

# MESSAGE

The Commerce and Industry Bureau is committed to providing maximum support for Hong Kong's manufacturing and service industries.

With the global economy shifting rapidly towards knowledge-based and higher value-added activities, it is of vital importance that we upgrade our infrastructure and strengthen our efforts to promote innovation and technological improvement in our manufacturing and service industries. We announced a series of initiatives in 1999 and have made good progress in implementing them. Of particular importance were the setting up of the Chief Executive's Council of Advisors on Innovation and Technology in April 2000 and the establishment of the Innovation and Technology Commission on 1 July 2000. These two bodies will together guide the Government's efforts to support our industries in their efforts to respond positively to the changes that are now taking place in Hong Kong's economy.



One of our aims this year is to develop the research programmes of the Applied Science and Technology Research Institute and the Hong Kong Jockey Club Institute of Chinese Medicine, and to gain global recognition of the capabilities of our Standards and Calibration Laboratory. Strengthening our applied research and development infrastructure, together with achieving global recognition of our measurement standards that are essential to underpin the quality of our new products and services, will help us realise our vision of making Hong Kong a world-class centre for innovation and technology.

Our small and medium-sized enterprises (SMEs) have demonstrated remarkable resilience during the recent downturn in our economy. They have also contributed significantly to Hong Kong's recent economic recovery. But we fully recognise that they face many challenges as a result of the rapid changes brought about by globalisation and technological advances, as well as the new economic situation arising from China's

imminent accession to the World Trade Organisation. We shall therefore continue to seek to improve our business environment and strengthen our services to SMEs, so that their entrepreneurial spirit may continue to thrive and, through their efforts, Hong Kong may continue to prosper.

A handwritten signature in black ink, appearing to read 'Chou Tak Hay', with a stylized, cursive script.

(CHAU Tak Hay)  
Secretary for Commerce and Industry

# **Competitive and Knowledge-based Industries**

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**Policy Objective  
and  
Key Result Areas**

# COMPETITIVE AND KNOWLEDGE-BASED INDUSTRIES\*

Our Policy Objective is to enable Hong Kong to be a competitive economy through innovation and technology application and by increasing the added value and productivity of Hong Kong's industries.

## Our Targets

Our targets this year in pursuing this Policy Objective are –

- to enhance and strengthen our support to activities promoting innovation and the application of technology in manufacturing and service industries
- to build on the recommendations of the Chief Executive's Commission on Innovation and Technology by supporting the Council of Advisors on Innovation and Technology in its work of advising and making recommendations on matters related to innovation and technology so as to optimise their contribution to Hong Kong's economic development
- to maximise Hong Kong's access to high-tech products
- to develop further our infrastructure to support and facilitate the development of manufacturing and service industries
- to strengthen support for the development of small and medium enterprises

## Progress

Much progress has been made over the past year in maintaining Hong Kong's competitiveness through our efforts to promote the use of innovation and technology by Hong Kong's manufacturing and service industries. We have now implemented or are implementing all of the recommendations

\* Previously this Policy Objective booklet was entitled "High Value-added and Competitive Industries".

made in the Reports of the Chief Executive's Commission on Innovation and Technology. In particular, we have established –

- the Council of Advisors on Innovation and Technology in April 2000 to provide for a permanent body of both local and international experts to advise the Chief Executive on matters related to innovation and technology so as to optimise their contribution to Hong Kong's economic development
- the Innovation and Technology Commission on 1 July 2000 to spearhead Hong Kong's drive to become a world-class, knowledge-based economy

In the past year, as a result of our vigilant controls, we continued to enjoy good access to cutting-edge technology products and technologies from our trading partners. This has contributed significantly not only to the maintenance of Hong Kong's status as a trading, financial and telecommunications hub in the region, but also to the promotion of technological development in Hong Kong.

We also strengthened our support to small and medium enterprises (SMEs) through a number of initiatives in the past year. The function of providing general support to local industries and small and medium enterprises was transferred from the Industry Department to the Trade Department to form the Trade and Industry Department on 1 July 2000 following the disestablishment of the Industry Department.

We also achieved the following progress in our four Key Result Areas (KRAs).

## **1 Promote innovation and improved technology in manufacturing and service industries**

Good progress has been made. For example, we have launched programmes under the Innovation and Technology Fund (ITF) to promote university-business collaboration and to encourage the start-up of technology-based companies. We have also invited two successful rounds of applications under the ITF for research projects to be undertaken by academic and industrial research bodies. Last year, 103 applications have been approved as against a target of 130. The shortfall is due to a higher than expected number of applications not meeting the necessary criteria for approval. As regards the

Applied Research Fund, one of our investments has been acquired by a public-listed company. Several companies in which we have made investments are also in the process of preparing to be listed.

## **2 Maximise Hong Kong's access to high-tech products**

Over the past year, we continued to secure access to high-tech products by maintaining a robust strategic trade control system, hence local business could continue to import the maximum range of high-tech products for legitimate use from our major trading partners.

To match the international standard of control over chemical products, a draft bill implementing the Chemical Weapons Convention is currently being finalised. It is our aim to have the legislation enacted and the related administrative arrangements put in place by 2000-2001. At the same time, new sections have been set up in relevant government departments to prepare for the implementation of the Convention.

## **3 Develop a world-class support infrastructure for manufacturing and service industries**

Good progress has been made in the past year to strengthen our infrastructural facilities. The construction of the Science Park Phase One has commenced and will open in end-2001 as scheduled. We received a very encouraging and positive response from both local and overseas technology-based companies. Total demand for space received so far already exceeds the lettable space in Phase One. To keep up the momentum, we are now advancing the planning work for Phase Two to 2001-2002 with the ultimate aim of completing all phases of the Science Park in nine rather than 15 years. The industrial estates and the industrial technology centre continue to meet demands for accommodation from their target clients. In 1999-2000, 11.95 hectares of land was granted to lessees in the estates against a target of ten hectares. The Tai Po Industrial Estate is now fully taken up. The Yuen Long Industrial Estate is 95% full while the Tseung Kwan O Industrial Estate is 50% full. As for the industrial technology centre, the area reserved for tenants is fully occupied and that for incubatees is over 80% occupied. The Hong Kong Jockey Club Institute of Chinese Medicine will soon be set up with a \$500 million donation from the Hong Kong Jockey Club to fund its research programmes.

We are also actively supporting the Board of the Applied Science and Technology Research Institute (ASTRI) in setting up the ASTRI organisation and developing its future areas of research. A site in the Science Park has been reserved for the ASTRI Building.

#### **4 Provide support for small and medium enterprises**

We remained committed to supporting the development of SMEs. The Small and Medium Enterprises Information Centre continued to provide comprehensive one-stop information service to SMEs. An on-going customer satisfaction survey on the Information Centre found a user satisfaction level of 85% by mid-June 2000.

To assist more SMEs in obtaining bank credit, we increased the total amount of guarantee available under the Special Finance Scheme for SMEs to \$5 billion in November 1999. The funds were fully committed as at 9 March 2000 and applications received thereafter were put on a waiting list and processed when recycled funds become available. As the Scheme was meant to be an interim measure to ease the credit crunch faced by SMEs after the Asian financial turmoil, with our economy improving since the second half of 1999, we have ceased accepting new applications for the Scheme since 8 April 2000. The Scheme has helped more than 9 900 businesses in obtaining loans of more than \$9 billion.

Progress on each previously announced initiative under the above KRAs is set out in the “Detailed Progress” section of this report.

### **Looking Forward**

To achieve our overall targets this year, we will undertake the following initiatives and targets under each of the KRAs for the coming year.

# 1

## **Promote innovation and improved technology in manufacturing and service industries**

Innovation and technology are important elements contributing to the long-term growth of an economy. They are essential for increasing the added value, productivity and competitiveness of our manufacturing and service industries in the knowledge-based global economy of the 21<sup>st</sup> century.

Innovation includes both improved technology and better methods of doing things. It may be manifested in new products or services; improved quality; new ways of production, packaging, marketing or distribution; new markets; new supply sources; new organisations or systems; and other areas.

Improved technology is a powerful force for innovation, and is needed not just in the “high-tech” segments of the economy, but in all economic sectors. Improvements to technology may be applied to all aspects of the value-adding chain, including the way in which a product or service is designed, produced, marketed and delivered.

We aim to increase the capacity of our businesses to innovate, as well as to stimulate improvements in technology throughout the economy. We will focus on sustaining and expanding our industries and on spawning or encouraging the growth of new industries that match our current and future competitive strengths. Our vision is to make Hong Kong a world-class centre of innovation and technology in the 21<sup>st</sup> century.

In March 1998, the Chief Executive appointed his Commission on Innovation and Technology to study and advise on the measures and institutional arrangements necessary to realise our vision. The Commission submitted its Second and Final Report to the Chief Executive in July 1999. We have accepted all of the recommendations and these have been implemented or are in the process of being implemented.

We will assess our performance in respect of this KRA against the following indicator –

- The number of applications approved under the Innovation and Technology Fund to support innovation and technology in commerce and industry. Our target is to approve a further 80 applications by September 2001.



We will pursue the following initiatives and targets to deliver results in this area –

Initiative *	Target
<p>To develop science and technology indicators to provide an objective and quantitative basis for innovation-and-technology policy formulation and evaluation, manpower planning and benchmarking our science and technology capabilities with other economies</p> <p><i>(Census &amp; Statistics Department)</i></p>	<p>To start preparatory work in 2001-2002 with the indicators being published in phases starting from the second half of 2001-2002</p>
<p>To identify opportunities and prospective growth areas brought about by technology development in the information technology and the biotechnology sectors</p> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB(ITC)))</i></p>	<p>To develop initial recommendations in 2001</p>

\* the bracketed information denotes the agency with lead responsibility for the initiative

High-tech products, such as high performance computers, electronic components, and telecommunication devices, are essential to our banking, finance, and high value-added manufacturing sectors. Free and full access to these products helps to maintain Hong Kong as an international business and financial centre, and stimulates the process of technological upgrading in Hong Kong.

Some high-tech products are also capable of military use. Therefore our trading partners, in line with international practices, control exports of these products. To ensure that our trading partners continue to have confidence in exporting these products to Hong Kong without fear that they will contribute towards weapons proliferation activities, we must maintain an effective control system regarding the transfer and use of these goods.

The Trade and Industry Department maintains an effective computerised licensing control system covering the import, export and use of strategic commodities. The system is supported by vigorous enforcement action by the Customs and Excise Department. The effectiveness of our system is well recognised by our trading partners, and we accordingly have good access to high-tech products. We aim to maintain and enhance the effectiveness of our control system and enforcement capability so as to ensure our continued access to the highest level of technology to help sustain our position as a regional centre for trade, industry, finance and telecommunication.

We will assess our performance in respect of this KRA against the following indicator –

- The extent to which local business can continue to import the maximum range of high-tech products for legitimate use from our major trading partners. Our target is to guard against any discriminatory measures imposed by our major trading partners on the export of high-tech products to Hong Kong; and to ease their doubts and concern over the autonomy of our control system so as to secure the continued access to higher technology for Hong Kong.

# 3

## **Develop a world-class support infrastructure for manufacturing and service industries**

The Government is committed to providing a business-friendly environment conducive to the development of our manufacturing and service industries. Accordingly, we invest heavily in infrastructural facilities to support and facilitate the development of our industries. We have also set up industrial support organisations to provide services which meet our industries' needs.

Our industrial base is moving from low-wage and labour-intensive production to high value-added and knowledge-based activities. We therefore aim to provide a support infrastructure which will promote the further development of high value-added and technology-based industries.

Such supporting infrastructural facilities include the Hong Kong Industrial Estates Corporation (HKIEC) and the Hong Kong Industrial Technology Centre Corporation. They will be joined by the Science Park which is under active development with the first phase planned to be ready at the end of 2001. The Hong Kong Productivity Council provides professional and consultancy services in order to promote productivity and to enhance the value-added content of products and services. The Innovation and Technology Commission's Standards and Calibration Laboratory (SCL) maintains the reference standards of physical measurements for Hong Kong and provides calibration services traceable to the International System of Units. The Hong Kong Accreditation Service (HKAS) of the Innovation and Technology Commission provides official recognition to conformity assessment bodies which are competent and which operate in accordance with international standards, thereby promoting worldwide confidence and acceptance of the testing, certification and inspection services which support our manufacturing and service industries. The Hong Kong Jockey Club Institute of Chinese Medicine will act as the focal point for action and co-ordination in the research and development of Chinese medicine. The Applied Science and Technology Research Institute, when completed, will do much to fill the existing gap in mid-stream research and development.

We will assess our performance in respect of this KRA against the following indicators –

- Development of the Science Park. Our target is to open Phase One of the Science Park in end-2001 as scheduled and to advance the planning work for Phase Two to 2001-2002.
- The amount of fully serviced industrial land being taken up in the industrial estates managed by the HKIEC. Our target is to have seven hectares taken up in 2000-2001.
- The tenancy rate at the Hong Kong Industrial Technology Centre Corporation. Our target is to maintain a take up rate of 98%.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
<p>To support the development of the Chinese medicine industry, in particular its research capability, through the Hong Kong Jockey Club Institute of Chinese Medicine</p> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB(ITC)))</i></p>	<p>To develop the research programme of the Hong Kong Jockey Club Institute of Chinese Medicine and to initiate its first research projects in 2001</p>
<p>To provide enhanced infrastructural support and more flexible service to industry through the new organisation formed by merging the Hong Kong Science Park, the Hong Kong Industrial Estates Corporation and the Hong Kong Industrial Technology Centre Corporation</p> <p><i>(CIB(ITC))</i></p>	<p>To establish the new organisation by statute in 2001</p>
<p>To develop the Science Park Phase Two</p> <p><i>(CIB(ITC))</i></p>	<p>To start design and planning work in 2001-2002 and to open Phase Two in 2004-2005</p>

Initiative	Target
<p>To develop the research programme of the Applied Science and Technology Research Institute (ASTRI)</p> <p><i>(CIB(ITC))</i></p>	<p>To initiate the first ASTRI research project in 2001</p>
<p>To gain global recognition for the measurement standards and calibration capabilities of the Standards and Calibration Laboratory (SCL) through its participation in the “Global mutual recognition arrangement” operated by the International Bureau of Weights and Measures (BIPM Global MRA)</p> <p><i>(CIB(ITC))</i></p>	<p>SCL’s capabilities in the areas of mass, dimension, temperature, electromagnetic and frequency measurements, to be listed in the technical schedules of the BIPM Global MRA in 2001</p>
<p>To gain global recognition and acceptance for accredited testing and calibration laboratories through the participation of the Hong Kong Accreditation Service (HKAS) in the International Laboratory Accreditation Co-operation multilateral agreement (ILAC MLA)</p> <p><i>(CIB(ITC))</i></p>	<p>HKAS to become a signatory of the ILAC MLA in 2001, when it is expected to be finalised</p>
<p>To adopt the new international standards for quality system (ISO 9000:2000) and laboratories (ISO/IEC 17025:1999) in Hong Kong</p> <p><i>(CIB(ITC))</i></p>	<p>HKAS to extend the accreditation of seven certification bodies to cover certification to ISO 9000:2000 in 2001. HKAS to conduct 100 reassessments for laboratories using ISO/IEC 17025:1999 as criteria in 2001</p>

# 4

## Provide support for small and medium enterprises

Small and medium enterprises (SMEs) comprise over 98% of businesses in Hong Kong and employ about 60% of the working population. The Government is committed to providing a business-friendly environment conducive to the development of this sector.

Currently, a variety of services are provided by the Government and industrial and trade organisations to support SMEs. For example, the Small and Medium Enterprises Office of the Trade and Industry Department provides various support programmes, such as the Pilot Mentorship Programme for SMEs, and one-stop information services on tariff rates, licensing requirements, and other support services and facilities available to SMEs. The Hong Kong Productivity Council and the Hong Kong Trade Development Council provide support and consultancy services specifically targeted at SMEs. We launched the Special Finance Scheme in August 1998 as an interim measure to help SMEs gain better access to bank financing in view of the liquidity problem they faced as a result of the Asian financial turmoil.

Given their limited resources and size, SMEs face constraints in meeting the challenge of an increasingly globalised and competitive market. We therefore aim to strengthen the Government's support in enhancing their long-term competitiveness.

We will assess our performance in respect of this KRA against the following indicator –

- The extent to which SMEs show satisfaction with the information services provided through the Small and Medium Enterprises Office. Our target is to attain 75% user satisfaction.

We will pursue the following initiative and target to deliver results in this area –

<b>Initiative</b>	<b>Target</b>
To assist SMEs to learn from the experience of successful businesses through a pilot Mentorship Programme for SMEs <i>(Trade and Industry Department)</i>	To review the effectiveness of the programme after a year, that is, by 2001, to decide whether, and, if so, how the programme should be conducted in the long run





# **Competitive and Knowledge-based Industries**

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## **Detailed Progress**

# 1

## Promote innovation and improved technology in manufacturing and service industries

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative *	Target #	Present Position +
<p>To strengthen policy making, co-ordination and implementation by –</p> <ul style="list-style-type: none"> <li>● establishing a permanent advisory body on innovation and technology reporting to the Chief Executive <i>(Commerce and Industry Bureau (CIB))</i></li> <li>● establishing an inter-bureau policy group headed by the Financial Secretary <i>(CIB)</i></li> <li>● appointing advisers with a strong science and technology background <i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB (ITC)))</i></li> </ul>	<ul style="list-style-type: none"> <li>● To establish the advisory body in 1999-2000</li> <li>● To establish the policy group in 1999-2000</li> <li>● To complete appointing the advisers in 2000 <i>(1999)</i></li> </ul>	<ul style="list-style-type: none"> <li>● A Council of Advisors on Innovation and Technology was established in April 2000. <i>(Action Completed)</i></li> <li>● An inter-bureau committee was established in April 2000. <i>(Action Completed)</i></li> <li>● The first Adviser was appointed in September 2000. Recruitment of the second adviser is now in train. <i>(Action in Progress: On Schedule)</i></li> </ul>

\* the bracketed information denotes the agency with lead responsibility for the initiative

# the bracketed information denotes the year in which the target was set

+ the bracketed information denotes the status of the target

Initiative	Target	Present Position
<p>To rationalise and streamline service delivery by merging the Hong Kong Industrial Estates Corporation, Hong Kong Science Park and Hong Kong Industrial Technology Centre Corporation</p> <p><i>(CIB(ITC))</i></p>	<p>To begin consultation with the affected institutions in 1999</p> <p><i>(1999)</i></p>	<p>Target achieved. The three affected organisations were consulted. All endorsed the proposed merger.</p> <p><i>(Action Completed)</i></p>
<p>To launch a matching-grant scheme for small firms undertaking commercial research and development</p> <p><i>(CIB(ITC))</i></p>	<p>To launch the scheme in 1999-2000</p> <p><i>(1999)</i></p>	<p>The scheme was launched in late 1999.</p> <p><i>(Action Completed)</i></p>
<p>To step up overseas liaison and promotion efforts for attracting talents to Hong Kong</p> <p><i>(CIB(ITC))</i></p>	<p>To map out a strategy by mid-2000</p> <p><i>(1999)</i></p>	<ul style="list-style-type: none"> <li>● We have been reviewing measures to attract overseas talents to Hong Kong with the aim of putting detailed proposals to relevant bureaux/departments.</li> </ul>

Initiative	Target	Present Position
		<ul style="list-style-type: none"> <li>● Meanwhile, we participate actively in activities which will help bring talents to Hong Kong. We have been working closely with the Hong Kong Economic and Trade Office in San Francisco and a non-profit making organisation based in Silicon Valley which focuses on fostering collaboration and networking between the high-tech communities of Silicon Valley and Hong Kong.</li> </ul> <p><i>(Action in Progress: Under Review)</i></p>
<p>To establish programmes which will promote university-business collaboration, e.g., matching grants for –</p> <ul style="list-style-type: none"> <li>● collaborative research projects</li> <li>● recent higher-degree research graduates or students undertaking research and development in private companies</li> <li>● private companies funding research initiatives in universities</li> </ul> <p><i>(CIB(ITC))</i></p>	<p>To launch the new programmes in 1999 <i>(1998)</i></p>	<p>The new programmes were launched in late 1999. <i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To launch new programmes which will promote and facilitate collaboration between the business sector and technological institutions on the Mainland, e.g., an electronic database of Mainland technological resources; liaison meetings between relevant bodies in Hong Kong and their Mainland counterparts</p> <p><i>(CIB(ITC))</i></p>	<p>To start discussing with technology-related authorities in the Mainland on the database and the liaison mechanism in 1999</p> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● A website on the Mainland's science and technology institutions (<a href="http://www.chinatech.gov.hk">www.chinatech.gov.hk</a>) was established in March 2000.</li> </ul> <p><i>(Action Completed)</i></p> <ul style="list-style-type: none"> <li>● Hong Kong and the Mainland exchanged views on possible areas of co-operation in technology in July 2000 under the auspices of the Technology Trade and Treaty Law Working Group of the Mainland and HKSAR Joint Commission on Commerce and Trade.</li> </ul> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To examine the case for the development of an Institute for Chinese Medicine, which will undertake research, industry support work and promote commercialisation of medicinal products</p> <p><i>(CIB(ITC))</i></p>	<p>To set up a planning committee in 1999</p> <p><i>(1998)</i></p>	<p>The Hong Kong Jockey Club Institute of Chinese Medicine will be set up this year as a subsidiary of the Hong Kong Applied Science and Technology Research Institute. The Hong Kong Jockey Club has donated \$500 million to fund the research programmes of the Institute.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To encourage relevant bodies to foster closer co-operation with Mainland bodies in the area of technological support infrastructure, including –</p> <ul style="list-style-type: none"> <li>● encouraging joint-research between Hong Kong and Mainland institutions</li> <li>● encouraging technology exchanges between the two places to foster cross-fertilisation of ideas</li> </ul>	<ul style="list-style-type: none"> <li>● To strengthen our support for joint-research projects between Hong Kong and Mainland institutions under Government funding schemes</li> <li>● To encourage such exchanges between local and Mainland institutions and companies using Government funding schemes and specifically, to support cross-visits, seminars, conferences and training programmes, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● We have been encouraging higher education institutions and industry support organisations in Hong Kong to collaborate with Mainland institutions on joint-research by providing financial support from Government funding schemes. These schemes have provided \$178 million to finance such joint-research projects.</li> <li>● We have been encouraging technology exchanges between Hong Kong and Mainland institutions by providing financial support from Government funding schemes. These schemes have provided \$31 million for the funding of cross-visits, studies, seminars, conferences and training programmes.</li> </ul>

Initiative	Target	Present Position
<ul style="list-style-type: none"> <li>● co-operation between the future Hong Kong Science Park and the future Hong Kong Applied Science and Technology Research Institute and their counterparts as well as research institutions in the Mainland</li> </ul> <p><i>(CIB(ITC))</i></p>	<ul style="list-style-type: none"> <li>● To initiate discussion at the Provisional Hong Kong Science Park Co. Ltd. on the issue of co-operation with Mainland institutes/science parks in 1999</li> </ul> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● The Provisional Hong Kong Science Park Co. Ltd. has been contacting its counterparts in the Mainland to explore opportunities and areas for co-operation.</li> </ul> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To promote a culture conducive to technology ventures through a professionally managed Applied Research Fund</p> <p><i>(CIB(ITC))</i></p>	<p>To achieve a significant proportion of private investment in funded projects of the Applied Research Fund</p> <p><i>(1998)</i></p>	<p>About half of the funded projects have involved co-investment with private sector funds.</p> <p><i>(Action Completed)</i></p>

**Note**

The initiative “To establish an Applied Science and Technology Research Institute to support mid-stream research and development” is now reported under KRA 3 “Develop a world-class support infrastructure for manufacturing and service industries”. The change is necessary as the initiative has become an infrastructure project instead of a recommendation of the Chief Executive’s Commission on Innovation and Technology.

## Maximise Hong Kong's access to high-tech products

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To implement fully the Chemical Weapons Convention in the Hong Kong Special Administrative Region so as to achieve the international standard of control of chemical products</p> <p><i>(Trade and Industry Department(TID)/ Customs and Excise Department(C&amp;ED)/ Government Laboratory (GL))</i></p>	<p>To enact legislation and put in place related administrative arrangements in 1999-2000</p> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● New sections have been set up in the TID and the GL to prepare for the implementation of the Convention. An operational unit will soon be set up in the C&amp;ED to take on the enforcement work upon the implementation of the Convention.</li> <li>● Longer time has been taken to prepare the draft legislation due to technical complexity. We aim to have the legislation enacted in 2000-2001.</li> </ul> <p><i>(Action in Progress: Behind Schedule)</i></p>



# 3

## Develop a world-class support infrastructure for manufacturing and service industries

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To plan for and provide new industrial infrastructure, viz. –</p> <ul style="list-style-type: none"> <li>● the Science Park</li> </ul>	<p>To complete the construction of new industrial infrastructure on schedule, i.e., to</p> <ul style="list-style-type: none"> <li>● bring Phase One of the Science Park on stream in 2001</li> </ul>	<ul style="list-style-type: none"> <li>● Construction work of Phase One commenced in February 2000. Phase One will open in end-2001 as scheduled.</li> </ul> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<ul style="list-style-type: none"> <li>● the fourth industrial estate</li> </ul> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB (ITC)))</i></p>	<ul style="list-style-type: none"> <li>● make available the first batch of fully serviced land in the fourth industrial estate by 2001, with a view to completing the whole project in 2004</li> </ul> <p><i>(1998 and 1997)</i></p>	<ul style="list-style-type: none"> <li>● The outcome of the consultancy on the role and operation of the Hong Kong Industrial Estates Corporation (HKIEC) raised a question on the suitability of the site originally earmarked for the fourth industrial estate. In addition, given the imminent merger of the HKIEC with the Hong Kong Science Park and the Hong Kong Industrial Technology Centre Corporation, the business plan and operation model of the future merged body will impact on the choice and timing of the site for the fourth industrial estate. The merged body and the Government will need to critically examine the issue again.</li> </ul> <p><i>(Action in Progress: Under Review)</i></p>

Initiative	Target	Present Position
<p>To conduct a consultancy on the need for a business park <i>(CIB(ITC))</i></p>	<p>To work closely with the consultant in completing Stage One of the Study by mid-1999 to establish the need or otherwise for a business park in Hong Kong <i>(1998 and 1997)</i></p>	<p>The Study has been completed. While a clear case for a business park has not been established, the Government will adopt appropriate measures to ensure that the demand for more flexible forms of industrial infrastructure will be met. <i>(Action Completed)</i></p>
<p>To establish an Applied Science and Technology Research Institute to support mid-stream research and development<sup>1</sup> <i>(CIB(ITC))</i></p>	<p>To begin the consultancy study for planning of the institute in 1999 <i>(1998)</i></p>	<p>The Hong Kong Applied Science and Technology Research Institute Co. Ltd. has been set up to take forward the planning and establishment of the Institute. <i>(Action Completed)</i></p>

<sup>1</sup> This initiative was previously put under KRA1 “Promote innovation and improved technology in manufacturing and service industries”.

# 4

## Provide support for small and medium enterprises

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>The Industry Department to establish a Small and Medium Enterprises Office within the Department to help small and medium enterprises (SMEs) gain access to services</p> <p><i>(Trade and Industry Department)</i></p>	<p>To achieve 75% user satisfaction</p> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● The Small and Medium Enterprises Office has been in operation since 1 April 1999. Its activities include co-ordination of support programmes and delivery of information on facilities and services available to SMEs. The Office established a Small and Medium Enterprises Information Centre and a Virtual Small and Medium Enterprises Information Centre on the Internet in August 1999 to facilitate public access to relevant information.</li> <li>● Following a pilot survey, the Small and Medium Enterprises Information Centre has launched an on-going survey since December 1999 to obtain feedback on customer satisfaction. The results by mid-June 2000 indicated that the level of customer satisfaction is 85%.</li> </ul>

Initiative	Target	Present Position
		<ul style="list-style-type: none"> <li>● As a result of the dis-establishment of the Industry Department, the Small and Medium Enterprises Office was transferred to the Trade and Industry Department (previously the Trade Department) on 1 July 2000.</li> </ul> <p><i>(Action Completed)</i></p>