

Message

External trade plays a vital role in Hong Kong's economic development. Trade in goods and services expanded by about 13 times and four times respectively over the past two decades. Total value of visible trade amounted to \$3,075 billion in 1997, representing 232 per cent of the Gross Domestic Product. In 1997, Hong Kong was the world's seventh largest trading entity in terms of value of merchandise trade.

The Trade and Industry Bureau is committed to strengthening Hong Kong's position as an international trade centre by promoting free trade and investment, enhancing economic efficiency and trade through competition, protecting intellectual property rights, enhancing consumer protection and facilitating legitimate trade.

We will remain at the forefront of efforts to advance the liberalisation of global trade and investment. To this end, we will continue to play an active and constructive role in the World Trade Organisation and the Asia-Pacific Economic Co-operation forum.

We are determined to sustain Hong Kong's long-term competitiveness as an international business centre. In particular, we will spare no effort in protecting intellectual property rights. We have adopted a multi-pronged comprehensive approach to tackle the problem of intellectual property rights infringement on all fronts.



(Chau Tak Hay)

Secretary for Trade and Industry

International Trade Centre

Our Policy Objective is to strengthen Hong Kong as an international trade centre through maximising our exporters' access to overseas markets and providing our business community a free, fair and competitive environment for trade.

Key Result Areas (KRAs)

To ensure that this Policy Objective can be achieved, we must deliver results in a number of key areas, that is, we must –

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The following sections of this booklet explain the importance of these KRAs, describe the broad thrust of our efforts, and outline the indicators which we are using to assess progress. Each section lists the new key initiatives being taken to achieve our objectives and pinpoints the agency accountable for each initiative and the specific targets which we intend to meet.

I

Promote free trade and investment

Hong Kong is a staunch supporter of free trade and open markets. We recognise the vast opportunities and advantages brought by free trade and investment, including enhancing efficiency, reducing operating costs, increasing competitiveness and facilitating knowledge and technology transfer. An effective means to achieve a free trade and investment environment is for Hong Kong, China, to participate actively and constructively in the multilateral trading system under the World Trade Organisation (WTO) through which to break down trade barriers and secure market access for our traders.

The multilateral rule-based trading system has been highly successful in fostering the growth of international trade in general to the benefit of all members of the WTO. The system has been particularly important for smaller economies like Hong Kong. The basic principle of non-discrimination guarantees WTO members equal rights under the rules, independent of their political weight.

It is necessary to ensure that the future work of the WTO will be able to meet the needs and challenges of an increasingly globalised and technology-driven economy in the 21st century. We will therefore actively pursue the idea of launching a new round of comprehensive and balanced multilateral trade negotiations before the start of the new century to further the liberalisation of trade and investment.

The Government also actively promotes foreign direct investment (FDI) to Hong Kong. FDI is beneficial to the development of Hong Kong's industries because it facilitates the broadening of the industrial base, transfer of technology, enhancement of management expertise and marketing skills, creation of employment and access to international markets. We will continue to promote FDI by pursuing our inward investment programme.

Indicators

The indicators we will use to measure progress in this area are –

- the extent to which progress in furthering trade liberalisation has been steadily made in the multilateral trading system
- the number of investment promotion projects completed

Initiatives

Targets

To prepare for and actively participate in further broad-based multilateral trade negotiations in the WTO to be launched by the turn of the century

*(Trade Department)**

- To conduct three to five seminars and round table discussions for the purpose of promoting WTO and consulting the trade on their wishlists for broad-based multilateral trade negotiations
- To conduct 20 to 30 expert group meetings and working sessions to collate and analyse input from the trade, policy bureaux and departments for the purpose of negotiating strategy and action plan
- To participate in more than 100 negotiating meetings/sessions

* the brackets denote the agency with lead responsibility for the initiative

Initiatives	Targets
<p>To promote inward investment through the Inward Investment Promotion Programme <i>(Industry Department)</i></p>	<ul style="list-style-type: none">● 1 400 company visits made overseas by Investment Promotion Units (IPUs) and One-Stop Unit (OSU)● 36 investment exhibitions and seminars organised by IPUs

II

Promote economic efficiency and trade through competition

The Government is committed to proactively nurturing competition for the purpose of enhancing economic efficiency and free trade, thereby also benefiting consumer welfare. We believe that competition is best nurtured by allowing the free play of market forces and keeping intervention to the minimum. Nevertheless, when a business practice limits market accessibility or market contestability and impairs economic efficiency or free trade, to the detriment of the overall interest of Hong Kong, the Government will not hesitate to take appropriate rectification action.

The Competition Policy Advisory Group (COMPAG), chaired by the Financial Secretary, was established in December 1997 to provide a dedicated and high-level forum to review competition-related policy issues and examine the extent to which the Government, the wider public sector, as well as the private sector, should seek to introduce more competition to enhance economic efficiency and free trade. It promulgated a Statement on Competition Policy in May 1998 to set out the objective of the competition policy and provide pointers for observance. All government entities are required to adhere to the Statement, to review critically policies and regulations and to propose initiatives to enhance competition. All businesses are also encouraged to stop restrictive practices that impair economic efficiency or free trade on a voluntary basis.

Indicator

Our indicator of progress in this area is the extent to which we can liberalise the market and remove unnecessary restrictions on market accessibility and contestability.

Initiative

To review government practices to ascertain the extent to which competition can be enhanced
(Trade and Industry Bureau)

Target

To complete preliminary reviews, by late 1999, of the practices of half of all Policy Bureaux from a competition policy standpoint



Protect intellectual property rights

The Government has adopted a multi-pronged approach in combating copyright piracy, i.e., a comprehensive legislative regime, vigorous enforcement action, sustained education and publicity campaigns and close liaison with rights owners and other enforcement agencies.

The Trade and Industry Bureau has taken the lead to put in place a comprehensive intellectual property legislative framework which is in full compliance with the standards stipulated in the Agreement on Trade-Related Aspects of Intellectual Property Rights under the WTO. The legislation is backed by vigorous enforcement actions taken by the Customs & Excise Department against piracy and counterfeiting at the production, distribution and retail levels.

Recognising the need for long-term publicity and education, the Intellectual Property Department has embarked on a comprehensive public education programme focusing on school students. Publicity campaigns are also being organised to increase the awareness of the importance of intellectual property rights among the general public.

The Trade and Industry Bureau, together with other departments concerned, is maintaining close liaison with foreign and local intellectual property rights owners and other enforcement agencies in the region in the fight against copyright piracy, trade mark counterfeiting and cross-border intellectual property rights infringement.

A major policy initiative for this year is the Trade Marks Bill. The draft legislation is scheduled to be introduced into the Legislative Council in the 1998-1999 legislative year. The objectives of the Bill are to facilitate the registration of trade marks by simplifying the registration and maintenance procedures, and to offer enhanced protection to trade mark proprietors in accordance with prevailing international trends.

Indicators

Our indicators of progress in this area are –

- the level of public awareness of what intellectual property rights are, measured by an increase in public awareness that the protection of intellectual property rights is important
- the level of public awareness of the significance of protecting intellectual property rights, and of the adverse consequences of copyright piracy and trade mark counterfeiting

Initiatives

To step up enforcement action against copyright and trade mark infringements at all levels

(Customs and Excise Department)

Targets

- To seek to reduce the number of shops selling pirated or counterfeit goods openly by conducting not less than 2 000 investigations and 1 400 operations a year
- To maintain a high level of surveillance at the distribution and production levels by conducting not less than 300 inspections or verifications a year

Initiatives	Targets
<p>To provide a more efficient and user-friendly trade marks, patents and designs registration service</p> <p><i>(Intellectual Property Department (IPD))</i></p>	<ul style="list-style-type: none"> ● To reduce the waiting time for trade mark hearing from 22 to 18 months ● To computerise over 70% of the manual functions of the Trade Marks, Patents, and Design Registries in three years ● To reduce the existing outstanding caseload of about 9 000 to 6 000 by the year 2000
<p>To mount a major publicity campaign to discourage use of counterfeit and pirated goods and promote respect for intellectual property rights</p> <p><i>(IPD)</i></p>	<ul style="list-style-type: none"> ● To conduct 80 school visits to explain the importance of intellectual property rights to students in 1999 ● To secure the involvement of copyright industries in a joint promotional campaign against piracy in 1999 ● To produce different types of publicity materials such as posters, pamphlets, announcements of public interests , radio broadcast and special events with intellectual property rights theme

IV

Enhance consumer protection

The Trade and Industry Bureau is committed to safeguarding the legitimate interests of consumers. Work in this area is primarily geared towards ensuring that the products consumers purchase are safe, the quality is up to their expectation, and the contract terms offered are fair.

The Trade and Industry Bureau maintains a close working relationship with the Consumer Council on matters pertaining to consumer protection. While the Consumer Council assumes the front-line role in handling complaints and conducting tests and surveys on products and services, the Trade and Industry Bureau assesses policy proposals and contemplates necessary legislative measures.

A major initiative this year is the preparation of draft legislation on civil liability for unsafe products. It seeks to provide a clear legal basis for consumers to demand for compensation for loss or injury arising from the use of unsafe products.

To further enhance the safety of children's products, the Trade and Industry Bureau will aim at introducing multiple safety standards for all 13 categories of children's products by the year 2000. This will not only contribute to the safety of children's products on sale in Hong Kong, but also provide clearer standards and more choice for traders.

Indicators

Our indicators of progress in this area are –

- the extent to which the legislative framework can safeguard the interests of consumers
- the extent to which consumers exercise their rights by making enquiries, lodging complaints and the extent to which such complaints are positively addressed

Initiatives

Targets

To provide a clear legal basis for consumers to seek compensation from producers, retailers, etc. for loss or injury arising from the use of unsafe products

(Trade and Industry Bureau (TIB))

To complete drafting of the proposed legislation in 1999

To introduce multiple safety standards for more types of children's products set out in the Toys and Children's Products Safety Ordinance to allow traders more choices

(TIB)

To introduce multiple safety standards for all 13 categories of children's products by the year 2000

V

Facilitate legitimate trade

To maintain HKSAR's status as an international trade centre, the HKSAR must fulfil its obligations under multilateral trade agreements. Inability to do so will damage the reputation and interests of the HKSAR in the international trading community.

Under the World Trade Organisation Agreement on Textiles and Clothing, we are obliged to ensure that exports of textiles and clothing products (T&C products) using Hong Kong quotas are actually made in Hong Kong until 2005 when quota arrangements are removed under the Agreement. To fulfil this obligation and to facilitate the access of our T&C products to the world market, the Government will spare no effort in combating illegal transshipment of T&C products.

The Government is also mindful that when combating illegal transshipment of T&C products, we should not hinder our legitimate exports. Trade facilitating initiatives have therefore been taken and will continue to be taken to streamline procedures and enhance cost efficiency for legitimate traders.

Electronic data interchange (EDI) is the computer-to-computer exchange of business information in a standard format. It is being implemented globally to reduce the paperwork involved in trading procedures and to improve efficiency. To remain competitive, Hong Kong can no longer continue to rely on paper-based methods of doing business. In order to promote the widespread use of EDI in Hong Kong, the Government has started to implement EDI for five key Government trade-related documents and to phase out the use of the respective paper forms.

Indicators

Our indicators of progress in this area are –

- the access of Hong Kong T&C products to the world markets
- clear and efficient processing of documentation requirement for export of textiles
- the levels of import and export control which help to ensure access of legitimate Hong Kong T&C products to the world market
- the extent to which the Government trade-related documents can be processed through EDI

Initiatives	Targets
<p>To replace paper-based procedures by electronic ones for the following Government trade-related documents through the implementation of electronic data interchange (EDI) :</p> <p><i>(Trade and Industry Bureau)</i></p> <ul style="list-style-type: none"> ● restrained textiles export licences (RTEL) ● import or export declarations (commonly known as trade declarations or TDEC) ● certificates of origin (CO) ● cargo manifests ● dutiable commodities permits (DCP) 	<ul style="list-style-type: none"> ● To withdraw paper-based procedures by the following dates : RTEL - 1 January 1999 TDEC - 1 April 2000 ● To introduce EDI service for CO in 1999 ● To establish the feasibility of introducing EDI service for cargo manifests and DCP. If feasible, to introduce EDI service by 2000

Initiatives	Targets
<p>To improve further the system design of textile control system and to step up enforcement action against illegal transshipment of T&C products</p> <p><i>(Trade Department (Trade D) and Customs and Excise Department)</i></p>	<ul style="list-style-type: none"> ● To make the Production Notification (PN) a statutory requirement in the first half of 1999 to promote origin compliance and to facilitate enforcement work ● To maintain a high level of surveillance with additional resources being made available in the year 1998-1999
<p>To streamline documentation requirements for the export of textiles</p> <p><i>(Trade D)</i></p>	<ul style="list-style-type: none"> ● To incorporate useful CO information and declaration into other existing trade documents ● To simplify the format of existing documents, e.g., PN, to facilitate easy completion