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Replies to supplementary questions raised by Legislative Council Members in examining the Estimates of Expenditure 2024-25

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 18

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CONTROLLING OFFICER'S REPLY

S-CEDB01

(Question Serial No. S027)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In Reply Serial No. CEDB017, the Bureau responded that a number of factors had to be taken into account when considering whether the duty on strong liquors should be exempted or relaxed. In this regard, please inform this Committee of the specific “factors ... to be taken into account” as mentioned in the reply.

Asked by: Hon LEE Hoey Simon

Reply:

In formulating any revenue measures, the Government will take into account the relevant policy needs, views from stakeholders, the economic situation of Hong Kong, burden on public finance, as well as the needs of different sectors of the community.

The existing duty rate on liquors with more than 30% alcoholic strength is 100% on an ad-valorem basis. The duty system is simple and fair, and is in line with the “affordable users pay” principle.

Apart from consideration from the angle of public finance, public health is also an important factor to consider, as the duty on liquors remains one of the effective ways to reduce drinking.

The Government has no plan to exempt or relax the duty rate on strong liquors.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB01

(Question Serial No. SV047)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has implemented the Support Scheme for Pursuing Development in the Mainland to help Hong Kong enterprises in the Mainland understand the latest Mainland policies and measures, and grasp the market opportunities in different Mainland locations and industries. In this connection, will the Administration consider working with the relevant Mainland bodies (including business associations, associations of Hong Kong people, etc.) to facilitate Hong Kong enterprises in the Mainland to establish new business connections through the local networks of such bodies, so as to enhance the effectiveness of Hong Kong's work in attracting enterprises and investment?

Asked by: Hon CHOW Man-kong

Reply:

In implementing the Support Scheme for Pursuing Development in the Mainland (the Scheme), the Hong Kong Trade Development Council (HKTDC) partners with relevant Mainland organisations to leverage the latter's experience and understanding of the Mainland market and extensive business network established on the Mainland to organise different types of activities. This could help ensure that the Scheme can better cater for the needs of Hong Kong enterprises on the Mainland and deepen their understanding of the Mainland's business policies and market trends for establishing new business connections.

From the commencement of the Scheme in April 2022 to end March 2024, HKTDC had collaborated with more than 270 relevant organisations including Mainland-based chambers of Hong Kong businesses, economic and trade associations, professionals' groups, young entrepreneur associations, industry associations as well as relevant Mainland governmental and economic and trade bodies to organise more than 290 events in nearly 50 Mainland cities. More than 22 000 representatives of Hong Kong enterprises and professionals participated in these events.

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CONTROLLING OFFICER'S REPLY

SV-CEDB02

(Question Serial No. SV048)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government launched the Export Marketing Fund in 2001 to support enterprises to carry out more promotional activities to open up business opportunities in external markets. However, each enterprise is subject to a funding ceiling of \$100,000, which is insufficient for conducting promotional activities in larger scale. Will the Government consider raising the funding ceiling to \$200,000 to increase the marketing capability of local enterprises?

Asked by: Hon CHOW Man-kong

Reply:

A ceiling is set for each application of the SME Export Marketing Fund (EMF) to encourage small and medium enterprises to establish their customer networks through participating continuously in various appropriate export promotion activities. The ceiling was raised in August 2018 from \$50,000 to \$100,000. Since the upward adjustment of the ceiling and up to end March 2024, over 84 000 applications had been approved under the EMF, benefitting some 20 000 enterprises. The average funding amount for each application approved was around \$23,600, while the number of applications with an approved funding amount of \$100,000 only accounted for around 4% of the total number of applications. The above figures show that the current funding ceiling of \$100,000 can meet the actual needs of most enterprises.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB03

(Question Serial No. SV045)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On the issue of whether the duty on strong liquors should be exempted or relaxed, the Government said in its initial reply that a number of factors had to be taken into account.

Please inform this Committee of the factors to be taken into account and the detailed considerations involved.

Asked by: Hon HO King-hong, Adrian Pedro

Reply:

In formulating any revenue measures, the Government will take into account the relevant policy needs, views from stakeholders, the economic situation of Hong Kong, burden on public finance, as well as the needs of different sectors of the community.

The existing duty rate on liquors with more than 30% alcoholic strength is 100% on an ad-valorem basis. The duty system is simple and fair, and is in line with the “affordable users pay” principle.

Apart from consideration from the angle of public finance, public health is also an important factor to consider, as the duty on liquors remains one of the effective ways to reduce drinking.

The Government has no plan to exempt or relax the duty rate on strong liquors.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB04

(Question Serial No. SV039)

Head: (152) Government Secretariat: Commerce and Economic
Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Given the high importance of the MICE (meetings, incentive travels, conventions and exhibitions) business to Hong Kong's economic development, please inform this Committee of whether the Government will consider compiling statistics relating to convention and exhibition activities, including the number of exhibition activities, the number of exhibitors and attendance, in an effort to prepare for the revival of the business.

Asked by: Hon KONG Yuk-foon, Doreen

Reply:

Statistics such as the scale of and the number of participants attending convention and exhibition (C&E) events are commercial information, which the organisers do not have to report to the Government. Nonetheless, the Government has been liaising closely with the C&E industry to grasp the latest developments of the industry. In fact, before the pandemic, the Hong Kong Exhibition and Convention Industry Association (HKECIA) conducted annual surveys on the exhibition industry, covering the numbers of exhibitions, exhibitors and buyers; it also carried out a biennial study on the contribution of the exhibition industry to Hong Kong's economy. We understand that the HKECIA has resumed the survey and study, and will announce the results in due course.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB05

(Question Serial No. SV049)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the initial reply that the Bureau will strengthen strategic co-operation with the Hong Kong Trade Development Council to organise different types of activities for Hong Kong residents and enterprises pursuing development in the Mainland cities of the GBA, so as to promote the opportunities brought by the GBA development to them. Will the Bureau expand the GBA-based promotional activities to the international level to enable people in more places around the world to get to know Hong Kong, thereby strengthening ties with their local business communities?

Asked by: Hon SHANG Hailong

Reply:

The Hong Kong Trade Development Council (HKTDC) has been proactively promoting Hong Kong's competitive edges and opportunities to the Mainland and global business community through organising diversified outreach activities, large-scale exhibitions and conventions, as well as implementing information platforms and support schemes, so as to consolidate Hong Kong's position as a global commercial hub.

The HKTDC will incorporate elements about the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) into its international conferences and flagship overseas promotion events, so as to deepen the global business community's understanding of the development and opportunities in the GBA and encourage them to tap into the GBA and international markets via Hong Kong. Through its global network, online platform and physical fairs, as well as support schemes for small and medium enterprises and start-ups, the HKTDC will continue to facilitate local and international businesses in understanding the Mainland market and help them with digital transformation, in order to seize the opportunities brought by the National 14th Five-Year Plan.

Meanwhile, to continuously expand Hong Kong's economic and trade network and help Hong Kong companies tap into emerging markets, the HKTDC will in 2024-25 set up additional consultant offices in Dhaka, the capital city of Bangladesh and Phnom Penh, the capital city of Cambodia, to strengthen trade promotion in emerging countries.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB06

(Question Serial No. SV040)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is proposed in the 2024-25 Budget that Hong Kong be developed into a multinational supply chain management centre. This requires co-operation in different areas, such as tariffs, financing, supply chain management, procurement and sales. What are the Government's strategies for co-ordinating the work involved? How will the Government attract top-notch enterprises from the Mainland and overseas to establish regional headquarters and supply chain management bases in Hong Kong, with a view to further attracting more small and medium enterprises to set up their businesses in Hong Kong?

Asked by: Hon TAN Sunny

Reply:

The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing enterprises extending their production supply chains abroad, it is the goal of the Hong Kong Special Administrative Region Government to develop Hong Kong into a multinational supply chain management centre.

Under "One Country, Two Systems", Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, plays the important roles as a "super-connector" and a "super value-adder", and serves as a two-way springboard for attracting overseas enterprises and for Mainland enterprises to "go global". As a premier financial and commercial centre in the region, Hong Kong has the capacity to offer full-fledged and comprehensive professional support services (such as consulting services, trade financing and corporate training) to Mainland enterprises to meet their overseas business needs. Meanwhile, being one of the most competitive economies in the world, Hong Kong's institutional fundamentals and other core strengths (including a simple and low tax system; a favourable business environment; efficient and transparent markets; a regulatory regime in line with international rules; and free flow of goods and

factors of production including talents, capital and information, etc.) make Hong Kong the only place in the world where the global advantage and the China advantage come together in a single economy, and is the best choice for Mainland manufacturing enterprises to set up headquarters for managing their offshore trading.

To attract Mainland manufacturing enterprises to establish in Hong Kong, the Commerce and Economic Development Bureau (CEDB), in coordination with “Team Hong Kong” organisations, including Invest Hong Kong (InvestHK), will strengthen the support work and work together to study implementation details, including establishing a single window to provide one-stop services for the enterprises.

InvestHK will proactively support the relevant work in the process of attracting Mainland manufacturing enterprises to set up headquarters for managing their offshore trading, by stepping up its efforts to promote various advantages of doing businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages. The Department will also actively pay attention to those enterprises’ needs (including financing, supply chain management, financial and tax measures and land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading.

At present, CEDB, InvestHK and “Team Hong Kong” organisations have proactively commenced the relevant work, with a view to setting specific work objectives and plans. CEDB has requested InvestHK to step up its engagement with Mainland manufacturing enterprises, and study pain points or service needs they face when considering to establish their presence in Hong Kong, so as to facilitate discussion with “Team Hong Kong” organisations on how to render assistance to the enterprises in a more suitable manner.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB07

(Question Serial No. SV043)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To support the development of the “original grant patent” (OGP) system, the Government is planning for the introduction of regulatory arrangements for local patent agent services with a view to enhancing the professionalism of such services. Would the Government please advise on the planned timetable for introducing regulatory arrangements and the strategies for nurturing patent agents?

Asked by: Hon WONG Kam-fai, William

Reply:

To ensure that Hong Kong's patent system can continue to meet current needs, and support Hong Kong's development into an innovation and technology hub in the region and a regional intellectual property trading centre, the Chief Executive has announced in the 2023 Policy Address that the Government will take the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents.

Introducing appropriate regulation for patent agent services is to ensure that patent agents have sufficient professional knowledge and application capabilities in patent law and related technologies to represent their clients under the “original grant patent” (OGP) system and be competent in patent agency-related work (including drafting patent specifications and claims, answering technical inquiries raised by examiners on the patentability of inventions, providing professional advice on patent validity and infringement matters, etc.), thereby establishing locally a professional patent team as a complementary component to the long-term development of the OGP system. According to estimates by the Intellectual Property Department (IPD), there are currently around 100 local patent practitioners.

The IPD is allocated an additional funding of about \$12 million in total over the 3 financial years from 2024-25 to 2026-27. The IPD has started relevant preparatory work, including examining the various key issues regarding the introduction of regulatory arrangements, establishing a dedicated team, and contacting stakeholders, etc. It will embark on discussions with stakeholders shortly and plans to consult them through the proposed industry consultation group and other appropriate channels in phases starting from the second quarter of 2024 to collect their opinions, with a view to forgoing consensus within the trade on various key issues in order to conduct policy analysis and formulate appropriate regulatory arrangements, including specific implementation plan and timetable.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB08

(Question Serial No. SV044)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government launched the \$1.4-billion Incentive Scheme for Recurrent Exhibitions on 1 July 2023, providing financial incentives to attract exhibitions of different scales, particularly international trade shows, to be staged in Hong Kong. Does the Government have any plan to expand its scope of subsidy to cover other areas, such as international innovation and technology, with a view to accelerating Hong Kong's integration into national development?

Asked by: Hon WONG Kam-fai, William

Reply:

The Government launched the \$1.4-billion Incentive Scheme for Recurrent Exhibitions on 1 July 2023, providing financial incentives to attract exhibitions of different scales and scope to be staged recurrently in Hong Kong, including international trade shows and exhibitions on innovation and technology. The Scheme covers any event organised by a private organiser and is not organised or co-organised by a Government department or public body, and does not have restrictions on the scope of the exhibitions.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB09

(Question Serial No. SV042)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (7) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Governments of Guangdong, Hong Kong and Macao are actively promoting the development of standards in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) for different products and services and have established the GBA Standard Information Public Service Platform (the Platform), with a view to promoting the harmonisation of rules in various sectors, enhancing product and service quality as well as deepening Hong Kong's economic and trade exchanges and co-operation with the Mainland and Macao.

How will the Government encourage enterprises to adopt the GBA Standards and enhance the Platform, so as to attract more GBA brands to set up their businesses in Hong Kong and promote commodity circulation and integrated development among the various cities in the GBA?

Asked by: Hon YUNG Hoi-yan

Reply:

The Governments of Guangdong, Hong Kong and Macao are actively promoting the development of Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Standards for different products and services, with a view to helping the enhancement of product and service quality and promoting the interconnectivity and integrated development of the 3 places in the long run. So far, a total of 183 GBA Standards have been formulated and promulgated, covering the fields of food quality and safety, Cantonese cuisine, prepared dishes, transportation, mechanical and electrical products, as well as medical care, nursing care, education and e-sports, etc. Information relating to GBA Standards is available on the GBA Standard Information Public Service Platform (the Platform) (<https://www.gbsrc.org.cn>) for access and voluntary adoption by the trade. The Platform is managed by the Standardization Research Center for GBA, which was established jointly by the People's Government of Guangdong Province and the nation's Standardization Administration.

As regards the promotion of GBA Standards, the Trade and Industry Department (TID) co-ordinates the participation of relevant bureaux/departments of the Government of the Hong Kong Special Administrative Region (HKSARG) in the relevant work, and liaises and cooperates with the Guangdong and Macao authorities on matters including promoting the development of GBA Standards to cover more products and services and optimising the Platform, which are conducive to building GBA Standards as a brand.

TID also issues Commercial Information Circulars (CICs) to promulgate information relating to GBA Standards to the trade, and invites relevant bureaux and their departments to assist in the promotion of GBA Standards, including encouraging organisations and enterprises within their policy purviews to submit applications for formulating GBA Standards and adopt them on a voluntary basis. In addition, TID held a briefing on 16 October 2023 to promote GBA Standards to major local chambers of commerce. During the meetings and exchanges with the chambers of commerce, TID also invites them to encourage their member enterprises to submit applications for formulating GBA Standards and adopt them to help promote the development of their products and services in the GBA.

The Guangdong authorities, after consulting HKSARG and the Government of the Macao Special Administrative Region, promulgated on 18 March 2024 the “Guidelines on the Common Needs of ‘GBA Standards’ in 2024”, which set out four priority areas for formulating GBA Standards in 2024, namely “high-tech industries”, “digital industries”, “public services” and “human resources services”. TID then promptly issued a CIC to inform the trade, and invited bureaux/departments to encourage organisations and enterprises within their policy purviews to submit applications for formulating GBA Standards and adopt them on a voluntary basis.

Guangdong, Hong Kong and Macao will continue to jointly develop high-quality GBA Standards and promote their application, with a view to contributing to the high-quality development of the GBA, and facilitating the flow of products, technologies and services within the GBA as well as in “going global”, through the formulation of standards to lead industrial development.

- End -

CONTROLLING OFFICER'S REPLY

SV-CEDB10

(Question Serial No. SV046)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Miss Eliza LEE)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to the information provided by the Government, the overall estimated provision for the programmes of Commercial Relations, Public Relations and Investment Promotion under the overseas Economic and Trade Offices (ETOs) will increase by 45.1%. The amount is higher than the actual provision for 2022-23 and the revised provision for 2023-24, which is attributable to, inter alia, the necessary operating funding reserved for the additional ETOs in overseas regions under planning. Please inform this Committee of the regions where the new ETOs are planned to be set up?

Asked by: Hon YIM Kong

Reply:

To strengthen Hong Kong's trade and economic relations with other places, the Hong Kong Special Administrative Region (HKSAR) Government has proactively expanded our network of overseas Hong Kong Economic and Trade Offices (ETOs), and strived to maintain close communication and contact with overseas interlocutors from different sectors and the international community, so as to explain the HKSAR Government's major policies, promote our unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the abundant opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The HKSAR Government has dedicated its efforts towards strengthening trade and economic relations with the Middle East and the Association of Southeast Asian Nations (ASEAN), with a view to deepening regional cooperation. As mentioned in the 2024-25 Budget, the HKSAR Government is planning to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively, to assist us in constructing a broader network in the Middle East and ASEAN, thereby enhancing Hong Kong's external trade.

- End -