

## MESSAGE

In 1998, the total value of Hong Kong's visible trade amounted to \$2,777 billion, representing 216% of its Gross Domestic Product. Hong Kong was the world's ninth largest trading entity in that year.

The impact of the Asia financial crisis was acutely felt in the external trade sector. However, we are convinced that keeping markets open is the only durable way to bring economies back on the path of sustainable growth. Hong Kong will thus remain at the forefront of efforts to advance the liberalisation of global trade and investment. To this end, we will work closely with other like-minded economies toward the successful launching of a new round of comprehensive and balanced negotiations under the World Trade Organisation at its Third Ministerial Conference to be held in November this year.

The Trade and Industry Bureau is also committed to strengthening Hong Kong's position as an international trade centre by protecting intellectual property rights, increasing economic efficiency through promoting competition, and engendering a business environment that facilitates trade and commerce. In view of the increasingly close trade and economic relations between the Hong Kong Special Administrative Region and the Mainland, our largest trading partner since 1985, we have agreed to set up a liaison mechanism with the Ministry of Foreign Trade and Economic Co-operation of the Central People's Government.

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

(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 with a free, fair and competitive business environment.

Our targets this year in pursuing this Policy Objective are –

- to further promote free trade and investments in multilateral and regional trade fora including the World Trade Organisation (WTO) and Asia-Pacific Economic Co-operation (APEC)
- to actively participate in the launching of a new round of comprehensive and balanced multilateral trade negotiations under the WTO
- to further promote competition in the market place and to facilitate legitimate trade
- to further improve Hong Kong's capability to protect intellectual property rights through strengthening our legislative, enforcement and educational efforts
- to further improve our consumer protection regime

## Progress Made

In the past year, we continued to pursue vigorously our vision of global free trade and investment in the various trade and economic fora including the WTO and APEC. We participated actively and constructively in the preparation for the launch of a new round of multilateral trade negotiations for the millennium. Significant progress has been made. It is expected that the Third WTO Ministerial Conference, to be held from 30 November to 3 December 1999 in Seattle will launch successfully the new round of negotiations.

We have also continued our efforts in improving the business environment. We have, through the dedicated forum of the Competition Policy Advisory Group and efforts by various policy bureaux and departments, enhanced competition in various sectors. We also witnessed significant strides towards facilitating trade: trade documentation requirements for exports of restrained textiles were streamlined and simplified. Further progress was achieved in the implementation of electronic lodgement of various trade-related documents. We are now developing the systems for processing additional documents electronically.

The past year has also seen sustained vigorous enforcement action against the copyright pirates and trade mark counterfeiters at all levels. We have further enhanced Customs' enforcement capabilities at the retail level through the set-up of a special task force of front-line officers. We have completed a public consultation exercise on whether and how the

existing intellectual property legislation might be strengthened. We are now actively following up on the results of that exercise. We have introduced a Trade Marks Bill into the Legislative Council, which aims to modernise our trade marks regime and make it more user-friendly with enhanced protection for rights owners. We will continue with a multi-pronged approach in protecting intellectual property rights. Publicity and educational efforts have also been stepped up.

## 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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# 1

## 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) and through this 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 21<sup>st</sup> century. We have therefore participated actively and will continue to do so in the preparatory work for the launching of a new round of comprehensive multilateral trade negotiations under the auspices of the WTO before the start of the new century to further the liberalisation of trade and investment.

We will adopt a similarly active profile in the Asia-Pacific Economic Co-operation (APEC) which seeks free and open trade and investment by 2010 for industrialised economies and 2020 for developing economies.

We will also continue to argue for the unconditional renewal of China's normal trade relations status in the US until such a status has been made permanent so as to provide a stable trade and investment environment for our traders and businessmen in dealing with two of our largest trading partners.

The Government also actively promotes foreign direct investment (FDI) in 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, creation of employment and access to international markets. We will continue to promote FDI by strengthening our inward investment promotion programme.

In view of the close trade and economic relations between the Mainland (our largest trading partner since 1985) and Hong Kong, we will strengthen our liaison with Mainland authorities.

## Progress Made

In the past year, we have helped build increasing support for the launch of a new round of multilateral trade negotiations. Apart from the ongoing coalition building work in the WTO in Geneva, we hosted an informal Ministerial Meeting in Hong Kong in November 1998, and attended one in Hungary in May 1999. Such efforts will continue through participation in further ministerial and senior officials' meetings.

We also witnessed satisfactory progress on the investment promotion front. The number of projects completed and visits, exhibitions and seminars organised have all exceeded the targets set in 1998.

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 prepare for and actively participate in the preparatory work for the launching of a new round of broad-based multilateral trade negotiations in the WTO by the turn of the century</p> <p><i>(Trade Department (Trade D))</i></p>	<ul style="list-style-type: none"> <li>● To conduct three to five seminars and roundtable discussions for the purpose of promoting WTO and consulting the trade on their wishlists for broad-based multilateral trade negotiations</li> <li>● 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 formulating negotiating strategy and action plan</li> </ul>	<ul style="list-style-type: none"> <li>● A “Services 2000 Conference” was organised in August 1999, and a conference on the WTO and the new round will be held in early 2000. A homepage on Hong Kong’s objectives for the new round has been launched.</li> <li>● Over 15 meetings have been conducted so far.</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
	<ul style="list-style-type: none"> <li>● To participate in more than 100 negotiating meetings/sessions (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● Hong Kong attended over 30 formal and informal meetings (including the informal meetings of ministers in Hong Kong in November 1998, and in Hungary in May, and in Switzerland in October this year), on top of the over 100 regular meetings with representatives of WTO Members.  (Action in Progress: On Schedule)</li> </ul>
<p>To promote inward investment through the Inward Investment Promotion Programme (Industry Department)</p>	<ul style="list-style-type: none"> <li>● To have 1 400 company visits made by Investment Promotion Units (IPUs) and One-Stop Unit (OSU)</li> <li>● To have 36 investment exhibitions and seminars organised by IPUs (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● 1 470 company visits have been made by IPUs and OSU.</li> <li>● 49 exhibitions/seminars have been organised. (Action Completed)</li> </ul>
<p>To reinforce our links with the international community by setting up a Council of International Advisers (Trade and Industry Bureau (TIB))</p>	<p>To appoint the Council of International Advisers in October and to convene the first meeting of the Council in late 1998 or early 1999 (1998)</p>	<p>The Council held its first meeting in January 1999. (Action Completed)</p>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
The extent to which progress in furthering trade liberalisation has been made in the multilateral trading system	<ul style="list-style-type: none"> <li>● To press for the launching of a new round of broad-based and balanced multilateral trade negotiations for the new millennium</li> <li>● To continue pushing for progressive liberalisation of trade in goods as well as services</li> <li>● To continue to pursue better and more relevant multilateral rules governing the conduct of trade</li> </ul>
The extent to which progress has been made in furthering trade and investment liberalisation, facilitation, and strengthening capacity building in the Asia-Pacific Economic Co-operation (APEC)	To strive for good progress and outcome in the initiatives agreed by APEC Economic Leaders in 1998, particularly in expanding business opportunities in the region
The number of inward investment projects completed	To complete 65 projects by September 2000

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To achieve progressive liberalisation of trade in a wide range of services sectors and to seek the best possible market access for our services industries in the next round of services negotiations which will commence no later than the year 2000 <i>(Trade D)</i>	<ul style="list-style-type: none"> <li>● To conduct more than 20 seminars, meetings and working sessions with policy bureaux and departments concerned, and with the relevant trade and professional associations, for the purpose of formulating Hong Kong's negotiating strategies and action plans</li> <li>● To participate in more than 80 meetings and negotiating sessions in the WTO</li> </ul>



Initiative	1999 Target
<p>To assume the chairmanship of the Pacific Economic Co-operation Council (PECC) from October 1999 to late 2001 to further promote economic co-operation in the Pacific region through its various activities, including hosting the Fourteenth General Meeting (PECC XIV) in late 2001</p> <p><i>(TIB)</i></p>	<ul style="list-style-type: none"> <li>● To lead PECC into the 21<sup>st</sup> century and help set the scene for PECC activities in the next millennium</li> <li>● To actively participate and contribute in PECC task forces/forums/project groups covering different areas, including trade policy, pacific economic outlook and financial markets development</li> </ul>
<p>To strengthen liaison with the relevant Mainland authorities on trade and commerce matters</p> <p><i>(TIB)</i></p>	<p>To set up a liaison mechanism with the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) in 1999-2000</p>

# 2

## Promote economic efficiency and free 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 high-level and dedicated forum to review competition-related issues which have substantial policy or systemic implications, and examine the extent to which more competition should be introduced in the public and private sectors. It promulgated a Statement on Competition Policy in May 1998 to provide an overarching policy framework to guide sector-specific efforts to promote competition. COMPAG has also been giving advice to bureaux and departments in reviewing policies and practices from the competition standpoint, and in proposing new initiatives to promote competition in different sectors.

### Progress Made

In the past year, we continued to make satisfactory progress in the review of the exceptions to the competition policy and new initiatives to promote competition identified or proposed by policy bureaux and departments. Various rectification actions and new initiatives have been taken and reported in a COMPAG Report published in March 1999.

To achieve results in this area, the following initiative has been undertaken in the past years –

Initiative	Target	Present Position
To review government practices to ascertain the extent to which competition can be enhanced <i>(Trade and Industry Bureau)</i>	To complete preliminary reviews, by late 1999, of the practices of half of all policy bureaux from a competition policy standpoint <i>(1998)</i>	By the end of 1998, COMPAG had completed a preliminary review of the exceptions to the competition policy and new initiatives to promote competition identified or proposed by all policy bureaux and departments. Actions by bureaux and departments to rectify identified restrictive practices or to promote competition in various areas were detailed in COMPAG Report 1998 published in March 1999. In 1999, COMPAG continues to monitor issues already reviewed and to consider new reports on “exceptions” and “new initiatives” submitted by bureaux and departments.  <i>(Action in Progress: On Schedule)</i>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
The continued maintenance of no restrictions on trade, capital flow and foreign investment  Considering the impact on competition in policy formulation  Regular reviews of Government policy and practices from the competition policy standpoint	<ul style="list-style-type: none"> <li>● To promote adherence by the public and private sectors to the Statement on Competition Policy</li> <li>● To encourage them to adopt sector-specific measures to ensure fair competition where necessary, with a view to enhancing economic efficiency and free trade</li> </ul>

# 3

## Protect intellectual property rights

The Government will continue to take a multi-pronged approach to protect intellectual property rights, 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 (TIB) 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 copyright piracy and trade mark 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 awareness of the importance of intellectual property rights among the general public.

The TIB, 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 infringements.

### Progress Made

In the past year, we have raised public awareness of the importance of protecting intellectual property rights and of the adverse consequences of copyright piracy and trade mark counterfeiting.

We have made much progress with respect to the various initiatives and targets, notably the introduction of the Trade Marks Bill into the Legislative Council and the commencement of a series of publicity efforts in the protection of intellectual property rights. The persistent and high-profile enforcement efforts against the infringers by Customs have reinforced the message that the Government will not tolerate piracy and counterfeiting activities.

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 step up enforcement action against copyright and trade mark infringements at all levels <i>(Customs and Excise Department)</i></p>	<ul style="list-style-type: none"> <li>● 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</li> <li>● To maintain a high level of surveillance at the distribution and production levels by conducting not less than 300 inspections or verifications of licensed optical disc manufacturers a year <i>(1998)</i></li> </ul>	<ul style="list-style-type: none"> <li>● 4 000 investigations and 1 800 operations have been conducted. <i>(Action Completed)</i></li> <li>● 200 inspections/ verifications have been conducted in the first nine months of 1999. Another 100 will be conducted before the end of the year. <i>(Action in Progress: On Schedule)</i></li> </ul>
<p>To provide a more efficient and user-friendly trade marks, patents and designs registration service <i>(Intellectual Property Department (IPD))</i></p>	<ul style="list-style-type: none"> <li>● To reduce the waiting time for trade mark hearings from 22 to 18 months</li> <li>● To computerise over 70% of the manual functions of the Trade Marks, Patents, and Design Registries in three years</li> <li>● To reduce the existing outstanding caseload of applications for trade mark registration of about 9 000 to 6 000 by the year 2000 <i>(1998)</i></li> </ul>	<ul style="list-style-type: none"> <li>● The waiting time for trade mark hearings has been reduced to 18 months. <i>(Action Completed)</i></li> <li>● An average of over 55% of the manual functions of the three registries have been computerised. <i>(Action in Progress: On Schedule)</i></li> <li>● The outstanding caseload has been reduced to below 7 500. <i>(Action in Progress: On Schedule)</i></li> </ul>

Initiative	Target	Present Position
<p>To mount a major publicity campaign to discourage use of counterfeit and pirated goods and promote respect for intellectual property rights <i>(IPD)</i></p>	<ul style="list-style-type: none"> <li>● To conduct 80 school visits to explain the importance of intellectual property rights to students in 1999</li> <li>● To secure the involvement of copyright industries in a joint promotional campaign against piracy in 1999</li> <li>● To produce different types of publicity materials such as posters, pamphlets, Announcements of Public Interest (API), radio broadcast and special events with intellectual property rights theme <i>(1998 and 1997)</i></li> </ul>	<ul style="list-style-type: none"> <li>● 42 school visits have been conducted. Another 38 will be conducted before the end of the year.</li> <li>● The copyright industry has agreed to produce a 13-episode audio-visual series on intellectual property rights for release in late 1999.</li> <li>● One API on television with anti-copyright piracy theme was put on air in December 1998 with associated poster campaign. An advertising company has been commissioned to produce more television and radio APIs to be shown in September/October 1999, and to co-ordinate related publicity campaign in the year.</li> </ul> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To enhance the legislative framework for trade mark protection <i>(Trade and Industry Bureau (TIB))</i></p>	<p>To prepare a new Trade Marks Bill <i>(1997)</i></p>	<p>The Trade Marks Bill was introduced into the Legislative Council on 5 May 1999. <i>(Action Completed)</i></p>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
<p>The extent of enforcement action taken to protect intellectual property rights (IPRs) –</p> <ul style="list-style-type: none"> <li>● The number of inspections of licensed optical disc factories</li> <li>● The number of IPRs investigations</li> </ul>	<ul style="list-style-type: none"> <li>● To complete 300 inspections by September 2000</li> <li>● To complete 4 500 investigations by September 2000</li> </ul>
<p>The extent of facilitation efforts taken on the registration of patents, designs and trade marks –</p> <ul style="list-style-type: none"> <li>● The number of first examinations of applications for registration of trade marks</li> <li>● The number of examinations of standard patent applications</li> <li>● The number of examinations of short-term patent applications</li> <li>● The number of examinations of applications for registration of designs</li> </ul>	<ul style="list-style-type: none"> <li>● To issue 20 000 examination reports or acceptance notices</li> <li>● To examine 6 000 requests to record for standard patents</li> <li>● To complete 120 examinations</li> <li>● To complete 2 400 examinations</li> </ul>

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
<p>To strengthen the community's awareness of the importance of protection of IPRs (IPD)</p>	<p>To organise advertising campaigns, surveys on public awareness of IPR and school visits in 2000</p>
<p>To promote international understanding of the intellectual property regime of Hong Kong (IPD)</p>	<p>To submit our intellectual property laws to the WTO Council for TRIPS (trade-related aspects of intellectual property rights) in 2000 for a review on their compliance with the TRIPS Agreement</p>

Initiative	1999 Target
<p>To further enhance Hong Kong's legal regime for the protection of IPRs <i>(TIB)</i></p>	<p>To prepare draft legislation to –</p> <ul style="list-style-type: none"> <li>● include certain copyright piracy and trade mark counterfeiting offences under the Organised and Serious Crimes Ordinance</li> <li>● prevent bootlegging</li> <li>● clarify the IPR offences provisions to facilitate prosecution of end-user corporate IPR offenders</li> <li>● facilitate enforcement</li> </ul>



# 4

## Enhance consumer protection

The Trade and Industry Bureau (TIB) 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 TIB 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 TIB assesses policy proposals and contemplates necessary legislative measures.

### Progress Made

In the past year, we have made good progress to enhance the protection of consumer interests. We have introduced additional safety standards for five categories of children's products. We have also completed the drafting instructions for a proposed Bill on civil liability for unsafe 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
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 <i>(Trade and Industry Bureau (TIB))</i>	To complete drafting of the proposed legislation in 1999 <i>(1998)</i>	The legislation is being drafted. <i>(Action in Progress: On Schedule)</i>
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 <i>(TIB)</i>	To introduce multiple safety standards for all 13 categories of children's products by the year 2000 <i>(1998)</i>	To date, we have introduced multiple safety standards for 11 categories of children's products. Additional ones are being identified. <i>(Action in Progress: On Schedule)</i>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
<p>The extent to which enforcement action is taken to safeguard the interests of consumers –</p> <ul style="list-style-type: none"> <li>● The number of spot checks conducted by the Customs and Excise Department (C&amp;ED) on the safety of consumer goods</li> <li>● The number of spot checks conducted by C&amp;ED on the safety of toys and children’s products</li> <li>● The number of investigations conducted by C&amp;ED on the safety of consumer goods</li> <li>● The number of investigations conducted by C&amp;ED on the safety of toys and children’s products</li> </ul>	<ul style="list-style-type: none"> <li>● To conduct 1 350 spot checks</li> <li>● To conduct 1 450 spot checks</li> <li>● To conduct 300 investigations</li> <li>● To conduct 400 investigations</li> </ul>
<p>The extent to which consumers exercise their rights by making enquiries, lodging complaints and the extent to which such complaints are positively addressed –</p> <ul style="list-style-type: none"> <li>● The number of enquiries handled by the Consumer Council (CC)</li> <li>● The percentage of total complaints settled by CC</li> <li>● The percentage of substantiated complaints settled by CC</li> </ul>	<ul style="list-style-type: none"> <li>● To handle 130 000 enquiries</li> <li>● To settle 55% of the total complaints lodged with CC</li> <li>● To settle 70% of the total number of substantiated complaints lodged with CC</li> </ul>

To maintain the 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, and to protect our legitimate exports, the Government will spare no effort in combating illegal transshipment of T&C products. In parallel, the Government will monitor closely the implementation of the Agreement on Textiles and Clothing to ensure that our T&C exports are treated equitably in overseas markets.

The Government will also continue to take trade facilitating initiatives 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 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.

## Progress Made

In the past year, Hong Kong T&C products continued to enjoy good access to the world markets. The Hong Kong Special Administrative Region Government remains fully committed to maintaining an effective textiles control system. Additional resources have been deployed to step up enforcement action against illegal transshipment of T&C products. Production Notification (PN) has been made a statutory requirement in July 1999 to promote origin compliance and to facilitate enforcement work.

We have also streamlined trade documentation requirements for exports of restrained textiles. In August 1998, we introduced a simplified PN form to facilitate easy completion by traders and lifted the certificate of origin requirement for exports of restrained textiles to the US which helps traders to reduce their costs of exporting textiles and clothing products to the US. In addition, we shall commission a study on possible ways and means to streamline customs clearance procedures without compromising the integrity of our trade controls.

The implementation of electronic data interchange (EDI) for Government trade-related documents is on schedule. Full EDI service for processing restrained textiles export licences has been introduced since 1 January 1999 and legislative amendments are being prepared to achieve the same for trade declarations by 1 April 2000. The pilot run of EDI service for PN and certificate of origin commenced in July and August 1999 and system development for introducing EDI service for cargo manifest and dutiable commodities permits is in train.

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 improve further the system design of the textile control system and to step up enforcement action against illegal transshipment of textiles and clothing products (T&amp;C products)</p> <p><i>(Trade Department (Trade D)/Customs and Excise Department)</i></p>	<ul style="list-style-type: none"> <li>● To make the Production Notification (PN) a statutory requirement in the first half of 1999 to promote origin compliance and to facilitate enforcement work</li> <li>● To maintain a high level of surveillance with additional resources being made available in the year 1998-1999</li> </ul> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● The relevant Amendment Bill seeking a legal status for PN was passed by the Legislative Council in July 1999.</li> <li>● Additional resources for licensing and enforcement work have been deployed to step up surveillance on illegal transshipment of T&amp;C products.</li> </ul> <p><i>(Action Completed)</i></p>
<p>To streamline documentation requirements for the export of textiles</p> <p><i>(Trade D)</i></p>	<p>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</p> <p><i>(1998 and 1997)</i></p>	<p>Proposals to streamline our trade documentation requirements and to reduce the cost of the services, including the lifting of the certificate of origin requirement for export of restrained textiles to the US, and simplifying the format of the PN have been implemented.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<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> <ul style="list-style-type: none"> <li>● restrained textiles export licences (RTEL)</li> <li>● import or export declarations (commonly known as trade declarations or TDEC)</li> <li>● certificates of origin (CO)</li> <li>● cargo manifests</li> <li>● dutiable commodities permits (DCP)</li> </ul> <p><i>(Trade and Industry Bureau)</i></p>	<ul style="list-style-type: none"> <li>● To withdraw paper-based procedures by the following dates : RTEL - 1 January 1999 TDEC - 1 April 2000</li> <li>● To introduce EDI service for CO in 1999</li> <li>● To establish the feasibility of introducing EDI service for cargo manifests and DCP. If feasible, to introduce EDI service by 2000</li> </ul> <p><i>(1998 and 1997)</i></p>	<ul style="list-style-type: none"> <li>● EDI has become the only means for processing RTEL since 1 January 1999. Legislative amendment is in progress to make EDI the only means for submitting TDEC by 1 April 2000. <i>(Action in Progress: On Schedule)</i></li> <li>● Pilot run of service commenced in August 1999. <i>(Action Completed)</i></li> <li>● The feasibility of introducing EDI service for cargo manifests and DCP has been established. System development is now in progress. <i>(Action in Progress: On Schedule)</i></li> </ul>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Smooth access of Hong Kong T&C products to the world markets	To guard against, and to seek early removal of, discriminatory measures, if any, imposed on the imports of T&C products from Hong Kong by overseas markets

Indicator	1999 Target
Clear and efficient processing of documentation requirement for export of textiles	To process 90% of Form 5 and Form 8 (export licences) within two working days
The levels of import and export control which help ensure access of legitimate Hong Kong T&C products to the world market	To ensure the effectiveness, integrity and credibility of Hong Kong's textiles export control system by maintaining both enforcement control and administrative actions against any origin fraud
The extent to which government trade-related documents may be processed through EDI	To make available EDI processing for the selected trade-related documents by 2001
Efficient clearance of cargoes without compromising the integrity of trade controls	To consider possible ways and means to further facilitate customs clearance of cargoes transported by land, air and sea as well as by intermodal means

We will undertake the following initiative to deliver results in this area –

Initiative	1999 Target
To remove licensing requirement on products which are no longer regarded as items of strategic concern and which are decontrolled by the relevant international regimes <i>(Trade D)</i>	To amend the relevant schedules under the Import and Export (Strategic Commodities) Regulations within 1999 to reflect the changes