

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.

Estimate 2019–20 **\$531.5m**

Establishment ceiling 2019–20 (notional annual mid-point salary value) representing an estimated 154 non-directorate posts as at 31 March 2019 rising by 50 posts to 204 posts as at 31 March 2020..... **\$125.4m**

In addition, there will be an estimated 20 directorate posts as at 31 March 2019 rising by three posts to 23 posts as at 31 March 2020.

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations
Programme (2) Public Relations
Programme (3) Investment Promotion

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

Detail

Programme (1): Commercial Relations

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	173.1	201.5	177.3 (–12.0%)	251.6 (+41.9%)
				(or +24.9% on 2018–19 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 Berlin, Brussels, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington D.C. 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, discuss with their hosts and other governments specific trade and economic issues, assist officers from Hong Kong in negotiating trade agreements, and promote the business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement, Hong Kong's participation in the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

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

Indicators

	2017 (Actual)	2018 (Actual)	2019 (Estimate)
meetings on trade-related matters attended.....	3 372	3 222	3 320
visits to host governments and trade organisations.....	1 434	1 474	1 550
seminars, exhibitions and workshops			
organised	318	326	340
participated.....	882	922	970
public speeches given.....	494	502	530
media interviews/briefings given.....	701	719	750
circulars/newsletters/press releases issued.....	1 269	1 435	1 470

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

Matters Requiring Special Attention in 2019–20

5 During 2019–20, 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. Among the new ETOs under planning, we target to set up the Bangkok ETO in Thailand in early 2019, to be followed by the Dubai ETO in the United Arab Emirates.

Programme (2): Public Relations

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	135.5	154.1	134.7 (–12.6%)	191.4 (+42.1%)
				(or +24.2% on 2018–19 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

	2017 (Actual)	2018 (Actual)	2019 (Estimate)
call on senior government officials/organisations.....	1 662	1 687	1 730
public relations functions/events			
organised	757	788	810
participated.....	1 470	1 481	1 540
newsletters, pamphlets, press releases issued	1 429	1 585	1 610
no. of visitors assisted	2 365	2 199	2 320
public speeches given.....	578	576	620
media interviews/briefings given	778	799	820
enquiries handled	20 581	19 515	19 230

Matters Requiring Special Attention in 2019–20

9 During 2019–20, the overseas ETOs will continue to sustain and step up publicity and public relations efforts in the member states of the Association of Southeast Asian Nations, Australia, Europe, Japan, Korea, New Zealand, North America, the Middle East (when the Dubai ETO has been set up), etc., and to strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity.

Programme (3): Investment Promotion

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	62.3	69.7	62.0 (–11.0%)	88.5 (+42.7%)
				(or +27.0% on 2018–19 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.

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

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 and support to overseas companies to establish or expand operations in Hong Kong.

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

Indicators

	2017 (Actual)	2018 (Actual)	2019 (Estimate)
new projects generated#.....	387	378	480
projects completed^.....	181	195	238

New projects with the potential of becoming completed projects in the coming 18 months. The figure 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 undergoing a significant expansion in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2019–20

13 During 2019–20, the overseas ETOs (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.

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

ANALYSIS OF FINANCIAL PROVISION

	2017–18 (Actual) (\$m)	2018–19 (Original) (\$m)	2018–19 (Revised) (\$m)	2019–20 (Estimate) (\$m)
Programme				
(1) Commercial Relations	173.1	201.5	177.3	251.6
(2) Public Relations	135.5	154.1	134.7	191.4
(3) Investment Promotion	62.3	69.7	62.0	88.5
	370.9	425.3	374.0 (–12.1%)	531.5 (+42.1%)
				(or +25.0% on 2018–19 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2019–20 is \$74.3 million (41.9%) higher than the revised estimate for 2018–19. This is mainly due to the increased provision for the new ETOs planned to be set up, increased salary provision for filling vacancies and staff changes and increased operating expenses. In addition, 17 posts will be created from 2019–20 onwards.

Programme (2)

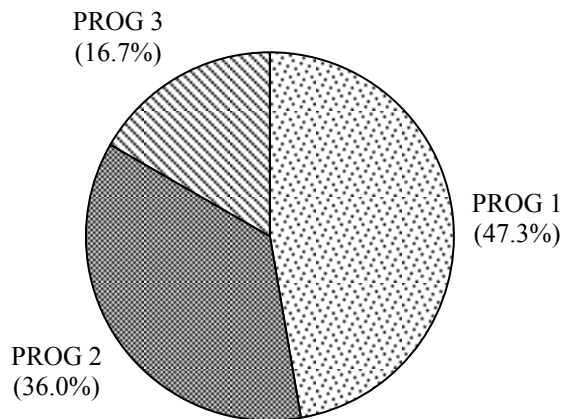
Provision for 2019–20 is \$56.7 million (42.1%) higher than the revised estimate for 2018–19. The reasons that account for the increase under Programme (1) above also apply here. In addition, 27 posts will be created from 2019–20 onwards.

Programme (3)

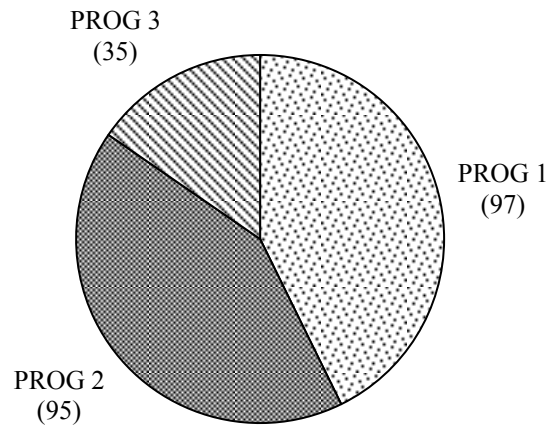
Provision for 2019–20 is \$26.5 million (42.7%) higher than the revised estimate for 2018–19. The reasons that account for the increase under Programme (1) above also apply here. In addition, nine posts will be created from 2019–20 onwards.

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

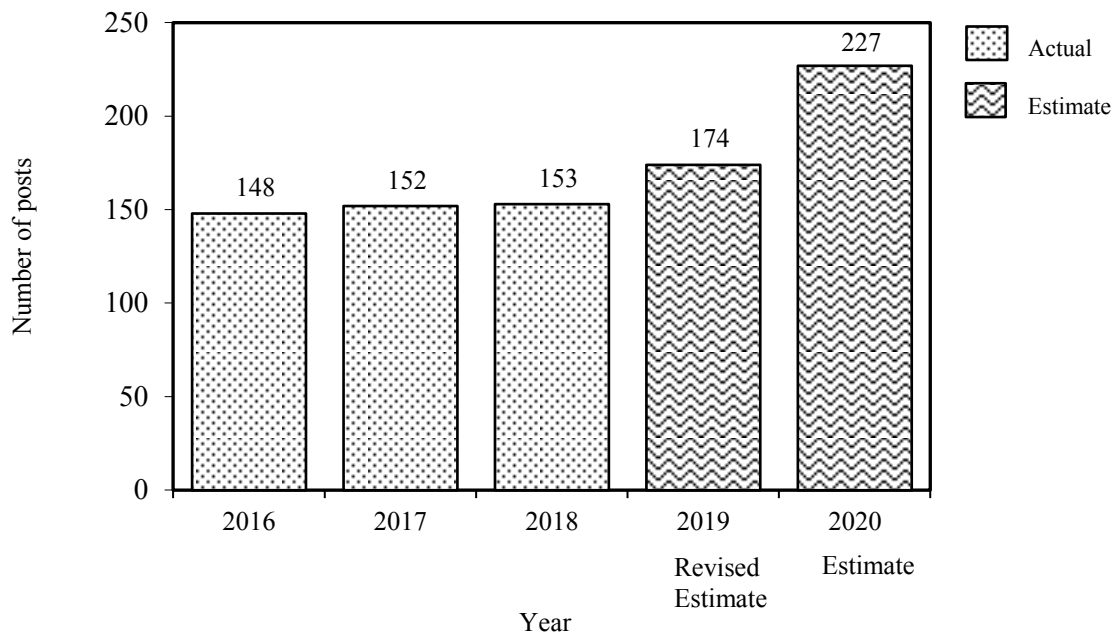
*Allocation of provision
to programmes
(2019-20)*



*Staff by programme
(as at 31 March 2020)*



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



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

Sub-head (Code)	Actual expenditure 2017–18	Approved estimate 2018–19	Revised estimate 2018–19	Estimate 2019–20	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	367,414	422,175	373,074	530,975
	Total, Recurrent.....	<u>367,414</u>	<u>422,175</u>	<u>373,074</u>	<u>530,975</u>
Non-Recurrent					
	General non-recurrent	3,037	3,160	950	—
	Total, Non-Recurrent.....	<u>3,037</u>	<u>3,160</u>	<u>950</u>	<u>—</u>
	Total, Operating Account	<u>370,451</u>	<u>425,335</u>	<u>374,024</u>	<u>530,975</u>
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	492	—	—	520
	Total, Plant, Equipment and Works.....	<u>492</u>	<u>—</u>	<u>—</u>	<u>520</u>
	Total, Capital Account.....	<u>492</u>	<u>—</u>	<u>—</u>	<u>520</u>
	Total Expenditure	<u><u>370,943</u></u>	<u><u>425,335</u></u>	<u><u>374,024</u></u>	<u><u>531,495</u></u>

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the overseas Economic and Trade Offices (ETOs) is \$531,495,000. This represents an increase of \$157,471,000 over the revised estimate for 2018–19 and \$160,552,000 over the actual expenditure in 2017–18.

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\$5.67117
Canadian Dollar	1=HK\$5.87077
Euro	1=HK\$8.74843
Japanese Yen	1=HK\$0.071572
Pound Sterling	1=HK\$9.99100
Singapore Dollar	1=HK\$5.67165
Swiss Franc	1=HK\$7.90184

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 \$530,975,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$157,901,000 (42.3%) over the revised estimate for 2018–19 is mainly due to the increased provision for setting up five new ETOs, the increased salary provision arising from pay rise and staff changes, as well as increased operating expenses for organising promotional activities overseas.

4 The establishment as at 31 March 2019 will be 174 posts. Of these posts, 115 are filled by staff engaged locally by the overseas ETOs. It is expected that there will be an increase of 53 posts starting from 2019–20 onwards. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$125,426,000.

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

	2017–18 (Actual) (\$'000)	2018–19 (Original) (\$'000)	2018–19 (Revised) (\$'000)	2019–20 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	126,450	160,324	139,294	193,727
- Allowances.....	29,744	40,447	36,941	44,476
Personnel Related Expenses				
- Civil Service Provident Fund contribution.....	4,842	6,823	5,733	10,236
- Disturbance allowance.....	2,314	6,799	6,173	6,602
Departmental Expenses				
- General departmental expenses	112,719	144,765	128,152	182,066
Other Charges				
- Publicity	91,345	63,017	56,781	93,868
	367,414	422,175	373,074	530,975

Capital Account

Plant, Equipment and Works

6 Provision of \$520,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for purchase of office car for New York ETO in 2019–20.