>	<u>773,651</u>	<u>766,713</u>	<u>802,446</u>
Total Expenditure	<u>719,041</u>	<u>773,651</u>	<u>766,713</u>	<u>802,446</u>

Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the Trade and Industry Department is \$802,446,000. This represents an increase of \$35,733,000 over the revised estimate for 2016–17 and \$83,405,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$369,411,000 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 2017 will be 506 posts. It is expected that there will be an increase of four posts in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$252,691,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	251,976	266,141	265,651	270,827
- Allowances.....	5,671	5,660	7,210	7,253
- Job-related allowances.....	1	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	640	528	759	555
- Civil Service Provident Fund contribution.....	6,128	8,020	7,279	9,337
Departmental Expenses				
- General departmental expenses	60,723	60,687	67,207	66,154
Other Charges				
- Contribution to and participation in the Asia-Pacific Economic Cooperation	1,213	1,212	1,245	1,255
- Trade negotiations and associated activities.....	4,395	6,500	11,900	11,900
- Contribution to the organisation of the Hong Kong Awards for Industries.....	2,000	2,000	2,000	2,000
- Subscription to the Pacific Economic Cooperation Council.....	127	128	128	128
	<hr/>	<hr/>	<hr/>	<hr/>
	332,874	350,878	363,381	369,411
	<hr/>	<hr/>	<hr/>	<hr/>

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2016 \$'000	Revised estimated expenditure for 2016–17 \$'000	Balance \$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
520		SME Loan Guarantee Scheme#	30,000,000	254,376	17,700	29,727,924
524		SME Export Marketing and Development Funds	5,250,000	3,536,498	195,780	1,517,722
802		Special Loan Guarantee Scheme@	100,000,000	535,943	108,000	99,356,057
836		Dedicated Fund on Branding, Upgrading and Domestic Sales.....	1,000,000	272,233	81,852	645,915
		Total	136,250,000	4,599,050	403,332	131,247,618
<hr/>						

- # The approved commitment of \$30 billion refers to the total loan guarantee commitment approved by the Finance Committee (based on an assumed default rate of five per cent, the expected maximum expenditure for settlement of default claim is \$1.5 billion).
- @ The approved commitment of \$100 billion refers to the total loan guarantee commitment approved by the Finance Committee (based on the assumed default rates of ten per cent and 12 per cent for loans approved under 70 per cent and 80 per cent Government guarantee respectively, the expected maximum expenditure for settlement of default claim is \$11.8 billion).