

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

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

<b>Estimate 2018–19</b> .....	<b>\$425.3m</b>
<b>Establishment ceiling 2018–19</b> (notional annual mid-point salary value) representing an estimated 148 non-directorate posts as at 31 March 2018 rising by six posts to 154 posts as at 31 March 2019 ...	<b>\$93.9m</b>
In addition, there will be an estimated 19 directorate posts as at 31 March 2018 rising by one post to 20 posts as at 31 March 2019.	
<b>Commitment balance</b> .....	<b>\$4.7m</b>

### Controlling Officer's Report

#### Programmes

<p><b>Programme (1) Commercial Relations</b>  <b>Programme (2) Public Relations</b>  <b>Programme (3) Investment Promotion</b></p>	<p>These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).</p>
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#### Detail

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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	159.0	201.7	185.1 (–8.2%)	201.5 (+8.9%)
				(or –0.1% on 2017–18 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, Berlin, London, New York, San Francisco, Washington, Jakarta, 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 hosts and other governments on specific trade and economic issues and assist officers from Hong Kong in negotiating trade agreements and in promoting the business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement, as well as in attracting inward investment to Hong Kong and assisting in Hong Kong's participation in the Belt and Road Initiative.

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

#### Indicators

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
meetings on trade-related matters attended .....	3 412	3 372	3 390
visits to host governments and trade organisations .....	1 420	1 434	1 450
seminars, exhibitions and workshops			
organised .....	293	318	320
participated .....	889	882	910
public speeches given .....	449	494	500
media interviews/briefings given .....	677	701	710
circulars/newsletters/press releases issued .....	980	1 269	1 270

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***Matters Requiring Special Attention in 2018–19***

5 During 2018–19, 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 Commerce and Economic Development Bureau and, as appropriate, other bureaux and departments on issues of special interests on the bilateral, plurilateral and multilateral fronts. New ETOs are planned to be set up, including an additional one in the Association of Southeast Asian Nations (ASEAN) region, to strengthen trade promotion work and to bring more business opportunities to Hong Kong.

**Programme (2): Public Relations**

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	<b>2018–19 (Estimate)</b>
Financial provision (\$m)	122.4	157.8	144.7 (–8.3%)	<b>154.1</b> (+6.5%)
				(or –2.3% on 2017–18 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 or regions under their purview, liaise with Hong Kong enterprises and people, and provide a comprehensive information and enquiry service about Hong Kong.

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

***Indicators***

	2016 (Actual)	2017 (Actual)	<b>2018 (Estimate)</b>
call on senior government officials/organisations.....	1 638	1 662	<b>1 670</b>
public relations functions/events			
organised .....	726	757	<b>760</b>
participated.....	1 578	1 470	<b>1 490</b>
newsletters, pamphlets, press releases issued .....	1 384	1 429	<b>1 430</b>
no. of visitors assisted .....	2 253	2 365	<b>2 380</b>
public speeches given.....	528	578	<b>590</b>
media interviews/briefings given .....	746	778	<b>780</b>
enquiries handled .....	24 431	20 581	<b>20 660</b>

***Matters Requiring Special Attention in 2018–19***

9 During 2018–19, the overseas ETOs, including the new ETOs planned to be set up, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, Korea, the ASEAN countries, etc.; and to strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity.

**Programme (3): Investment Promotion**

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	<b>2018–19 (Estimate)</b>
Financial provision (\$m)	56.5	72.4	66.4 (–8.3%)	<b>69.7</b> (+5.0%)
				(or –3.7% on 2017–18 Original)

***Aim***

10 The aim is to attract foreign direct investment to Hong Kong and to promote Hong Kong’s many advantages as a regional hub and the preferred business location in Asia.

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***Brief Description***

11 In close collaboration with Invest Hong Kong, the overseas ETOs promote the attractiveness of Hong Kong as an international financial and business centre and provide assistance to ensure that the companies have all the support they need to establish and expand operations in Hong Kong.

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

***Indicators***

	2016 (Actual)	2017 (Actual)	<b>2018 (Estimate)</b>
new projects generated# .....	375	387	<b>410</b>
projects completed^ .....	187	181	<b>210</b>

# New projects with the potential of becoming completed projects in the coming 18 months. It reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

^ Investment projects each resulting in an overseas company setting up or expanding its business in Hong Kong.

***Matters Requiring Special Attention in 2018–19***

13 During 2018–19, the overseas ETOs, including the new ETOs planned to be set up but except the Geneva ETO, will continue to work closely with Invest Hong Kong to step up their efforts in attracting overseas companies to set up and expand their operations in Hong Kong and access opportunities in the Mainland and elsewhere in Asia.

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**ANALYSIS OF FINANCIAL PROVISION**

	2016-17 (Actual) (\$m)	2017-18 (Original) (\$m)	2017-18 (Revised) (\$m)	<b>2018-19 (Estimate) (\$m)</b>
<b>Programme</b>				
(1) Commercial Relations .....	159.0	201.7	185.1	<b>201.5</b>
(2) Public Relations .....	122.4	157.8	144.7	<b>154.1</b>
(3) Investment Promotion .....	56.5	72.4	66.4	<b>69.7</b>
	337.9	431.9	396.2 (-8.3%)	<b>425.3 (+7.3%)</b>
				<b>(or -1.5% on 2017-18 Original)</b>

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2018-19 is \$16.4 million (8.9%) higher than the revised estimate for 2017-18. This is mainly due to the increased provision for the new ETOs planned to be set up, increased salary provisions for filling vacancies and staff changes and increased operating expenses. In addition, three posts will be created in 2018-19.

**Programme (2)**

Provision for 2018-19 is \$9.4 million (6.5%) higher than the revised estimate for 2017-18. The reasons that account for the increase under Programme (1) above also apply here. In addition, four posts will be created in 2018-19.

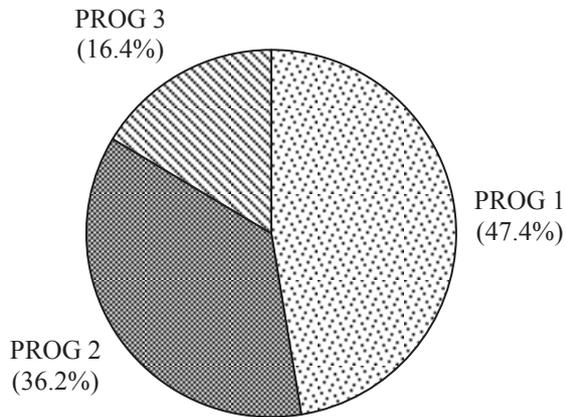
**Programme (3)**

Provision for 2018-19 is \$3.3 million (5.0%) higher than the revised estimate for 2017-18. The reasons that account for the increase under Programme (1) above also apply here.

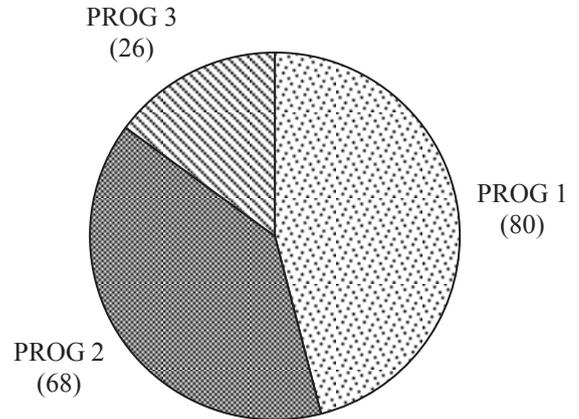
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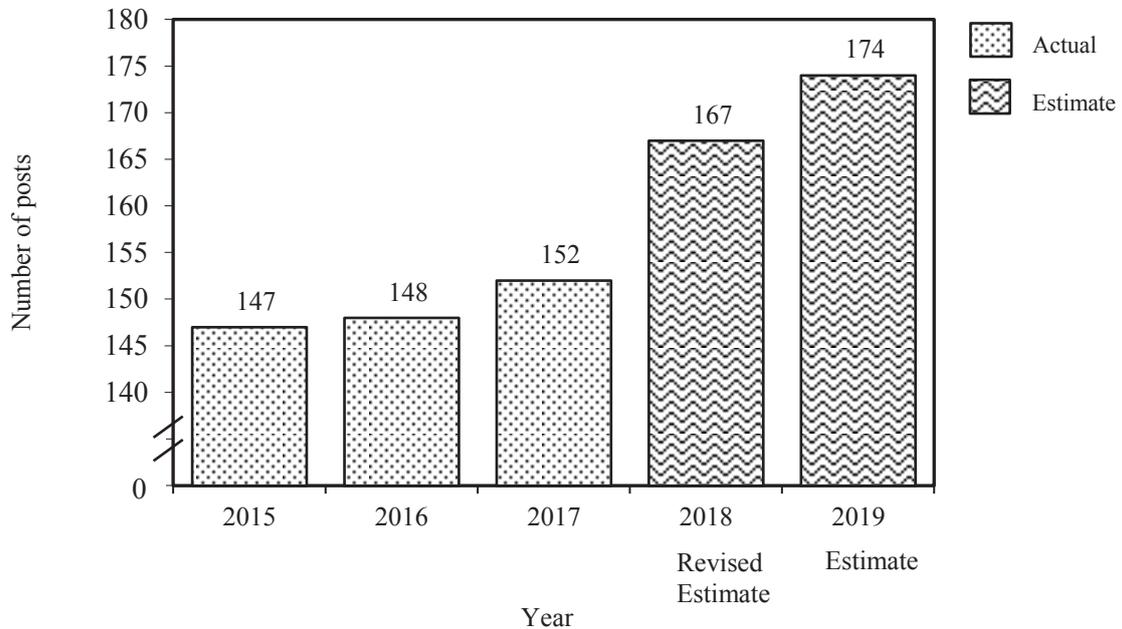
*Allocation of provision  
to programmes  
(2018-19)*



*Staff by programme  
(as at 31 March 2019)*



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



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Sub-head (Code)	Actual expenditure 2016–17	Approved estimate 2017–18	Revised estimate 2017–18	<b>Estimate 2018–19</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	335,870	424,161	391,906	<b>422,175</b>
	Total, Recurrent.....	<u>335,870</u>	<u>424,161</u>	<u>391,906</u>	<u><b>422,175</b></u>
Non-Recurrent					
700	General non-recurrent .....	1,140	7,085	3,600	<b>3,160</b>
	Total, Non-Recurrent.....	<u>1,140</u>	<u>7,085</u>	<u>3,600</u>	<u><b>3,160</b></u>
	Total, Operating Account .....	<u>337,010</u>	<u>431,246</u>	<u>395,506</u>	<u><b>425,335</b></u>
<b>Capital Account</b>					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	868	700	700	—
	Total, Plant, Equipment and Works.....	<u>868</u>	<u>700</u>	<u>700</u>	<u>—</u>
	Total, Capital Account.....	<u>868</u>	<u>700</u>	<u>700</u>	<u>—</u>
	Total Expenditure .....	<u><u>337,878</u></u>	<u><u>431,946</u></u>	<u><u>396,206</u></u>	<u><u><b>425,335</b></u></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the overseas Economic and Trade Offices (ETOs) is \$425,335,000. This represents an increase of \$29,129,000 over the revised estimate for 2017–18 and \$87,457,000 over the actual expenditure in 2016–17.

#### *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 exchange rates set out below —

Australian Dollar	1=HK\$6.07444
Canadian Dollar	1=HK\$6.30950
Euro	1=HK\$9.23989
Japanese Yen	1=HK\$0.068577
Pound Sterling	1=HK\$10.73232
Singapore Dollar	1=HK\$5.78619
Swiss Franc	1=HK\$8.01641

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 \$422,175,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs.

4 The establishment as at 31 March 2018 will be 167 posts. Of these posts, 114 are filled by staff engaged locally by the overseas ETOs. It is expected that there will be an increase of seven posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$93,859,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	123,270	149,572	138,138	160,324
- Allowances.....	30,216	37,692	31,951	40,447
Personnel Related Expenses				
- Civil Service Provident Fund contribution.....	4,265	4,992	4,631	6,823
- Disturbance allowance.....	1,959	5,235	3,047	6,799
Departmental Expenses				
- General departmental expenses .....	104,783	116,217	114,610	144,765
Other Charges				
- Publicity .....	71,377	110,453	99,529	63,017
	335,870	424,161	391,906	422,175

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2017	Revised estimated expenditure for 2017–18	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	801	One-off setting up cost for the Hong Kong Economic and Trade Office in Jakarta.....	9,400	1,140	3,600	4,660
		Total .....	<u>9,400</u>	<u>1,140</u>	<u>3,600</u>	<u>4,660</u>