
Trade and Industry Bureau

In the past year, we have been working on 23 pledges, of which :

- we have completed 13;
- we are on schedule with five; and
- we are pressing ahead with five on-going commitments.

The following sets out the detailed report for each main programme area.

Advancement of External Trade

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
<i>Action Completed</i>		
1997	1. To advance Hong Kong's trading interests by pressing for further liberalisation and facilitation of trade and investment at the second Ministerial Conference of the World Trade Organisation (WTO) in May 1998.	Hong Kong participated actively in the Ministerial Conference held on 18 and 20 May 1998. Two declarations were adopted at the close of the Conference: the Geneva Ministerial Declaration which set in train a comprehensive work programme to prepare for the third WTO Ministerial Conference to be held in 1999; and the Declaration on Global Electronic Commerce which required the establishment of a work programme to examine all trade-related issues relating to global electronic commerce.

- 1997 2. To collaborate with other Asia-Pacific Economic Co-operation (APEC) members to identify specific sectors where there is a common interest for early liberalisation and formulate concrete liberalisation measures in those sectors for consideration by APEC Economic Leaders in November 1997.
- Hong Kong has participated actively in APEC. APEC has identified 15 sectors in which to develop proposals for early liberalisation. Nine of these sectors will be subject to fast-track action (i.e., to complete preparatory work in the first half of 1998 with a view to implementation in early 1999). These initiatives were endorsed by Economic Leaders at their meeting in November 1997.
- 1997 3. In 1998, to continue to strengthen our integrated and targeted approach in textiles and clothing (T & C) factory inspection and investigation. To strengthen the legal and operational capabilities of the licensing and enforcement agencies for combating illegal activities in T & C trade.
- The Trade Controls Branch of Customs and Excise Department has been reorganised to enable more effective implementation of the integrated and targeted approach in T & C factory inspection and investigation. 29 new posts have been created in the Trade Controls Branch to strengthen its inspection and investigation capabilities.
- 1997 4. To strengthen control and improve licensing processing on trade in strategic commodities, with a view to securing confidence of trading partners to continue to supply high-tech products to Hong Kong.
- A computerised licensing system was implemented in April 1998. The new system allows for more efficient processing of licence applications, and provides a better licensing management with tighter internal security and control.
- A team of 18 officers has been added to Customs and Excise Department to enhance cargo inspection and investigation.

Action in Progress : On Schedule

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| 1997 | 5. | To implement in 1998 the various recommendations of the comprehensive review on rationalisation and streamlining of our trade documentation system with a view to further facilitating the trade, maintaining the integrity of control and bringing about a more cost-effective service. To withdraw progressively the current paper-based facilities in favour of the Community Electronic Trading Service (CETS) and to extend the CETS to cover certificate of origin by 1999. | The majority of the proposals aimed at simplifying documentation requirements and application procedures have been implemented. The outstanding proposals will be implemented within 1998. |
| | | | Trade documentation has been streamlined as a result of the lifting of the certificate of origin requirement for export of textiles products to the US on 18 August 1998. |
| | | | Paper-based facilities for restrained textiles export licence and import and export declarations are scheduled to be phased out in January 1999 and April 2000 respectively. The extension of the CETS to cover certificate of origin is planned for 1999. |

Good progress has been made with the following commitments in the past year. We will continue to work on them on an on-going basis.

- | <i>Year</i> | | <i>Pledge</i> |
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| 1995 | 6. | To continue to press the case for free trade in the continuing WTO multilateral negotiations to liberalise trade in services, and to seek the best possible market access for our service industries. |
| 1994 | 7. | To monitor closely the implementation of the Agreement on Textiles and Clothing concluded under the Uruguay Round of trade negotiations to ensure that Hong Kong T & C exports are treated equitably in overseas markets. |
| 1993 | 8. | To lobby the US for unconditional annual renewal of China's Normal Trade Relations (previously known as Most Favoured Nation or MFN) status in the US. |

Support for Manufacturing and Service Industries

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
Action Completed		
1997	1. To set up in 1998 a high level committee of academics, industrialists, businessmen and officials to advise the government on steps to be taken and on the institutional arrangements required for achieving the aim of making Hong Kong an innovation centre for the region.	The Chief Executive's Commission on Innovation and Technology was set up in March 1998. It submitted an interim report to the Chief Executive in September 1998, and plans to complete all its work by July 1999.
1997	2. To make an additional grant of \$500 million to the Applied Research and Development Scheme (ARDS), specifically to support the commercialisation of research in information technology and other high technology fields, subject to a review of the operation of the ARDS, to ensure that it continues to be effective in meeting the objective of upgrading our industry in terms of value and technology.	The review of the operation of ARDS was completed in January 1998. The Finance Committee of the Provisional Legislative Council approved in March 1998 the additional grant of \$500 million. All the recommended improvement measures, including the appointment of professional venture capital firms to manage the scheme, will be fully implemented by the end of 1998.
1997	3. To allocate an additional \$50 million to the Services Support Fund to finance initiatives which help sustain and improve the competitiveness of the service sector.	The Finance Committee of the Provisional Legislative Council approved an additional \$50 million for the Fund in November 1997. New applications were invited and 78 applications had been received by the deadline of 11 May 1998. Vetting results were announced in August 1998.

- 1997 4. To allocate, in 1998, \$500 million to set up a pilot Credit Guarantee Scheme to facilitate small and medium enterprises to obtain from authorised lending institutions the necessary financing for their pre-export expenses. To provide more support service to small and medium enterprises, for example, the launch of an Internet version of a directory on services and facilities available to small and medium enterprises.
- In February 1998, the Finance Committee of the Provisional Legislative Council approved a sum of \$500 million for setting up the Pilot Credit Guarantee Scheme. The Scheme was launched on 3 June 1998.
- In view of the liquidity crunch which affected many small and medium enterprises, it was subsequently decided that a new finance scheme with an expanded scope should be set up and that the Pilot Credit Guarantee Scheme should be merged with this new scheme. The Finance Committee approved \$2.5 billion for this new Special Finance Scheme for Small and Medium Enterprises on 31 July 1998. The new scheme was launched in late August 1998.
- We launched the Internet version of the directory on services and facilities available to small and medium enterprises in December 1997.
- 1996 5. To make available, in 1997, a further 46 hectares of land at the Tseung Kwan O Industrial Estate for operations which cannot be undertaken in multi-storey buildings.
- The land grant was finalised in March 1998.
- 1996 6. To assist the private sector to introduce an award scheme for services in 1997 to recognise excellence in service quality, productivity and exports.
- An annual Hong Kong Awards for Services scheme was launched in December 1997.

Action in Progress : On Schedule

1997 7. To ensure the timely provision of new industrial infrastructure, by :

- seeking funding to start the essential preparatory work for Phase I of the Science Park at Pak Shek Kok. Land will be available for construction of Phase I in 1998;

- continuing to support the Hong Kong Industrial Technology Centre Corporation in constructing a second Technology Centre. To obtain the land grant for the Centre by end 1998/early 1999. To start construction immediately afterwards and to complete the construction in around three years' time;

In February 1998, the Finance Committee of the Provisional Legislative Council approved \$54.8 million to engage a consultant to carry out site investigation, schematic planning and detailed design for Phase I of the Science Park project. The Finance Committee also approved a commitment of \$268 million to meet the operational expenses of the Science Park in its initial seven years.

The Town Planning Board endorsed the rezoning submission of the St. George's School layout plan including the Tech Centre II site on 21 November 1997. The land grant application for the site is being processed.

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| <ul style="list-style-type: none"> – continuing to support the Hong Kong Industrial Estates Corporation (HKIEC) in planning for a fourth industrial estate in Tuen Mun which should be completed by about 2004; and – commissioning a consultancy study to explore the need to establish a business park in Hong Kong. | <p>Agreement in principle has been obtained to reserve the site at Tuen Mun Area 38 for the development of the fourth industrial estate. The consulting firm commissioned by the HKIEC completed in August 1998 Phase II of the Feasibility Study for the fourth industrial estate which included a detailed design of the industrial estate and environmental assessment.</p> <p>We have selected a consulting firm to undertake the consultancy study. We have signed the consultancy agreement with the consultant and have started the study.</p> |
| <p>1997 8. To review the operation of the Industry Support Fund to ensure it works effectively to stimulate advancement in our industries.</p> | <p>The review was completed at the end of 1997.</p> |

Good progress has been made with the following commitment in the past year. We will continue to work on it on an on-going basis.

- | <i>Year</i> | <i>Pledge</i> |
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| <p>1996 9.</p> | <p>To review our policies on industrial and technological development in the light of a study commissioned to the Massachusetts Institute of Technology Industrial Performance Centre to study our long-term industrial development prospects and identify promising new industries for Hong Kong.</p> |

Protection of Intellectual Property Rights

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
Action completed		
1997	1. To provide additional resources to the Customs and Excise Department to enable it to continue vigorous enforcement action against intellectual property rights (IPR) infringements at all levels.	49 additional posts were created within the Customs and Excise Department in 1998-1999 for the purpose.
1997	2. To consider legislative amendments to further deter copyright piracy; including proposals to license the import and export of compact disc manufacturing equipment, and introduction of some form of registration requirements for such factories.	The legislative requirement for import and export licences for optical disc manufacturing equipment was introduced in December 1997. The Prevention of Copyright Piracy Ordinance was enacted in March 1998.

Action in Progress : On Schedule

1997	3. To complete our review of the Trade Marks Ordinance in 1998-1999, and to prepare a new Trade Marks Bill.	The draft Trade Marks Bill is being prepared for introduction into the Legislative Council in the 1998-1999 legislative session.
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Good progress has been made with the following commitment in the past year. We will continue to work on it on an on-going basis.

<i>Year</i>	<i>Pledge</i>
1997	4. To actively promote public awareness in IPR through a series of school visits, seminars and publicity programmes.

Promotion of Competition

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
Action Completed		
1997	1. To strive to further promote competition and enhance economic efficiency in Hong Kong. To encourage the Consumer Council to continue its good work in the promotion of competition. To respond shortly to the recommendations made by the Council in its report on the overall competition environment of Hong Kong.	The Administration responded to the Consumer Council's report in November 1997, and issued a Policy Statement on Competition in May 1998.

Consumer Protection

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
Action in Progress : On Schedule		
1997	1. To consider the proposals from the Law Reform Commission in 1998-1999 to expand the law governing compensation for injury and damage caused by defective or unsafe goods, beyond the existing spheres of contract and negligence laws.	We are considering the proposals. Draft drafting instructions are being prepared.