

**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

Controlling officer: the Secretary for Commerce and Industry will account for expenditure under this Head.

Estimate 2002–03	\$112.8m
Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 127 non-directorate posts at 31 March 2002 rising by one post to 128 posts at 31 March 2003.....	\$51.2m
In addition there will be an estimated 11 directorate posts at 31 March 2002 and at 31 March 2003.	
Capital Account commitment balance	\$2.7m

Controlling Officer's Report

Programme

Commerce and Industry

This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).

Detail

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	100.1	130.6 (+30.5%)	129.2 (–1.1%)	112.8 (–12.7%)

Aim

2 The aims are to encourage Hong Kong's trading partners to remove barriers to trade, promote international business confidence in Hong Kong and facilitate business transactions; to develop Hong Kong as a competitive and knowledge-based economy by increasing the added value and productivity of Hong Kong's industries and enhancing the long-term capability of small and medium enterprises; to foster our trading and investment ties with the Mainland and support our businesses in tapping the opportunities arising from the Mainland's accession to the World Trade Organisation (WTO); to attract external direct investment to Hong Kong; to maintain a modern and comprehensive intellectual property protection regime which complies fully with the international standards; and to initiate, co-ordinate and monitor the progress of the Helping Business and Services Promotion Programmes.

Brief Description

3 The Commerce and Industry Bureau's main responsibilities under this programme are to:

- formulate negotiating positions and participate in international trade negotiations;
- promote Hong Kong's trading and commercial interests overseas and in international and regional organisations;
- institute measures and arrangements to facilitate international trade;
- formulate policies on trade promotion;
- formulate policies to support small and medium enterprises;
- enhance the mutually beneficial economic relationship between the Hong Kong Special Administrative Region (HKSAR) and the Mainland through closer contact and discussions;
- provide greater support to local businesses operating in the Mainland;
- formulate policies to attract more external direct investment to Hong Kong;
- formulate policies on protection of intellectual property rights; and
- initiate, co-ordinate and monitor various initiatives for supporting and promoting service industries and helping business.

4 During 2001–02, the bureau:

- played an active and constructive role in the preparation for launching a new round of multilateral trade negotiations under the WTO;
- participated actively in the Asia-Pacific Economic Cooperation (APEC) for the implementation of action plans to achieve the goal of free and open trade and investment in the Asia Pacific region by the year 2020;
- monitored closely the progress of China's and Chinese Taipei's accession to the WTO, and assessed the accessions' implications for Hong Kong;

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND INDUSTRY BUREAU

- directed negotiations with New Zealand on a bilateral free trade agreement;
- hosted the 14th General Meeting of Pacific Economic Cooperation Council (PECC) on 28 to 30 November 2001 as Chair of PECC for 1999–2001;
- promoted Hong Kong's commercial interests through close liaison with government officials and business organisations from various economies;
- worked with the Hong Kong Trade Development Council to further develop and promote Hong Kong as an international trade centre;
- worked with the Hong Kong Export Credit Insurance Corporation in providing support to the local export community;
- worked with Invest Hong Kong in considering a proposal to develop a new exhibition centre;
- introduced a Chemical Weapons (Convention) Bill which seeks to fully implement the Chemical Weapons Convention in Hong Kong;
- provided policy input to the formulation and implementation of the new SME support measures as recommended by the Small and Medium Enterprises Committee;
- strengthened communication and co-operation with the Mainland authorities on trade and investment issues through the Mainland and HKSAR Joint Commission on Commerce and Trade;
- launched a publicity programme on China's accession to the WTO and helped the public and the business sector understand more about the ramifications of this important development;
- started preparatory work for establishing an Economic and Trade Office in Guangdong;
- formulated and implemented proactive investment promotion programmes;
- commenced the amendments to the Copyright Ordinance and the Prevention of Copyright Ordinance Piracy Ordinance to combat corporate copyright piracy and to prevent bootlegging respectively;
- secured the enactment of the Copyright (Suspension of Amendments) Ordinance 2001 to address public concerns about the effects of the amendments to the Copyright Ordinance on dissemination of information and educational activities;
- launched the Electronic Data Interchange (EDI) service for dutiable commodities permits;
- completed the system for launching EDI services for cargo manifests;
- completed more than 15 studies and projects and identified over 50 initiatives with a view to streamlining government procedures, reducing government regulations, assessing impact of regulatory proposals, or improving services under the Helping Business Programme; and
- monitored the implementation of 13 initiatives under the Services Promotion Programme and produced publicity materials, including a TV Announcement for Public Interest and a series of mini TV episodes, to promote the international and local understanding of Hong Kong's services economy.

Matters Requiring Special Attention in 2002–03

5 During 2002–03, the bureau will:

- continue to promote a free, open and non-discriminatory multilateral trading system through participation in the work of the WTO;
- participate actively and constructively in the new round of multilateral trade negotiations;
- continue to work towards the APEC goal of free and open trade and investment in the Asia Pacific region by 2020;
- continue to monitor the development of regional economic integration, and explore with trading partners possible ways of enhancing economic co-operation;
- participate in consultations with the Mainland on the establishment of the “Mainland/Hong Kong Closer Economic Partnership Arrangement”;
- continue to promote economic growth and development in the Pacific region through active participation in the PECC;
- continue to develop Hong Kong's trade and industry on the basis of a free market economy;
- together with Invest Hong Kong, collaborate with the Hong Kong Airport Authority in developing a new exhibition centre at Chek Lap Kok;
- initiate negotiations on new bilateral agreements on investment promotion and protection;

**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

- monitor the progress in implementing the new support measures for SMEs and conduct a review on the cost-effectiveness of the four new SME funding schemes;
- continue to strengthen communication and co-operation with the Mainland authorities on trade and investment issues through the Mainland and HKSAR Joint Commission on Commerce and Trade;
- ensure that timely information is provided to the business sector on new developments in the Mainland after her accession to the WTO;
- establish an Economic and Trade Office in Guangdong;
- organise large-scale general and sector-specific business events to promote Hong Kong's image as the leading international business centre in Asia;
- formulate a long-term solution to address public concerns on criminal liability for end-user corporate copyright piracy;
- liberalise parallel importation of computer software;
- continue the modernisation of the Intellectual Property Department's computer systems;
- introduce EDI services for cargo manifests;
- appoint additional service providers for provision of EDI services for Government trade-related documents from 2004;
- continue to take forward the Helping Business Programme with vigour with a view to maintaining Hong Kong as the best place in the world to do business;
- continue to engender a helping business culture and cultivate the right mindset in the civil service by organising helping business talks and symposiums, and distributing publications among civil servants;
- continue to identify and implement appropriate initiatives to promote the service industries;
- continue to co-ordinate the Government's efforts towards supporting the development of professional services;
- introduce a Professional Services Development Assistance Scheme to help raise the standard of professional services;
- conduct a review on the import and export licensing requirements with a view to streamlining the licensing process for transshipment cargoes; and
- continue to co-ordinate the Government's efforts in assisting Hong Kong companies to tap the business opportunities arising out of the 2008 Beijing Olympics.

**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

ANALYSIS OF FINANCIAL PROVISION

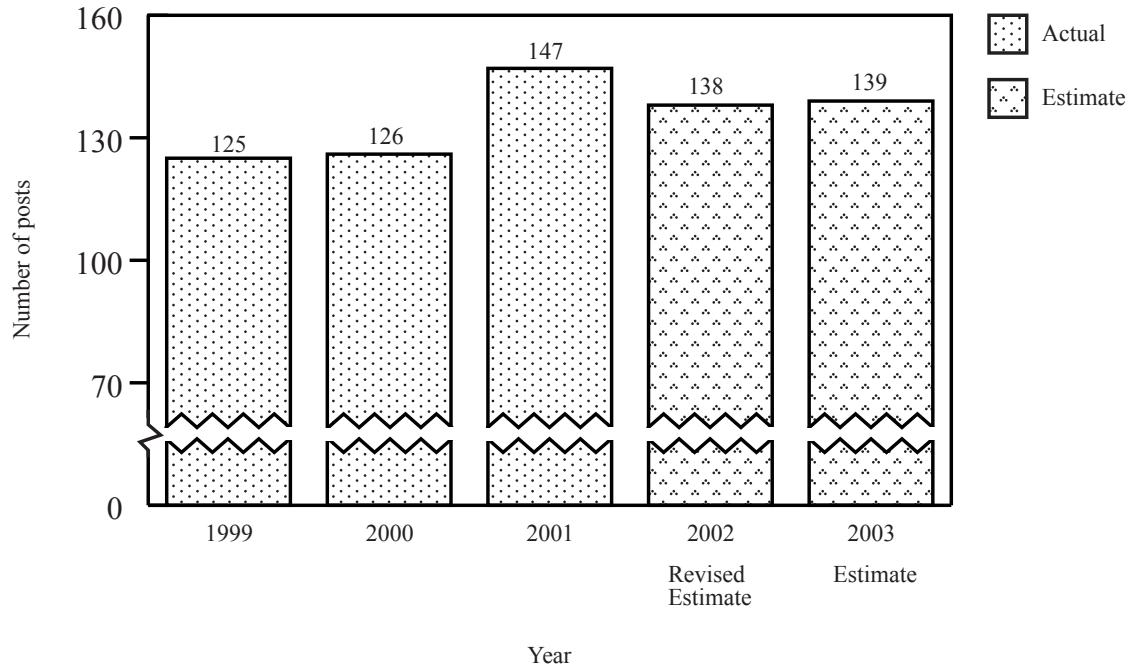
Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
Commerce and Industry	100.1	130.6 (+30.5%)	129.2 (-1.1%)	112.8 (-12.7%)

Analysis of Financial and Staffing Provision

Provision for 2002-03 is \$16.4 million (12.7%) lower than the revised estimate for 2001-02. This is mainly due to the reduced requirement for capital expenditure, the full-year savings of posts deleted in 2001-02 and reduced operating expenses under the Enhanced Productivity Programme in 2002-03, partly offset by salary increments for staff and the creation of one post to strengthen administrative support.

**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

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



**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

Sub-head (Code)		Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03
		\$'000	\$'000	\$'000	\$'000
Recurrent Account					
I — Personal Emoluments					
001	Salaries	60,377	72,222	70,900	64,785
002	Allowances	3,794	5,052	5,050	4,980
007	Job-related allowances	6	7	7	7
	Total, Personal Emoluments	<u>64,177</u>	<u>77,281</u>	<u>75,957</u>	<u>69,772</u>
III — Departmental Expenses					
110	Honoraria for members of committee	17	300	440	440
149	General departmental expenses	18,350	25,156	24,180	23,472
	Total, Departmental Expenses	<u>18,367</u>	<u>25,456</u>	<u>24,620</u>	<u>23,912</u>
IV — Other Charges					
183	Subscription to the Asia-Pacific Economic Cooperation	717	750	750	750
293	Subscription to the Pacific Economic Cooperation Council	128	150	150	150
	Total, Other Charges	<u>845</u>	<u>900</u>	<u>900</u>	<u>900</u>
	Total, Recurrent Account	<u>83,389</u>	<u>103,637</u>	<u>101,477</u>	<u>94,584</u>
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	11,591	11,342	13,297	2,657
838	Minor consultancy studies (block vote)	5,142	15,600	14,452	15,600
	Total, Other Non-Recurrent	<u>16,733</u>	<u>26,942</u>	<u>27,749</u>	<u>18,257</u>
	Total, Capital Account	<u>16,733</u>	<u>26,942</u>	<u>27,749</u>	<u>18,257</u>
	Total Expenditure	<u><u>100,122</u></u>	<u><u>130,579</u></u>	<u><u>129,226</u></u>	<u><u>112,841</u></u>

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND INDUSTRY BUREAU

Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Commerce and Industry Bureau is \$112,841,000. This represents a decrease of \$16,385,000 against the revised estimate for 2001–02 and an increase of \$12,719,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$69,772,000 for personal emoluments represents a decrease of \$6,185,000 against the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 138 permanent posts. It is expected that one permanent post will be created in 2002–03.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$51,191,000.

5 Provision of \$4,980,000 under *Subhead 002 Allowances* is for standard allowances, the consolidated overtime allowance for Chauffeur grade, and the following non-standard allowance—

	<i>Rate</i>
special posting allowance	rates for individual officers to be reviewed annually in accordance with an approved formula

6 Provision of \$7,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$440,000 under *Subhead 110 Honoraria for members of committees* includes remuneration and fees payable to the chairman, deputy chairmen and members of the Review Body on Bid Challenges, and honoraria payable to the chairman, deputy chairman and members of the Copyright Tribunal under the Copyright Ordinance.

Other Charges

8 Provision of \$750,000 under *Subhead 183 Subscription to the Asia-Pacific Economic Cooperation* is to meet Hong Kong's contribution to the APEC.

9 Provision of \$150,000 under *Subhead 293 Subscription to the Pacific Economic Cooperation Council* is to meet Hong Kong's contribution to the PECC.

Capital Account

Other Non-Recurrent

10 Provision of \$15,600,000 under *Subhead 838 Minor consultancy studies (block vote)* is for the Business and Services Promotion Unit to conduct minor studies each costing above \$100,000 but not exceeding \$3,000,000 related to the Helping Business and Services Promotion Programmes. The increase of \$1,148,000 (7.9%) over the revised estimate for 2001–02 is due to increased cashflow requirement for a number of minor studies to be commissioned in 2002–03.

**Head 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND INDUSTRY BUREAU**

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	010	Publicity programme to maintain Hong Kong's position as a pre-eminent services centre by promoting quality service.....	4,000	—	2,000	2,000
	685	Development of Hong Kong's assessment capabilities for the operation of strategic trade controls ..	4,000	2,686	657	657
		Total.....	<u>8,000</u>	<u>2,686</u>	<u>2,657</u>	<u>2,657</u>