

List of questions raised by Finance Committee Members in examining the Estimates of Expenditure 2011-12

[Session No. : 5]

Head 181 - Trade and Industry Department

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB(CIT)197	3585	Hon. CHAN, Tanya	At present, the SME Export Marketing Fund (EMF) mainly provides grant to SMEs for their participation in trade fairs/exhibitions. Many SMEs have reflected that the EMF should expand its scope to facilitate SMEs in more varieties of promotion activities. In 2011-12, will the Administration allocate resources to review the operation of the EMF and study whether its scope and amount of grant should be expanded? If yes, what are the working plan and estimated expenditure? If not, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)198	3586	Hon. CHAN, Tanya	One of the duties of the Trade and Industry Department is to support the development of Hong Kong's industries. As many manufacturing industries have already been relocated to the Mainland, their relative importance in Hong Kong's economic structure has reduced. Has the Administration set any indicator for the manufacturing industries to contribute to the Gross Domestic Product (GDP) for 2011-12? If yes, what is the indicator? If not, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)199	3587	Hon. CHAN, Tanya	In recent years, there are calls to encourage young people to start up their own businesses. However, under the highly competitive business environment in Hong Kong where rent and operation costs are high, it is very difficult for young people to start up their own businesses. In 2011-12, would the Administration consider formulating measures to help young people start up their own businesses? If yes, what are the specific plans and estimated expenditure? Would the measures include training and consultation services for young people aspiring to start up their own businesses? If yes, what are the details? If not, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)200	3588	Hon. CHAN, Tanya	Many SMEs are worried that the implementation of the "Competition Law" may affect them. If the relevant Bill is enacted and comes into effect in 2011-12, would the Administration allocate resources to help address the worries and queries of SMEs arising from the implementation of the law? If yes, what are the details and estimated expenditure? If not, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)201	0331	Hon. HO Chung-tai, Raymond	Regarding the support services provided to small and medium enterprises (SMEs) by the Administration through the Support and Consultation Centre for SMEs, please list out its detailed work and the expense involved.	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB(CIT)202	0332	Hon. HO Chung-tai, Raymond	Regarding the non-recurrent expenditure for 2010-11 of the Department, the approved estimate and the revised estimate are \$719,602,000 and \$409,865,000 respectively. Would the Administration please inform this Committee the reasons for a 43% decrease in the revised estimate?	
CEDB(CIT)203	1656	Hon. LAM Kin-fung, Jeffrey	It is noted that the department will create 3 additional non-directorate posts in the 2011-12 financial year. What are the reasons for the creation and their respective ranks and salaries?	(1) Commercial Relations
CEDB(CIT)204	1657	Hon. LAM Kin-fung, Jeffrey	It is estimated the registration number of the Outward Processing Arrangement in 2011 will drop drastically to 161. What are the reasons?	(2) Trade Support and Facilitation
CEDB(CIT)205	1658	Hon. LAM Kin-fung, Jeffrey	The revised estimate for 2010-11 is 39.2% less than the original estimate for the same year. What are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)206	0831	Hon. LAM Tai-fai	It is mentioned under Matters Requiring Special Attention in 2011-12 that the Trade and Industry Department (TID) will continue to implement measures and co-operate with industrial organisations to support the development and promotion of Hong Kong brands. Would the Administration inform this Committee the details, performance indicators and the respective expenditures involved?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)207	0832	Hon. LAM Tai-fai	In the indicators of performance measures, the Administration estimates that with the ceasing of the application period for the Special Loan Guarantee Scheme (SpGS), the number of applications received and processed and number of SME beneficiaries under the SME Loan Guarantee Scheme (SGS) will increase by 100% in 2011. Would the Administration inform this Committee of the basis for the above projection? If the projection is correct, will it affect the department's operating expenditure?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)208	2336	Hon. LAM Tai-fai	It is mentioned under Matters Requiring Special Attention in 2011-12 that the Trade and Industry Department will continue to provide support services for small and medium enterprise (SMEs) through the Support and Consultation Centre for SMEs (SUCCESS). Would the Administration please inform this Committee the annual expenditure and the number of SME beneficiaries of SUCCESS for the past three years (2008-09, 2009-10 and 2010-11)? Has the Administration assessed the effectiveness of SUCCESS in rendering assistance to SMEs? If yes, what are the details? If not, what are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)209	2337	Hon. LAM Tai-fai	It is mentioned under Matters Requiring Special Attention in 2011-12 that the Administration will continue to help the trade meet the challenges in reaching out to the global market. Would the Administration inform this Committee the concrete implementation measures and the expenditure involved?	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB(CIT)210	3545	Hon. LAU Kin-ye, Miriam	<p>The Trade and Industry Department is keeping the strategic trade control system under review, with a view to further streamlining procedures and rules without compromising the integrity and effectiveness of control. For this, please provide this Committee with the latest update on the following matters:</p> <p>(a) expediting the amendment of the list of controlled strategic commodities in accordance with the latest requirements of the international control regimes;</p> <p>(b) relaxing the control on import and export of the strategic commodities concerned where appropriate;</p> <p>(c) exploring the possibility of enhancing the “Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service” by further streamlining the rules and procedures to facilitate the users; and</p> <p>(d) simplifying the licensing requirements for transshipment of strategic commodities through Hong Kong.</p>	(2) Trade Support and Facilitation
CEDB(CIT)211	3546	Hon. LAU Kin-ye, Miriam	<p>During 2011-12, the Trade and Industry Department will seek the Finance Committee’s approval for injecting another \$1 billion into the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF). When will the Administration submit the funding application to the Finance Committee?</p>	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)212	2998	Hon. LEE Wai-king, Starry	<p>Regarding the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), would the Administration please inform this Committee the resources and manpower involved for implementing and formulating new arrangements under CEPA in the 2011-12 financial year?</p>	(1) Commercial Relations
CEDB(CIT)213	0196	Hon. LEUNG Kwan-yuen, Andrew	<p>The aim of Programme (3) under the Trade and Industry Department is to support and facilitate the development of Hong Kong’s small and medium enterprises (SMEs) and industries. The original \$783.3 million estimated provision for the current year (2010-11) is subsequently revised to \$476.2 million (a decrease of 39.2%). Also, the estimated provision of \$504.9 million for 2011-12 is 35.5% less than the original estimate for 2010-11. Could the Department please specify the allocation and uses of the provisions (e.g. organizing and participating what activities) in the current year (2010-11) and the following year (2011-12) to:</p> <p>(a) help Hong Kong enterprises develop and promote brands to enhance their competitiveness in the Mainland and overseas market;</p> <p>(b) maintain close liaison with the trade, and help them meet the challenges in reaching out to the global market; and</p>	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
			(c) implement measures and co-operate with industrial and trade organisations to support the development and promotion of Hong Kong brands?	
CEDB(CIT)214	0401	Hon. LEUNG Kwan-yuen, Andrew	<p>The provision for Programme (1) of the department in the 2011-12 financial year is \$7.8 million (8.6%) higher than the revised estimate for 2010-11. Please specify how much of the additional provision is used for:</p> <p>(a) the full-year salary salaries for filling vacant posts;</p> <p>(b) the proposal of creating 3 new posts (and what are their titles, scope of work, salaries and benefits); and</p> <p>(c) the additional provision for enhancing the commercial relations with emerging economies (and the funding will be used on which economies)?</p>	(1) Commercial Relations
CEDB(CIT)215	1066	Hon. LEUNG Mei-fun, Priscilla	<p>Regarding the measures to support small and medium enterprises (SMEs), would the Administration inform this Committee:</p> <p>(a) Under Head 181 Trade and Industry Department, besides the SME Loan Guarantee Scheme (SGS) mentioned in the Budget, how did the other two schemes, i.e. the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) operate and what was the situation of their applications in the past three years? How much grants were approved in total?</p> <p>(b) Has the authority adopted any measures to further streamline the application procedures and shorten the time required?</p> <p>(c) How does the authority evaluate the effectiveness of these streamlining measures? What is the reaction of the trade?</p>	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)216	3230	Hon. TAM Wai-ho, Samson	<p>Regarding the estimates of expenditure of the Information Technology Management Section (ITMS) in the Trade and Industry Department (TID):</p> <p>(a) What is the estimated expenditure in 2011-12? What is the rate of change as compared with the actual expenditure in 2010-11? What is(are) the reason(s) for the above rate of change in expenditure?</p> <p>(b) What specific projects are included in the estimates of expenditure 2011-12? Which of them are on-going projects and which are new projects? What are the number of staff, costs and implementation timetable of each project? Of the staff involved for each project, how many of them are civil servants, non-civil service contract staff and staff of outsourced</p>	

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
			<p>service providers respectively?</p> <p>(c) Has the Administration earmarked any provision for measures to promote e-engagement as well as opening-up of public sector information? If yes, what are the specific contents including project names, details, manpower and costs involved, and implementation timetable? If not, what is(are) the reason(s) and will the Administration consider carrying out such measures in the future?</p> <p>(d) What are the permanent establishment, existing number of staff and vacancies of ITMS ? Will there be any increase in manpower in the coming year? If yes, what is the projected number of additional posts and the ranks involved? Are these posts on permanent establishment? Will candidates for these posts be appointed on civil service terms of appointment? If not, what is(are) the reason(s) for that?</p> <p>(e) Is there any overall review on the effectiveness of ITMS? If yes, what are the results of the review and the specific improvement measures involved? If not, what is(are) the reason(s) and will such review be carried out in the future?</p>	
CEDB(CIT)217	1050	Hon. TONG Ka-wah, Ronny	It is proposed in the Budget that the SME Loan Guarantee Scheme (SGS) would be increased to \$30 billion. Will the subsidies for SMEs be increased as a result?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)218	2934	Hon. WONG Kwok-kin	<p>Under “Matters Requiring Special Attention in 2011-2012”, the Administration mentioned that it would support the development and promotion of Hong Kong brands. Would the Administration advise:</p> <p>(a) What activities had the Administration organised last year (i.e. 2010-2011) to develop and promote Hong Kong brands and what was the expenditure involved?</p> <p>(b) What is the estimated expenditure for the development and promotion of Hong Kong brands in the coming year (i.e. 2011-2012)? What are the plans and activities involved?</p> <p>(c) The Administration is promoting six key industries. Has the Department provided any specific support measures for the six key industries to enhance the brand image of their products or services? If yes, what are the measures and expenditure involved? If not, will the Administration consider conducting brand promotion for the relevant industries overseas?</p>	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB(CIT)219	3866	Hon. WONG Kwok-kin	<p>(a) With reference to the Indicators under the subject Programme, the number of applications of both the SME Development Fund (SDF) and the SME Export Marketing Fund (EMF) has shown a declining trend in 2010. What are the reasons? Please provide the figures for the past three years (i.e. 2008 to 2010) for reference;</p> <p>(b) In the coming year (i.e. 2011), will the Administration enhance and promote the two abovementioned funds so as to enable more small and medium enterprises (SMEs) to learn of the Government's support services which could help their development? If yes, what will be the measures and the expenditure involved?</p>	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)220	0490	Hon. WONG Tin-kwong	In the past two years, the number of applications under the SME Export Marketing Fund were about 30 000 but the number of SME beneficiaries were only 4 000 on average. The number of applications has also decreased. What are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)221	0491	Hon. WONG Tin-kwong	The SME Development Fund (SDF) has only set out the number of applications and the amount of Government grants but not the number of beneficiaries. Moreover, there is a drop in both the number of applications and the amount of Government grants. What are the reasons?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)222	0492	Hon. WONG Tin-kwong	The Government's estimate for supporting small and medium enterprises in the 2011-12 financial year is 35.5% less than that in the 2010-11 financial year. In what areas will the expenditures be cut?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)223	0509	Hon. WONG Tin-kwong	When will a new round of CEPA Supplement negotiation with the Mainland begin? In what aspects will the Administration make suggestions? Will there be additional resources to assist Hong Kong enterprises and professional services to enter the Mainland market? What is the role of the Trade and Industry Department in the CEPA-related work and what kind of assistance will it render?	(1) Commercial Relations
CEDB(CIT)224	1768	Hon. WONG Tin-kwong	Facing the impact of Mainland's policies and inflation, Hong Kong enterprises are getting more and more difficult to operate in the Mainland. Apart from providing loan guarantee services, what assistance will the Government provide to these enterprises? Will there be any plan to help enterprises open new markets in 2011-12? What are the expenses involved?	(3) Support for Small and Medium Enterprises and Industries
CEDB(CIT)225	1769	Hon. WONG Tin-kwong	After the closing of the Special Loan Guarantee Scheme (SpGS) by end last year, how many small and medium enterprises (SMEs) are still at the loan repayment stage and what is the amount so involved? What is the number of default cases? According to the Department, applications received in late December 2010 will be approved early this year. What are the figure and the approved amount?	(3) Support for Small and Medium Enterprises and Industries

Reply Serial No.	Question Serial No.	Name of Member	Question	Programme
CEDB(CIT)226	1800	Hon. WONG Tin-kwong	Please inform this Committee : Will the Administration adopt any corresponding measures in light of the continuous relocation of textiles production outside Hong Kong? If yes, please specify the expenditure involved and the details.	(2) Trade Support and Facilitation

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)198

Question Serial No.

3586

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the duties of the Trade and Industry Department is to support the development of Hong Kong's industries. As many manufacturing industries have already been relocated to the Mainland, their relative importance in Hong Kong's economic structure has reduced. Has the Administration set any indicator for the manufacturing industries to contribute to the Gross Domestic Product (GDP) for 2011-12? If yes, what is the indicator? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

Over the years, the manufacturing industry has contributed significantly to the development of Hong Kong's economy. As Hong Kong undergoes economic restructuring, most of the production processes have been relocated to the Mainland. According to the data from the Census and Statistics Department, in 2009, manufacturing industry accounted for 2.3% of the Gross Domestic Product (GDP), while employment in manufacturing took up 3.8% of the total employment. Notwithstanding that, the manufacturing industry has continued to support many related service industries, such as logistics, import and export trade etc. As industry will restructure according to the changes in economic circumstances, it is not appropriate for the Administration to set a target of the percentage contribution of the manufacturing industry to Hong Kong's GDP.

Signature _____

Name in block letters Maria SN KWAN

Post Title Director-General of Trade and Industry

Date 15.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)200

Question Serial No.

3588

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Many SMEs are worried that the implementation of the "Competition Law" may affect them. If the relevant Bill is enacted and comes into effect in 2011-12, would the Administration allocate resources to help address the worries and queries of SMEs arising from the implementation of the law? If yes, what are the details and estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

The Commerce and Economic Development Bureau submitted the Competition Bill (the Bill) to the Legislative Council in 2010. The relevant Bills Committee is examining the Bill. According to the proposals in the Bill, the statutory functions of the future Competition Commission (Commission) include promoting public understanding of the Bill and the value of market competition through public education. The Bill also makes it a statutory requirement for the Commission to draw up regulatory guidelines on interpretation and implementation of the law upon consultation, so as to facilitate compliance by the business sector (including the small and medium enterprises). Provisions have already been earmarked under Head 152 – Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) to meet the expenses for the establishment and initial operation of the Commission should the Bill be enacted within 2011-12.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)201

Question Serial No.

0331

Head : 181 Trade and Industry Department Subhead (No. & title) :

Programme : (3)Support for Small and Medium Enterprises and Industries

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the support services provided to small and medium enterprises (SMEs) by the Administration through the Support and Consultation Centre for SMEs, please list out its detailed work and the expense involved.

Asked by :Hon. HO Chung-tai, Raymond

Reply :

The Support and Consultation Centre for SMEs (SUCCESS) of the Trade and Industry Department (TID) provides free, reliable and practical information and consultation services for small and medium enterprises (SMEs) (including business start-ups).

On information services, the SUCCESS website contains comprehensive business information, including requirements on government licences and permits. SUCCESS also keeps SMEs informed of the latest business information through a reference library, business electronic databases, e-newsletters and a regular publication called "SME Pulse".

On consultation services, SUCCESS arranges SMEs to meet with experts of various sectors for professional consultation through its "Meet-the-Advisors" Business Advisory Service to provide them with practical advice regarding problems in running their business. SUCCESS also implements a "SME Mentorship Programme" which provides an opportunity for SME entrepreneurs who are at their early stage of business to learn from and be guided by accomplished entrepreneurs through one-on-one counselling during a 12-month mentorship period.

In addition, SUCCESS also organises seminars, workshops, participates in exhibitions and other activities to help broaden SMEs' business knowledge and enhance their entrepreneurial skills.

Excluding the personnel-related expenses, which have been subsumed into the provision of TID, the estimated expenditure of SUCCESS for 2011-12 is about \$1.4 million.

Signature _____

Name in block letters _____ Ms Maria S. N. KWAN

Post Title _____ Director-General of Trade and Industry

Date _____ 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)202

Head: 181 Trade and Industry Department Subhead (No. & title): 700 General
non-recurrent

Question Serial No.

0332

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the non-recurrent expenditure for 2010-11 of the Department, the approved estimate and the revised estimate are \$719,602,000 and \$409,865,000 respectively. Would the Administration please inform this Committee the reasons for a 43% decrease in the revised estimate?

Asked by: Hon. HO Chung-tai, Raymond

Reply:

The revised estimate of the non-recurrent expenditure of the Trade and Industry Department for 2010-11 is 43% less than the approved estimate. This is mainly because the expenditure arising from payment of default claims under the Special Loan Guarantee Scheme and the SME Loan Guarantee Scheme is much lower than the original estimate. Besides, the number of applications under the SME Export Marketing Fund is less than expected.

Signature _____

Name in block letters _____ Ms Maria S. N. KWAN

Post Title _____ Director-General of Trade and Industry

Date _____ 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)204

Question Serial No.

1657

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (2)Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is estimated the registration number of the Outward Processing Arrangement in 2011 will drop drastically to 161. What are the reasons?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Under the Outward Processing Arrangement, manufacturers who have registered with the Trade and Industry Department are allowed to subcontract the secondary or finishing processes to places outside Hong Kong, yet the primary manufacturing processes of the goods concerned must be carried out in Hong Kong in order to comply with the requirements imposed by the Certificate of Hong Kong Origin. We anticipate that the registration number under the Outward Processing Arrangement in 2011 will drop to approximately 160 and the rate of decrease is similar to that of last year, mainly because we expect that the trend of local manufacturing industry relocating various processes including the primary manufacturing processes to places outside Hong Kong will continue.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)205

Question Serial No.

1658

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The revised estimate for 2010-11 is 39.2% less than the original estimate for the same year. What are the reasons?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The Trade and Industry Department's revised estimate for support of small and medium enterprises and industries in 2010-11 is 39.2% less than the original estimate. This is mainly because the expenditures arising from payment of default claims under the Special Loan Guarantee Scheme and the SME Loan Guarantee Scheme are much lower than the original estimate. Besides, the number of applications under the SME Export Marketing Fund is less than expected.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)207

Question Serial No.

0832

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the indicators of performance measures, the Administration estimates that with the ceasing of the application period for the Special Loan Guarantee Scheme (SpGS), the number of applications received and processed and number of SME beneficiaries under the SME Loan Guarantee Scheme (SGS) will increase by 100% in 2011. Would the Administration inform this Committee of the basis for the above projection? If the projection is correct, will it affect the department's operating expenditure?

Asked by: Hon. LAM Tai-fai

Reply:

The Trade and Industry Department roughly estimates that the number of applications, the number of small and medium enterprises (SMEs) beneficiaries and the amount of government guarantees issued under the SME Loan Guarantee Scheme (SGS) will all increase by 100% in 2011. The projection takes into account the substantial increase in the number of applications under the SGS as a result of the introduction of a series of enhancement measures before the launching of Special Loan Guarantee Scheme in end 2008. The workload arising from the increase in SGS applications will be handled by existing manpower; no extra expenditure will be incurred.

Signature _____

Name in block letters _____ Maria SN KWAN

Post Title _____ Director-General of Trade and Industry

Date _____ 15.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)209

Question Serial No.

2337

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Matters Requiring Special Attention in 2011-12 that the Administration will continue to help the trade meet the challenges in reaching out to the global market. Would the Administration inform this Committee the concrete implementation measures and the expenditure involved?

Asked by: Hon. LAM Tai-fai

Reply:

The Trade and Industry Department (TID) endeavours to assist enterprises to explore the Mainland, overseas and emerging markets. We understand that the trade would like the Government to provide assistance in different areas, such as financial support, providing the latest market information, enhancing their business knowledge and competitiveness etc. The Government has therefore provided a wide range of support measures in different aspects.

On financial support, TID's SME Export Marketing Fund (EMF) subsidises small and medium enterprises (SMEs) to participate in export promotion activities; the maximum grant for each SME is \$150,000. The SME Development Fund (SDF) provides financial support to projects carried out by trade and industrial organisations, support organisations and professional bodies to enhance the competitiveness of Hong Kong's SMEs. The maximum amount of funding support for each project is \$2 million. In 2011-12, the SDF will encourage eligible organisations to submit projects which aim to help SMEs develop and promote brands, expand domestic sales and explore emerging markets.

On information services, TID regularly keeps the trade abreast of the latest information in overseas markets, e.g. new laws and regulations. In 2010, TID established a brand promotion website to provide information about brand building and promotion. We will enrich the contents of the website to make it a comprehensive information platform on brands.

The Support and Consultation Centre for SMEs (SUCCESS) of TID provides free, reliable and practical information and consultation services for SMEs (including business start-ups). SUCCESS also organises seminars, workshops and other activities to help broaden SMEs' business knowledge and enhance their entrepreneurial skills. In the coming year, TID plans to co-operate with the Hong Kong Trade Development Council, the Hong Kong Productivity Council and other trade and industrial organisations in organising branding conferences, exhibitions and seminars etc, so as to assist the trade in meeting the challenges arising from developing and promoting brands.

To help Hong Kong enterprises face the challenges of operating in the Mainland, TID has maintained close liaison with the relevant Mainland authorities to reflect the views and suggestions on policies that affect Hong Kong enterprises. The Mainland authorities have responded positively to many proposals of the HKSAR Government and the trade. Various facilitation measures were launched in the Mainland in 2008 and 2009, including "suspending the actual payment of standing book deposit for processing trade enterprises", "restructuring without stopping production, carrying forward without appraising the value" etc.

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)210

Question Serial No.

3545

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Trade and Industry Department is keeping the strategic trade control system under review, with a view to further streamlining procedures and rules without compromising the integrity and effectiveness of control. For this, please provide this Committee with the latest update on the following matters:

- (a) expediting the amendment of the list of controlled strategic commodities in accordance with the latest requirements of the international control regimes;
- (b) relaxing the control on import and export of the strategic commodities concerned where appropriate;
- (c) exploring the possibility of enhancing the "Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service" by further streamlining the rules and procedures to facilitate the users; and
- (d) simplifying the licensing requirements for transshipment of strategic commodities through Hong Kong.

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

- (a) In 2010, the Trade and Industry Department (TID), in accordance with the latest requirements of the international non-proliferation regimes, amended the list of controlled strategic commodities twice (the amendments took effect in February and June respectively). We will start a new round of amendment in 2011.
- (b),(c) &(d) The amendments in 2010 resulted in relaxation of: (1) the control on import and export of some commonly traded strategic commodities (i.e. electronics, computers, and telecommunications and information security products); and (2) the control over transit and air-transshipment of information security products. Furthermore, the "Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service" has been further streamlined in August 2010, making the product coverage of licences issued under the Arrangement more flexible than ever.

The TID will continue to monitor the latest international requirements and development, and explore the feasibility of simplifying further the licensing requirements, on the basis that the integrity and effectiveness of control will not be compromised.

Signature _____

Name in block letters _____ Maria SN KWAN _____

Post Title _____ Director-General of Trade and Industry _____

Date _____ 14.3.2011 _____

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)211

Question Serial No.

3546

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2011-12, the Trade and Industry Department will seek the Finance Committee's approval for injecting another \$1 billion into the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF). When will the Administration submit the funding application to the Finance Committee?

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

We aim to submit the proposal for injecting \$1 billion into the SME Export Marketing Fund and SME Development Fund to the Finance Committee of the Legislative Council in mid 2011, so as to continue to provide support to small and medium enterprises in export promotion and in enhancing their competitiveness.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

Examination of Estimates of Expenditure 2011-12

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)212

Question Serial No.

2998

Head : 181 Trade and industry Department Subhead (No. & title) :

Programme : (1) Commercial Relations

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), would the Administration please inform this Committee the resources and manpower involved for implementing and formulating new arrangements under CEPA in the 2011-12 financial year?

Asked by : Hon. LEE Wai-king, Starry

Reply :

For the CEPA-related work, the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy; the Trade and Industry Department oversees bilateral discussions on the further development of CEPA and effective implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with specific issues related to development and implementation of CEPA in the relevant service sectors. The resource requirements are worked out by relevant bureaux/departments respectively, and we do not have information on the actual amount involved.

Signature _____

Name in block letters _____

Maria SN KWAN

Post Title _____

Director-General of Trade and Industry

Date _____

14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)213

Question Serial No.

0196

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The aim of Programme (3) under the Trade and Industry Department is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries. The original \$783.3 million estimated provision for the current year (2010-11) is subsequently revised to \$476.2 million (a decrease of 39.2%). Also, the estimated provision of \$504.9 million for 2011-12 is 35.5% less than the original estimate for 2010-11. Could the Department please specify the allocation and uses of the provisions (e.g. organizing and participating what activities) in the current year (2010-11) and the following year (2011-12) to:

- (a) help Hong Kong enterprises develop and promote brands to enhance their competitiveness in the Mainland and overseas market;
- (b) maintain close liaison with the trade, and help them meet the challenges in reaching out to the global market; and
- (c) implement measures and co-operate with industrial and trade organisations to support the development and promotion of Hong Kong brands?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

The Trade and Industry Department's (TID) revised estimate for 2010-11 is 39% less than the original estimate. This is mainly because the expenditure arising from payment of default claims under the Special Loan Guarantee Scheme and the SME Loan Guarantee Scheme is much lower than the original estimate. Besides, the number of applications under the SME Export Marketing Fund is less than expected.

TID endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. Its SME Export Marketing Fund subsidises small and medium enterprises (SMEs) to participate in export promotion activities, and the maximum grant for each SME is \$150,000. The SME Development Fund provides financial support to projects carried out by trade and industrial organisations, support organisations or professional bodies to enhance the competitiveness of Hong Kong's SMEs. The maximum amount of funding support for each project is \$2 million.

In 2011-12, the SME Development Fund will focus on encouraging eligible organisations to apply for funds to support projects that help SMEs in developing and promoting brands, expanding domestic sales in the Mainland and exploring emerging markets. We also plan to submit a proposal for injecting an additional \$1 billion into the SME Development Fund and SME Export Marketing Fund to the Legislative Council. In addition, TID will maintain close liaison with the trade and co-operate with the Trade Development Council, the Hong Kong Productivity Council and other trade and industrial organisations in organising branding

conferences, exhibitions and seminars etc, so as to assist the trade in meeting challenges in developing and promoting brands. We will also enrich the contents of our department's brand promotion website to make it a comprehensive information platform on brands.

The 2010-11 revised estimate and 2011-12 estimated provision for the SME Export Marketing Fund and the SME Development Fund are both \$364 million. Expenses for other activities, such as organising exhibitions, seminars and the brand promotion website, are covered by the recurrent expenditure of TID.

Signature _____
Name in block letters Ms Maria S. N. KWAN
Post Title Director-General of Trade and Industry
Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)216

Question Serial No.

3230

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the estimates of expenditure of the Information Technology Management Section (ITMS) in the Trade and Industry Department (TID):

- (a) What is the estimated expenditure in 2011-12? What is the rate of change as compared with the actual expenditure in 2010-11? What is(are) the reason(s) for the above rate of change in expenditure?
- (b) What specific projects are included in the estimates of expenditure 2011-12? Which of them are on-going projects and which are new projects? What are the number of staff, costs and implementation timetable of each project? Of the staff involved for each project, how many of them are civil servants, non-civil service contract staff and staff of outsourced service providers respectively?
- (c) Has the Administration earmarked any provision for measures to promote e-engagement as well as opening-up of public sector information? If yes, what are the specific contents including project names, details, manpower and costs involved, and implementation timetable? If not, what is(are) the reason(s) and will the Administration consider carrying out such measures in the future?
- (d) What are the permanent establishment, existing number of staff and vacancies of ITMS? Will there be any increase in manpower in the coming year? If yes, what is the projected number of additional posts and the ranks involved? Are these posts on permanent establishment? Will candidates for these posts be appointed on civil service terms of appointment? If not, what is(are) the reason(s) for that?
- (e) Is there any overall review on the effectiveness of ITMS? If yes, what are the results of the review and the specific improvement measures involved? If not, what is(are) the reason(s) and will such review be carried out in the future?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

The estimated expenditure for the Trade and Industry Department (TID)'s IT Management Section (ITMS) under Head 181 is listed as follows:

- a. The estimated expenditure for 2011-12 is \$16.5 million, representing an increase of \$1.1 million (7.1%) as compared with the 2010-11 projected expenditure, which is mainly due to the anticipated increase in salary for non-civil service contract staff and staff of outsourced service providers.
- b. The estimates of expenditure for 2011-12 mainly cover the daily operation and maintenance cost for 31 IT systems of TID. During the year, the Department will also enhance the systems for better service performance. For example, a number of virtual servers will be set up (server virtualisation), and batch job processing time and work process will be improved. The staff involved in providing joint support for the above systems include 23 civil servants, 6 Non-Civil Service Contract Staff and 19 staff of outsourced service providers to be employed at different time of the year.

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)217

Head: 181 Trade and Industry Department Subhead (No. & title):

Question Serial No.

1050

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is proposed in the Budget that the SME Loan Guarantee Scheme (SGS) would be increased to \$30 billion. Will the subsidies for small and medium enterprises (SMEs) be increased as a result?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

As proposed in the Budget, the total guarantee commitment of the SME Loan Guarantee Scheme (SGS) would be substantially increased from \$20 billion to \$30 billion. It mainly serves to extend the operation of the scheme so as to demonstrate the Government's continued support for small and medium enterprises (SMEs). When the operation period of the scheme is extended, the number of SMEs that can benefit from the scheme will increase accordingly.

Under the existing SGS, the maximum amount of Government guarantee for each SME is \$6 million. So far, less than 4% of the beneficiaries have reached the guarantee ceiling of \$6 million; and these SMEs are allowed to recycle the guarantee amount of \$6 million once after they have fully paid up the guarantee approved. In the light of the present usage position, we do not plan to raise the guarantee ceiling of \$6 million.

The Government closely monitors and reviews from time to time the operation of the SGS. We take into account all relevant factors, including the market situation and the needs of the trade, and make timely adjustments so that appropriate assistance can be provided to the trade.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)218

Question Serial No.

2934

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under "Matters Requiring Special Attention in 2011-2012", the Administration mentioned that it would support the development and promotion of Hong Kong brands. Would the Administration advise:

- (a) What activities had the Administration organised last year (i.e. 2010-2011) to develop and promote Hong Kong brands and what was the expenditure involved?
- (b) What is the estimated expenditure for the development and promotion of Hong Kong brands in the coming year (i.e. 2011-2012)? What are the plans and activities involved?
- (c) The Administration is promoting six key industries. Has the Department provided any specific support measures for the six key industries to enhance the brand image of their products or services? If yes, what are the measures and expenditure involved? If not, will the Administration consider conducting brand promotion for the relevant industries overseas?

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) The Trade and Industry Department (TID) endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. TID's SME Export Marketing Fund subsidises SMEs to participate in export promotion activities; the maximum grant for each SME is \$150,000. The SME Development Fund provides financial support to projects carried out by trade and industrial organisations, support organisations and professional bodies to enhance the competitiveness of Hong Kong's SMEs. The maximum amount of funding support for each project is \$2 million.

TID and the Trade Development Council co-organised a branding conference in December 2010 to increase Hong Kong enterprises' awareness on brand development and knowledge on expansion into the Mainland market. TID has also produced a branding pamphlet which sets out all the support measures provided by the Government and other relevant organisations. These support measures were also introduced to the public through the panels displayed at the Hong Kong Brands and Products Expo held in 2010. Besides, TID has set up a brand promotion website to provide information related to brand development. The revised estimate of SME Export Marketing Fund (EMF) and SME Development Fund (SDF) in 2010-11 is \$364 million. Expenses for organising exhibitions, production of pamphlet and brand promotion website are covered by the recurrent expenditure of TID.

- (b) In 2011-12, the SME Development Fund will encourage eligible organisations to submit projects which aim to help SMEs develop and promote brands, expand domestic sales and explore emerging markets. In addition, TID will maintain close liaison with the trade and co-operate with the Trade Development Council, the Hong Kong Productivity Council and other trade and industrial organisations in organising branding conferences, exhibitions and seminars, etc, so as to assist the trade in meeting the challenges

arising from developing and promoting brands. We will also enrich the contents of our department's brand promotion website to make it a comprehensive information platform on brands. The 2011-12 estimated provision for the SME Export Marketing Fund and the SME Development Fund is \$364 million, same as the previous year. Other related expenses are covered by the recurrent expenditure of TID.

- (c) The above support measures are also applicable to the six key industries. Besides, relevant departments and institutions (such as the Innovation and Technology Commission, Environmental Protection Department, Create Hong Kong, etc) have been implementing relevant policies and measures to facilitate and assist the development of these industries and to promote them overseas.

Signature _____
Name in block letters Ms Maria S. N. KWAN
Post Title Director-General of Trade and Industry
Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)219

Question Serial No.

3866

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (a) With reference to the Indicators under the subject Programme, the number of applications of both the SME Development Fund (SDF) and the SME Export Marketing Fund (EMF) has shown a declining trend in 2010. What are the reasons? Please provide the figures for the past three years (i.e. 2008 to 2010) for reference;
- (b) In the coming year (i.e. 2011), will the Administration enhance and promote the two abovementioned funds so as to enable more small and medium enterprises (SMEs) to learn of the Government's support services which could help their development? If yes, what will be the measures and the expenditure involved?

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) In the past three years (2008-2010), the number of applications received by Trade and Industry Department (TID) under SME Export Marketing Fund (EMF) are 17 770, 31 052 and 27 846 respectively. The number of applications fluctuated in the past few years. Compared with 2009, the number of applications in 2010 has decreased by about 10%. However, compared with the number of applications in 2008, there was an increase of about 57%. As for the SME Development Fund (SDF), the number of applications received in the past three years (2008-2010) are 47, 69 and 40 respectively. The number of applications in 2009 increased significantly, probably because many support organisations would like to carry out projects to help small and medium enterprises (SMEs) face the challenges arising from the financial crisis and turn crisis into opportunities. The number of applications has stabilised in 2010.
- (b) We plan to submit a proposal for injecting an additional \$1 billion into the SDF and EMF to the Legislative Council. We will also strengthen promotion for the two funds. We have earlier written to eligible institutions encouraging them to submit projects to SDF which can help SMEs develop and promote brands, expand domestic sales and explore emerging markets. The relevant promotion expenses will be subsumed into TID's recurrent expenditure.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)221

Question Serial No.

0491

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The SME Development Fund (SDF) has only set out the number of applications and the amount of Government grants but not the number of beneficiaries. Moreover, there is a drop in both the number of applications and the amount of Government grants. What are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

The Trade and Industry Department's SME Development Fund (SDF) subsidises trade and industrial organisations, support organisations and professional bodies to carry out projects which aim to enhance the competitiveness of small and medium enterprises (SMEs). Applications must be made by organisations or institutions, instead of individual SMEs. Generally speaking, the target beneficiaries of each project are SMEs of a particular industry or sector, and the number could range from a few hundred to tens of thousands. As the target beneficiaries in different projects may overlap and the number of beneficiaries in some activities (such as establishing a website) could be very wide-ranging, it is very difficult to ascertain the actual number of beneficiaries.

In the past 5 years (2006-2010), the number of applications received are 39, 43, 47, 69 and 40 respectively. The number of applications in 2009 increased significantly, probably because many support organisations would like to carry out projects to help SMEs face the challenges arising from the financial crisis and turn crisis into opportunities. The number of applications has stabilised in 2010.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)222

Question Serial No.

0492

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government's estimate for supporting small and medium enterprises in the 2011-12 financial year is 35.5% less than that in the 2010-11 financial year. In what areas will the expenditures be cut?

Asked by: Hon. WONG Tin-kwong

Reply:

In fact, the Trade and Industry Department's estimate for support of small and medium enterprises and industries in 2011-12 (\$504.9 million) is 6% more than the revised estimate for 2010-11 (\$476.2 million). The revised estimate for 2010-11 is 39% less than the original estimate (\$783.3 million). This is mainly because the expenditures arising from payment of default claims under the Special Loan Guarantee Scheme and the SME Loan Guarantee Scheme are much lower than the original estimate. Besides, the number of applications under the SME Export Marketing Fund is less than expected.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)223

Question Serial No.

0509

Head : 181 Trade and industry Department Subhead (No. & title) :

Programme : (1) Commercial Relations

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce and Economic Development

Question :

When will a new round of CEPA Supplement negotiation with the Mainland begin? In what aspects will the Administration make suggestions? Will there be additional resources to assist Hong Kong enterprises and professional services to enter the Mainland market? What is the role of the Trade and Industry Department in the CEPA-related work and what kind of assistance will it render?

Asked by : Hon. WONG Tin-kwong

Reply :

Since 2003, the Mainland and Hong Kong have signed seven CEPA supplements. The bureaux and departments concerned are in liaison with the trade to understand their views on further development of CEPA. We will take these into account and explore with the Mainland authorities this year the direction for further liberalisation under CEPA.

For CEPA-related work, the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy; the Trade and Industry Department (TID) oversees bilateral discussions on the further development of CEPA and effective implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with specific issues related to development and implementation of CEPA in the relevant service sectors. Apart from providing free information and advisory services on CEPA, TID has established a notification mechanism with the Mainland authorities on the promulgation of relevant regulations and implementation details, and disseminates relevant information on its CEPA website for reference by the trade. If Hong Kong enterprises encounter difficulties in using CEPA benefits, they can contact TID, offices of the HKSAR Government in the Mainland, or the relevant policy bureaux and departments. We will render assistance as appropriate having regard to the nature of the problems involved. The resource requirements are absorbed by relevant bureaux/departments respectively.

Signature _____

Name in block letters _____ Maria SN KWAN

Post Title _____ Director-General of Trade and Industry

Date _____ 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)224

Question Serial No.

1768

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Facing the impact of Mainland's policies and inflation, Hong Kong enterprises are getting more and more difficult to operate in the Mainland. Apart from providing loan guarantee services, what assistance will the Government provide to these enterprises? Will there be any plan to help enterprises open new markets in 2011-12? What are the expenses involved?

Asked by: Hon. WONG Ting-kwong

Reply:

To help Hong Kong enterprises face the challenges of operating in the Mainland, the Trade and Industry Department (TID) has maintained close liaison with the relevant Mainland authorities to reflect the views and suggestions on policies that affect Hong Kong enterprises. Various facilitation measures were launched in the Mainland in 2008 and 2009, including "suspending the actual payment of standing book deposit for processing trade enterprises", "restructuring without stopping production, carrying forward without appraising the value" etc. The Guangdong Province also announced in 2009 some 30 support measures covering nine areas to help Hong Kong, Macao and Taiwan enterprises restructure and upgrade their businesses, including reduction or waiving of certain taxes and fees, implementation of "restructuring without stopping production" and "consolidated tax return for multiple domestic sales". Moreover, TID and other trade and industrial support organisations will continue to disseminate information regarding the Mainland market and relevant policies to Hong Kong enterprises, helping them to grasp the updated news of the Mainland market.

TID endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. Its SME Export Marketing Fund (EMF) subsidises small and medium enterprises (SMEs) to participate in export promotion activities; the maximum grant for each SME is \$150,000. The SME Development Fund (SDF) provides financial support to projects carried out by trade and industrial organisations, support organisations and professional bodies to enhance the competitiveness of Hong Kong's SMEs. The maximum amount of funding support for each project is \$2 million.

In 2011-12, the SDF will encourage eligible organisations to submit projects which can help SMEs in developing and promoting brands, expanding domestic sales in the Mainland and exploring emerging markets. We also plan to submit a proposal for injecting an additional \$1 billion into the EMF and SDF to the Legislative Council. In addition, TID will continue to maintain close liaison with the trade and co-operate with the Trade Development Council, the Hong Kong Productivity Council and other trade and industrial organisations in organising branding conferences, exhibitions and seminars etc, so as to assist the trade in meeting the challenges arising from developing and promoting brands. We will also enrich the contents of our department's brand promotion website to make it a comprehensive information platform on brands.

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)225

Question Serial No.

1769

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (3)Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

After the closing of the Special Loan Guarantee Scheme (SpGS) by end last year, how many small and medium enterprises (SMEs) are still at the loan repayment stage and what is the amount so involved? What is the number of default cases? According to the Department, applications received in late December 2010 will be approved early this year. What are the figure and the approved amount?

Asked by: Hon. WONG Tin-kwong

Reply:

The application period of the Special Loan Guarantee Scheme (SpGS) has closed by end 2010. To sum up the results of the scheme, since its implementation in December 2008, around 40 000 applications have been approved, involving a total loan amount of \$97 billion and Government guarantee of \$75.5 billion. The scheme has benefited over 20 000 enterprises, of which 96% are small and medium enterprises (SMEs), and has helped preserve more than 340 000 jobs.

Meanwhile, the vast majority of the borrowers (about 19 400) are still at the loan repayment stage. Among them, 18 600 are SMEs, involving a total loan amount of \$85.4 billion and Government guarantee of \$66.7 billion.

As at end February 2011, the Trade and Industry Department (TID) has received 259 default claims, involving a total claim amount of about \$240 million.

In the first two months of 2011, TID has approved 640 applications, involving a total loan amount of \$1.68 billion and Government guarantee of \$1.36 billion. Over 100 applications are still under processing, most of them are awaiting the required information from the lending institutions.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CIT)226

Question Serial No.

1800

Head: 181 Trade and Industry Department Subhead (No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please inform this Committee : Will the Administration adopt any corresponding measures in light of the continuous relocation of textiles production outside Hong Kong? If yes, please specify the expenditure involved and the details.

Asked by: Hon. WONG Ting-kwong

Reply:

In recent years, textiles traders have been relocating their production to other countries or places while expanding their key local businesses to value-added services like sourcing, product design, and marketing. The Administration will continue to provide support to the textiles trade for their production and other operations through a host of measures, including support in financing, marketing, acquisition of equipment, and design and technology upgrade through SME Loan Guarantee Scheme, SME Export Marketing Fund, SME Development Fund, Design Smart Initiative and Innovation and Technology Fund (ITF), etc. The Administration will also collaborate with the Hong Kong Trade Development Council to assist the textiles trade in developing and promoting Hong Kong brands. As the expenditure involved in the above measures are borne by the relevant departments, we do not have statistics on the amount incurred.

Signature _____

Name in block letters Ms Maria S. N. KWAN

Post Title Director-General of Trade and Industry

Date 14.3.2011