

## Head 181 — TRADE AND INDUSTRY DEPARTMENT

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

**Estimate 2023–24** ..... **\$1,851.1m**

**Establishment ceiling 2023–24** (notional annual mid-point salary value) representing an estimated 507 non-directorate posts as at 31 March 2023 and as at 31 March 2024..... **\$304.7m**

In addition, there will be an estimated 11 directorate posts as at 31 March 2023 and as at 31 March 2024.

**Commitment balance**..... **\$134,475.6m**

### Controlling Officer's Report

#### Programmes

<p><b>Programme (1) Commercial Relations</b></p> <p><b>Programme (2) Trade Support and Facilitation</b></p> <p><b>Programme (3) Support for Small and Medium Enterprises and Industries</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

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	156.6	163.1	163.3 (+0.1%)	<b>167.2</b> (+2.4%)
				(or +2.5% on 2022–23 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 in support of Hong Kong's role as an international trade centre under the National 14th Five-Year Plan.

#### *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 rules-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 the motherland.

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 and investment 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, Hong Kong was the world's sixth largest economy in terms of merchandise trade and the 21st largest in terms of commercial services trade in 2021.

7 In 2022, the Department's key activities included the following:

- active participation in the WTO, including:
  - taking part in the Twelfth WTO Ministerial Conference held in Geneva, Switzerland in June 2022;
  - safeguarding Hong Kong's rights through monitoring and responding to trade restrictive measures which impacted on Hong Kong's trade interests and posed systemic risks to the multilateral trading system;

- safeguarding Hong Kong’s rights and interests by taking actions in accordance with the WTO Dispute Settlement Mechanism against the revised origin marking requirement implemented by the United States (US) Government on imported products originating from Hong Kong;
- contributing to the ongoing negotiations and discussions at the WTO, particularly on domestic regulation (DR) for services; rules; investment facilitation; electronic commerce; micro, small and medium enterprises (SMEs); and proposals to reform the WTO; and
- collectively with other Participants, launching certification procedures under the WTO to give effect to the new disciplines for services DR.
- 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 regional economic integration, connectivity, and implementation of the APEC Putrajaya Vision 2040, including through the Aotearoa Plan of Action; and
  - providing secretariat support for Hong Kong, China’s representatives to the APEC Business Advisory Council;
- overseeing the implementation of CEPA and its subsidiary agreements, including the Agreement on Trade in Goods which provides for the full implementation of zero tariff on goods of Hong Kong origin imported into the Mainland; and the updated Agreement on Trade in Services which further liberalises the Mainland market for Hong Kong service suppliers in most service sectors;
- enhancing economic co-operation with trading partners as well as assisting enterprises in diversifying markets and securing better market access through establishing co-operation arrangements, forging free trade agreements (FTAs) and investment promotion and protection agreements (IPPAs). The Department has intensified engagement with members of Regional Comprehensive Economic Partnership (RCEP) for Hong Kong’s early accession to RCEP, announced the launch of formal negotiations of an FTA with Peru, continued the negotiations with the Association of Southeast Asian Nations (ASEAN) as per the work programme of ASEAN – Hong Kong Investment Agreement, and continued IPPA negotiations with, among others, Türkiye and Bahrain. Hong Kong and Chile signed an exchange of notes to confirm their updated commitments on trade in services under the Hong Kong, China – Chile FTA. The updated commitments will take effect upon completion of all the necessary procedures. The Department has also continued its exploratory talks with other potential FTA or IPPA partners in the Middle East and other regions along the Belt and Road; and
- closely monitoring policies and actions of our major trading partners which might affect bilateral trade, responding to such policies and actions where necessary, and giving advice to local traders and manufacturers.

### ***Matters Requiring Special Attention in 2023–24***

- 8 During 2023–24, the Department will:
- participate actively in the WTO to monitor implementation of agreements and to safeguard Hong Kong’s rights and interests, and engage in work relating to the decisions/declarations adopted at WTO Ministerial Conferences including preparation for Hong Kong’s acceptance of the Agreement on Fisheries Subsidies adopted at the Twelfth WTO Ministerial Conference, and participation in discussions on proposals to reform the WTO;
  - continue to take actions in accordance with the WTO Dispute Settlement Mechanism against the revised origin marking requirement implemented by the US Government on imported products originating from Hong Kong;
  - participate in ongoing negotiations and discussions at the WTO in seeking to advance Hong Kong’s interest and contribute to multilateral efforts in trade liberalisation and greater predictability and transparency in global trade rules, including participation at the Thirteenth WTO Ministerial Conference;
  - participate in the WTO trade policy review of Hong Kong which is a regular exercise under the WTO Trade Policy Review Mechanism;
  - participate actively in APEC and other regional bodies, and contribute particularly to APEC’s work on regional economic integration, supply chain connectivity, sustainability and in the implementation of the APEC Putrajaya Vision 2040, including through the Aotearoa Plan of Action;
  - negotiate an FTA with Peru, continue to seek early accession to RCEP, to negotiate/discuss the signing of IPPAs with, among others, Türkiye and Bahrain, to negotiate with ASEAN as per the work programme of ASEAN – Hong Kong Investment Agreement;
  - continue exploratory talks with other potential FTA or IPPA partners in the Middle East and other regions along the Belt and Road;

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- oversee 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 seek future market liberalisation, especially in strategic locations such as the Guangdong-Hong Kong-Macao Greater Bay Area (including Qianhai and Nansha) and Hainan; and
- continue to safeguard Hong Kong's trade interests through monitoring and responding where necessary to trade restrictive measures and changes in major trading partners' laws, regulations, and policies, and provide updated information to local traders and manufacturers.

### Programme (2): Trade Support and Facilitation

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	<b>2023–24 (Estimate)</b>
Financial provision (\$m)	139.7	145.2	148.5 (+2.3%)	<b>148.5</b> (—)
				(or +2.3% on 2022–23 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 licensing, certification, and registration services, and to enhance Hong Kong's role as a regional trading and distribution centre.

#### *Brief Description*

10 The Department provides licensing, certification and registration services for various goods and commodities. The Department:

- operates the voluntary Textiles Trader Registration Scheme to enable it to disseminate textiles-related regulatory and other information to the trade in a speedy manner;
- maintains a robust control system on strategic commodities and participates actively in international co-operation in strategic trade control; reviews the list of strategic commodities controlled in Hong Kong regularly to align the list of controlled items with the latest control lists of the international regimes;
- 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;
- implements the Kimberley Process Certification Scheme to stop trade in “conflict diamonds” that fuels armed conflicts, terrorist activities and illicit proliferation of armament; and
- operates a powdered formula export licensing arrangement under the policy area of the Environment and Ecology Bureau to help to ensure sufficient and stable supply of powdered formula for infants and young children under 36 months of age in Hong Kong.

11 The Department operates an origin certification system to facilitate export of Hong Kong products to external markets by issuance of Certificates of Origin. It also maintains a Factory Registration service in support of the origin certification system.

12 Apart from providing a one-stop certification service for Hong Kong Service Suppliers (HKSS) and Hong Kong Investors (HKI) 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.

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13 The key performance measures are:

### *Targets*

	Target#	2021 (Actual)	2022 (Actual)	<b>2023 (Plan)</b>
registration of textiles traders (completed processing within three working days) (%) .....	100	100	100	<b>100</b>
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Certificate of Hong Kong Origin - CEPA (CO(CEPA)), Certificate of Hong Kong Origin - New Zealand (CO(NZ)), Certificate of Hong Kong Origin - Georgia (CO(Georgia)), Certificate of Hong Kong Origin - Form AHK (CO(Form AHK)) and Certificate of Origin (Form A)⊖ (issued within 1.5 working days) (%).....	100	100	100	<b>100</b>
enquiry on CO(CEPA), CO(NZ), CO(Georgia), CO(Form AHK) and preferential rules of origin‡ simple enquiry (replied within three working days) (%) .....	100	100	100	<b>100</b>
complicated enquiry (replied within ten working days) (%) .....	100	100	100	<b>100</b>
application for factory registration (completed processing within 14 working days) (%) .....	100	100	100	<b>100</b>
amendment of factory registration particulars if factory inspection is necessary (completed processing within 14 working days) (%) .....	100	100	100	<b>100</b>
if factory inspection is not necessary and the request is lodged in paper form (completed processing within three working days) (%) .....	100	100	100	<b>100</b>
if factory inspection is not necessary and the request is lodged through online system (completed processing within one working day) (%) .....	100	N.A.¶	N.A.¶	<b>100</b>
local subcontracting arrangement (LSA) registration (completed processing within one working day) (%) .....	100	100	100	<b>100</b>
outward processing arrangement (OPA) registration (completed processing within one working day) (%) .....	100	100	100	<b>100</b>
combined annual renewal of factory registration and OPA registration (completed processing within one working day) (%) .....	100	100	100	<b>100</b>
enquiry on OPA: manufacturing processes allowed to be subcontracted outside Hong Kong simple enquiry (completed processing within one working day) (%) .....	100	N.A.¶	N.A.¶	<b>100</b>
complicated enquiry (completed processing within four working days) (%) .....	100	N.A.¶	N.A.¶	<b>100</b>
import and export licence for reserved commodities (rice) (issued within one working day) (%) .....	100	100	100	<b>100</b>

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	Target#	2021 (Actual)	2022 (Actual)	2023 (Plan)
approval as a reserved commodity (rice)				
storage place				
inform Customs and Excise Department (C&ED) to conduct inspection of the premises (completed within five working days) (%) .....	100	100	100	<b>100</b>
inform the applicant of the application result upon receipt of C&ED's inspection report (completed within five working days) (%) .....	100	100	100	<b>100</b>
import and export licence for ozone depleting substances (issued within two working days) (%) .....	100	100	100	<b>100</b>
import and export licence for strategic commodities				
licence application with prior approval-in-principle (issued within the same day) (%).....	100	100	100	<b>100</b>
other licence applications (issued within 2.5 working days) (%)Ψ .....	100	100	100	<b>100</b>
pre-classification service on strategic commodities (completed within two working days) (%)Ψ .....	100	100	100	<b>100</b>
powdered formula export licence (issued within two working days) (%).....	100	100	100	<b>100</b>
amendment to and cancellation of powdered formula export licence (completed within one working day) (%) .....	100	100	100	<b>100</b>
Kimberley Process Certificate (Import) for rough diamonds (issued within 20 minutes) (%) .....	100	100	100	<b>100</b>
Kimberley Process Certificate (Export) for rough diamonds (issued within the following working day) (%) .....	100	100	100	<b>100</b>
registration for rough diamond traders (completed within one working day) (%) .....	100	100	100	<b>100</b>
certified true copy (issued within one working day) (%) .....	100	100	100	<b>100</b>
registration for Transshipment Cargo Exemption Scheme (completed within 14 working days) (%) .....	100	100	100	<b>100</b>
registration for importers of cereals and grain flour from the Mainland (completed within four working days) (%).....	100	100	100	<b>100</b>
HKSS and HKI certificates				
fresh application (completed within 14 working days) (%) .....	100	100	100	<b>100</b>
amendment and renewal (issued within five working days) (%).....	100	100	100	<b>100</b>
replacement and cancellation (issued within three working days) (%).....	100	100	100	<b>100</b>
other written enquiries (replied within ten calendar days) (%) .....	100	100	100	<b>100</b>

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

‡ 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, as well as the respective FTAs with European Free Trade Association States, Chile, the ASEAN, Georgia and Australia.

¶ No application/enquiry was received.

Ψ The processing time may take longer for complicated cases.

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### Indicators

	2021 (Actual)	2022 (Actual)	2023 (Plan)
<i>Licence issued</i>			
textiles trader registration.....	3 917	3 357	3 360
Certificate of Hong Kong Origin, Certificate of Origin - Processing, Form A <sup>⊖</sup> , CO(CEPA), CO(NZ), CO(Georgia) and CO(Form AHK).....	2 315	1 958	1 960
factory registration .....	722	694	700
OPA registration .....	27	24	24
LSA registration.....	2	2	2
statutory declarations of antique .....	0	0	0
reserved commodities (rice) licence .....	9 945	8 996	9 000
registration of reserved commodity (rice) stockholder .....	291	256	260
approval as a reserved commodity (rice) storage place.....	146	153	160
ozone depleting substances licence.....	48	61	61
strategic commodities licence .....	283 782	274 299	275 000
powdered formula export licence.....	13 307	9 221	9 230
delivery verification certificate .....	6	6	6
international import certificate.....	22	31	31
pesticide (methyl bromide) licence.....	1	3	3
Kimberley Process Certificate .....	2 216	1 546	1 550
registration of rough diamond traders.....	227	152	230
HKSS and HKI certificates <sup>Λ</sup> .....	353	264	360
permit under the Chemical Weapons (Convention) Ordinance (Cap. 578) <sup>Ω</sup> .....	0	0	0
registration for importers of cereals and grain flour from the Mainland .....	83	83	83
<i>CEPA</i>			
enquiries.....	7 321	5 146	5 150
visitors to the Department's CEPA website.....	45 508	40 157	40 200

⊖ The service to issue Form A was discontinued from 7 October 2021 in view of the expiry of beneficiary status of Hong Kong under Russian Federation's Generalized System of Preferences.

Λ The figures on HKSS and HKI certificates include fresh applications as well as certificates for amendment, replacement, cancellation and renewal, and certified true copy.

Ω Under the Chemical Weapons (Convention) Ordinance, the Department administers a permit system to control and monitor the production and related activities pertinent to scheduled chemicals. The potential demand for a permit in Hong Kong is low given the small size of the chemical industry and that the scheduled chemicals are uncommon.

### Matters Requiring Special Attention in 2023–24

14 During 2023–24, 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 when new measures are introduced, 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, and collaborate with the Mainland authorities to support Hong Kong enterprises to promote their products and services to the Mainland market; and
- keep the strategic trade control system under review with a view to streamlining procedures and requirements without compromising the integrity and effectiveness of control.

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

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	<b>2023–24 (Estimate)</b>
Financial provision (\$m)#	1,043.2	1,183.3	1,261.0 (+6.6%)	<b>1,535.4</b> (+21.8%)
				(or +29.8% on 2022–23 Original)

# For comparison purpose, the figures exclude relevant provisions for the staff cost which have been transferred to Head 155 — Government Secretariat: Innovation and Technology Commission due to the re-organisation of the Government Secretariat with effect from 1 July 2022.

#### *Aim*

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

#### *Brief Description*

16 The Department implements programmes to support enterprises, particularly SMEs, with a view to enhancing their competitiveness. It provides information and advisory services to SMEs through its Support and Consultation Centre for SMEs (SUCCESS) and co-ordinates the integrated services of SUCCESS and the other three SME service centres under the Hong Kong Trade Development Council, the Hong Kong Productivity Council (HKPC) and the Hong Kong Science and Technology Parks Corporation, to provide advisory services on government funding schemes. In addition, “SME ReachOut”, operated by the HKPC under the support of the Department, promotes the Government’s funding schemes to SMEs and assists them in identifying and applying for suitable schemes.

17 The Department administers several funding schemes, including the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), the SME Export Marketing Fund (EMF), and the Trade and Industrial Organisation Support Fund (TSF) to assist Hong Kong enterprises in developing markets and enhancing their competitiveness. In 2022, a series of enhancement measures were implemented to the BUD Fund and the EMF. Among others, the geographical coverage of the BUD Fund has been extended in phases to include all economies with which Hong Kong has signed FTAs and/or IPPAs, covering a total of 37 economies, and the cumulative funding ceiling per enterprise under the BUD Fund has been increased from \$6 million to \$7 million. To support enterprises in conducting local market promotion activities when the economy is recovering from the epidemic, and to maintain Hong Kong’s leading position as the hub for large-scale merchandise exhibitions, the special measure to expand the funding scope of the EMF has been extended to 30 June 2026 to continue to cover large-scale exhibitions and online exhibitions targeting the local market, and the eligibility criteria have been relaxed to cover non-SMEs. The cumulative funding ceiling per enterprise under the EMF has also been increased from \$800,000 to \$1 million.

18 The Department maintains close liaison with local industries and trade and industrial organisations. It provides secretariat support for the Trade and Industry Advisory Board and the Small and Medium Enterprises Committee, which respectively advise the Government on matters affecting Hong Kong’s trade and industry, and specifically on issues affecting the development of SMEs.

19 The key performance measures are:

#### *Targets*

	Target#	2021 (Actual)	2022 (Actual)	<b>2023 (Plan)</b>
SUCCESS				
processing applications for Business Advisory Service within seven working days (%) .....	100	100	100	<b>100</b>
replying to simple enquiries on licensing requirements within one working day (%) .....	100	100	100	<b>100</b>
replying to complicated enquiries on licensing requirements within three working days (%) .....	100	100	100	<b>100</b>
replying to simple enquiries on SME support services and facilities within one working day (%) .....	100	100	100	<b>100</b>
replying to complicated enquiries on SME support services and facilities within three working days (%) .....	100	100	100	<b>100</b>

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	Target#	2021 (Actual)	2022 (Actual)	2023 (Plan)
SME Loan Guarantee Scheme (SGS)☐				
processing applications for guarantee within three working days (after receipt of complete applications from participating lending institutions) (%).....	100	100	N.A.	N.A.
TSF				
processing applications for grant within 60 working days (%).....	100	100	100	100
EMF				
processing applications for grant within 30 working days (%).....	100	100	99.1γ	100
BUD Fund				
processing applications for grant within 60 working days (%).....	100	100	100	100

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

☐ Target removed as from 2022 as the SGS ceased to receive applications from 1 April 2021.

γ The unexpected special work arrangements due to the COVID-19 pandemic affected the actual performance in 2022.

### Indicators

	2021 (Actual)	2022 (Actual)	2023 (Plan)
SUCCESS			
enquiriesφ.....	14 681	3 297	3 300
visitors to SUCCESSφ.....	457^	217^	1 360^
visits to SUCCESS and SME Link websitesφ.....	2 190 183	2 179 950	2 190 200
seminars and other activitiesφ.....	127	106	110
e-newsletters sent to SUCCESS members.....	26	26	26
SGS§			
applications received and processed.....	280	N.A.	N.A.
no. of SME beneficiaries.....	250	N.A.	N.A.
amount of government guarantees issued (\$m).....	62.20	N.A.	N.A.
TSF			
applications received and processed.....	55	33◇	33
amount of government grants approved (\$m).....	20.0	32.1ω	32.1
EMF			
applications received and processed.....	19 754	21 496β	22 800¶
no. of first time SME beneficiaries.....	1 979	2 037	2 040
total no. of SME beneficiaries.....	6 209	7 273	7 270
amount of government grants approved (\$m).....	232.4	331.6β	353.5¶
BUD Fund			
applications received and processed.....	2 580	2 637	3 540@
amount of government grants approved (\$m).....	641.7	969.7Δ	1 097.6@

φ Most enquiries handled by SUCCESS in 2021 were related to quarantine exemption scheme. The number of such enquiries dropped in 2022. The number of visitors to SUCCESS and the number of seminars and other activities decreased in 2022 due to the COVID-19 pandemic. The SME Link website was launched in June 2022 to facilitate information search by SMEs on a single platform. The expected increase in the number of visitors to SUCCESS is attributed to the planned resumption of physical seminars in 2023.

^ The number of visitors to SUCCESS excludes visitors to the EMF service counter located in SUCCESS.

§ Indicators removed as from 2022 as the SGS ceased to receive applications from 1 April 2021.

θ The SGS ceased to receive applications from 1 April 2021.

◇ The decrease in the number of applications received and processed in 2022 is attributable to the reduced number of promotional activities conducted by the industries due to the COVID-19 pandemic.

ω The increase in the amount of government grants approved in 2022 was the result of an increase in the number of applications approved and a higher average amount of funding approved per application, notwithstanding the decrease in the number of applications received and processed in 2022.

β The increase in the number of applications received and processed and the amount of government grants approved in 2022 is attributable to the expansion of the scope of the EMF to cover large-scale exhibitions targeting the local market as well as virtual exhibitions, and the relaxation of the eligibility to cover non-SMEs.

¶ The expected increase in the number of applications received and processed and the amount of government grants approved in 2023 is attributed to the relaxation of travel restrictions.



- @ The expected increase in the number of applications received and processed and the amount of government grants approved in 2023 is attributed to the streamlining of application procedures for projects with a smaller funding amount which is planned to be introduced in 2023 and the relaxation of travel restrictions.
- Δ The increase in the amount of government grants approved in 2022 is attributable to the increase of the number of applications approved and the average funding amount for the approved applications.

### *Matters Requiring Special Attention in 2023–24*

**20** During 2023–24, 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 implement enhanced support services to help them meet the challenges they face;
- administer various funding schemes and closely monitor their implementation with a view to enhancing their effectiveness and utilisation;
- strengthen and expand “SME ReachOut” by providing SMEs capacity building services and enhancing assistance to SMEs in government funding applications; and
- host the 55th APEC SME Working Group Meeting in Hong Kong in 2023.

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### ANALYSIS OF FINANCIAL PROVISION

	2021–22 (Actual) (\$m)	2022–23 (Original) (\$m)	2022–23 (Revised) (\$m)	2023–24 (Estimate) (\$m)
<b>Programme</b>				
(1) Commercial Relations .....	156.6	163.1	163.3	167.2
(2) Trade Support and Facilitation .....	139.7	145.2	148.5	148.5
(3) Support for Small and Medium Enterprises and Industries.....	1,043.2	1,183.3	1,261.0	1,535.4
	1,339.5‡	1,491.6‡	1,572.8‡ (+5.4%)	1,851.1 (+17.7%)
				(or +24.1% on 2022–23 Original)

‡ For comparison purpose, the figures have been adjusted to reflect the provisions for the relevant programme under this Head due to the re-organisation of the Government Secretariat with effect from 1 July 2022.

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2023–24 is \$3.9 million (2.4%) higher than the revised estimate for 2022–23. This is mainly due to the increased provision for personal emoluments and personnel related expenses.

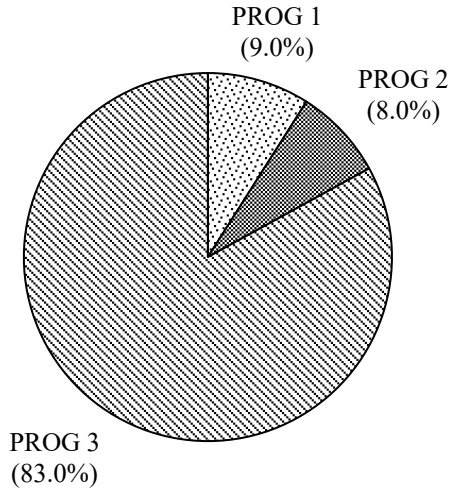
##### Programme (2)

Provision for 2023–24 is the same as the revised estimate for 2022–23.

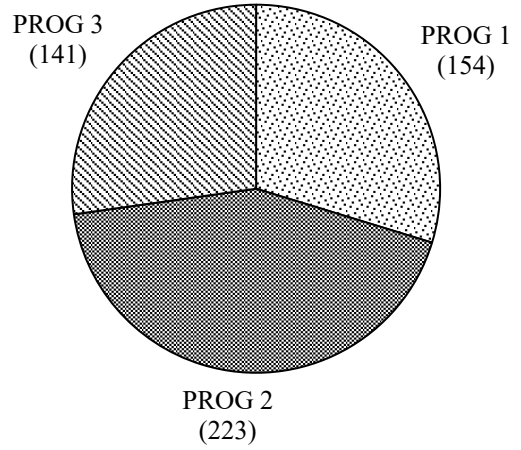
##### Programme (3)

Provision for 2023–24 is \$274.4 million (21.8%) higher than the revised estimate for 2022–23. This is mainly due to the increased cash flow requirements for funding schemes and “SME ReachOut”.

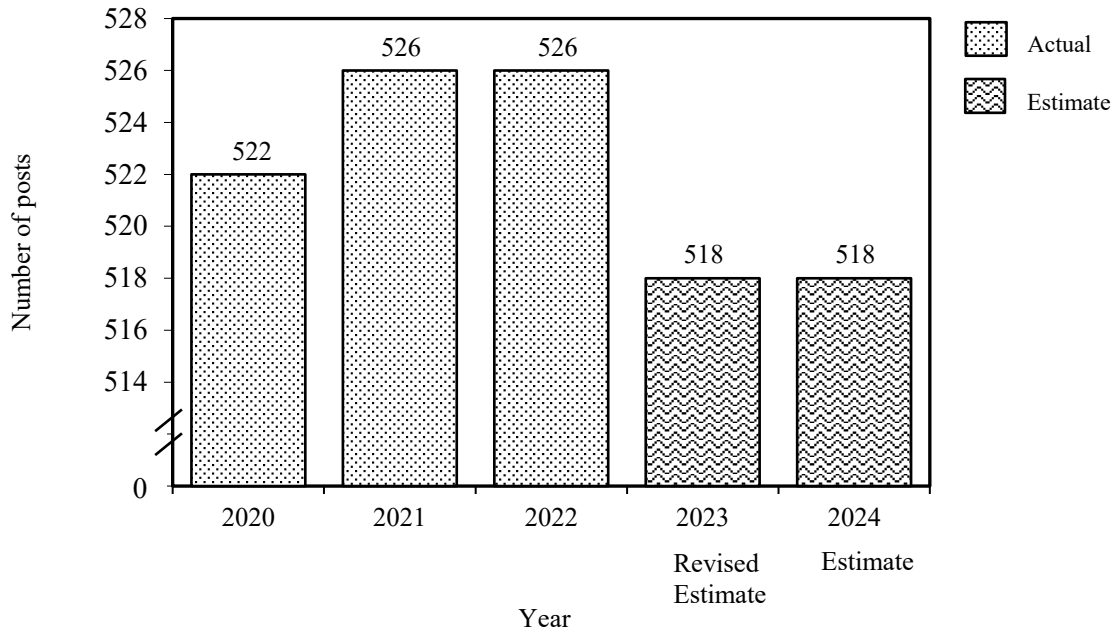
*Allocation of provision to programmes (2023-24)*



*Staff by programme (as at 31 March 2024)*



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



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Sub-head (Code)	Actual expenditure 2021–22	Approved estimate 2022–23	Revised estimate 2022–23	<b>Estimate 2023–24</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	429,140	429,511	432,836	<b>446,058</b>
	Total, Recurrent.....	429,140	429,511	432,836	<b>446,058</b>
Non-Recurrent					
700	General non-recurrent .....	910,333	1,067,000	1,140,000	<b>1,405,000</b>
	Total, Non-Recurrent.....	910,333	1,067,000	1,140,000	<b>1,405,000</b>
	Total, Operating Account .....	1,339,473	1,496,511	1,572,836	<b>1,851,058</b>
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	Total Expenditure .....	1,339,473	1,496,511	1,572,836	<b>1,851,058</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the Trade and Industry Department is \$1,851,058,000. This represents an increase of \$278,222,000 over the revised estimate for 2022–23 and \$511,585,000 over the actual expenditure in 2021–22.

#### *Operating Account*

#### Recurrent

**2** Provision of \$446,058,000 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 2023 will be 518 posts. No change in establishment is expected in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$304,746,000.

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

	2021–22 (Actual) (\$'000)	2022–23 (Original) (\$'000)	2022–23 (Revised) (\$'000)	<b>2023–24 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	298,771	304,209	299,132	<b>312,720</b>
- Allowances .....	9,677	9,252	10,003	<b>10,003</b>
- Job-related allowances.....	157	2	247	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	1,220	1,162	1,006	<b>1,037</b>
- Civil Service Provident Fund contribution .....	16,689	17,604	19,608	<b>21,033</b>
Departmental Expenses				
- General departmental expenses .....	94,040	87,855	97,416	<b>94,263</b>
Other Charges				
- Contribution to and participation in the Asia-Pacific Economic Cooperation .....	1,281	1,266	1,223	<b>1,223</b>
- Trade negotiations and associated activities .....	5,161	6,000	2,040	<b>3,600</b>
- Contribution to the organisation of the Hong Kong Awards for Industries .....	2,000	2,000	2,000	<b>2,000</b>
- Subscription to the Pacific Economic Cooperation Council .....	144	161	161	<b>177</b>
	429,140	429,511	432,836	<b>446,058</b>

## Head 181 — TRADE AND INDUSTRY DEPARTMENT

### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2022	Revised estimated expenditure for 2022–23	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700	<i>General non-recurrent</i>					
	520	SME Loan Guarantee Scheme# .....	30,000,000#	422,448	18,000	29,559,552
	524	Export Marketing and Trade and Industrial Organisation Support Fund .....	7,250,000	4,952,954	372,000	1,925,046
	802	Special Loan Guarantee Scheme@ .....	100,000,000@	820,950	3,000	99,176,050
	836	Dedicated Fund on Branding, Upgrading and Domestic Sales^ .....	6,500,000^	1,938,090	747,000	3,814,910
		Total .....	<u>143,750,000</u>	<u>8,134,442</u>	<u>1,140,000</u>	<u>134,475,558</u>

# 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 expenditure represents payments made to lending institutions for their default claims.

@ 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). The expenditure represents payments made to lending institutions for their default claims.

^ The commitment was increased by \$1.5 billion from \$4.5 billion to \$6 billion following the Finance Committee's approval in 2021–22. An increase in commitment of \$500 million is sought in the context of the Appropriation Bill 2023.