

Commerce and Industry

Hong Kong's low tax rates, first-class infrastructure, effective legal system, and free flow of capital and information all contribute to an environment in which business can flourish. The city is also an important gateway to the mainland of China, one of the world's fastest growing economies.

Hong Kong is a leading international trading and services centre as well as a high value-added manufacturing base. It is recognised as one of the freest economies in the world, and the most strategic gateway to the vast Mainland market. The government is firmly committed to free trade and sees its task as facilitating commerce and industry within the framework of a free market. It does not impose tariffs. Regulatory measures on international trade are kept to the minimum. Hong Kong also adopts an open and liberal investment policy and proactively encourages inward investment.

Merchandise Trade Performance

Hong Kong's external trade sustained modest growth in 2013. Total merchandise trade increased by 3.7 per cent to \$7,620.4 billion in 2013 compared with 2012. Domestic exports decreased by 7.6 per cent to \$54.4 billion whereas re-exports increased by 3.8 per cent to \$3,505.3 billion compared with the previous year. Imports increased by 3.8 per cent to \$4,060.7 billion. A summary of external merchandise trade statistics is at Table 13 of Appendix 6. Hong Kong's biggest trading partner in 2013 was the Mainland, followed by the United States of America (USA) and Japan. In 2013, Hong Kong was the world's eighth largest trading entity in terms of value of merchandise trade.

Imports

Electrical machinery, apparatus and appliances, and electrical parts thereof constituted the largest share of total imports in 2013 at \$1,106.8 billion, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$668.5 billion) and office machines and automatic data processing machines (\$400.6 billion).

In 2013, the Mainland, Japan and Taiwan were Hong Kong's major suppliers, accounting for 47.8 per cent, 7.1 per cent and 6.4 per cent respectively of the total value of imports.

Domestic Exports

Jewellery, goldsmiths' and silversmiths' wares, and other articles of precious or semi-precious materials formed the largest component of domestic exports, valued at \$8.5 billion or 15.6 per cent of the total value of domestic exports in 2013. Other major export items included plastics in primary and non-primary forms; tobacco, manufactured and electrical machinery, apparatus and appliances, and electrical parts thereof.

The Mainland, the USA and Singapore were Hong Kong's largest markets during the year, absorbing 45.6 per cent, 9.9 per cent and 4.7 per cent respectively of the total value of domestic exports.

Re-exports

In 2013, electrical machinery, apparatus and appliances, and electrical parts thereof worth \$995.1 billion were the principal commodities re-exported (28.4 per cent of the total value of re-exports). This was followed by re-exports of telecommunications and sound recording and reproducing apparatus and equipment, which amounted to \$698 billion (19.9 per cent of the total value of re-exports). The Mainland, Taiwan and Japan were the main origins of the re-exports, while the Mainland, the USA and Japan were the main destinations.

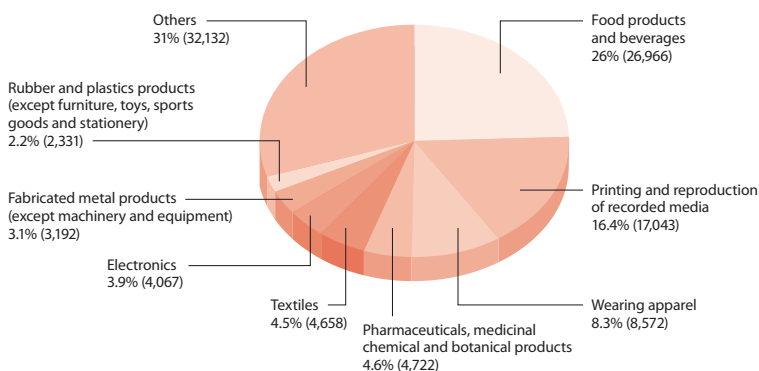
The Manufacturing Sector

With the expansion of manufacturing activities offshore since the 1980s, Hong Kong has evolved into a strategic control centre with an increasingly globalised production network. In spite of Hong Kong's economic restructuring, the manufacturing sector continued to provide employment for 107,800 people (2.9 per cent of overall employment) in 2013.

Manufacturers of food products and beverages were the largest employers in the manufacturing sector as at December 2013, followed by employers in the printing and reproduction of recorded media industries. Chart 1 shows the breakdown of employment within the manufacturing sector as at December 2013.

Chart 1

Number of Persons Employed by the Manufacturing Sector as at December 2013



The Services Sector

The services sector has continued to grow in the past decade. Its share of Hong Kong's Gross Domestic Product (GDP) rose from 89.8 per cent in 2003 to 93 per cent in 2012. In 2013, 88.3 per cent of total employment was in this sector. Hong Kong has become one of the most service-orientated economies in the world.

In 2013, Hong Kong's total services trade amounted to \$1,531.2 billion, making it the world's 15th largest services trading entity in value, traded and exported \$1,066 billion worth of services, contributing to 50.2 per cent of GDP. In 2013, Hong Kong ranked fourth in the region after China, India and Japan in total value of services exported, and 10th in the world.

The main components of Hong Kong's exports of services in 2013 were travel services and transportation services, accounting for 36.8 and 29.9 per cent respectively of the total value. Hong Kong is a net exporter of services and had an overall surplus of \$225.6 billion in 2013, with the surplus for travel services and transportation services \$139 billion and \$103.1 billion respectively.

Inward Direct Investment

Hong Kong's attraction as a place to do business is evident from the inflow of foreign direct investment (FDI) and the number of regional headquarters and regional offices in Hong Kong set up by companies outside Hong Kong. Hong Kong was the second largest recipient of FDI flow in Asia in 2012 according to the United Nations Conference on Trade and Development's 'World Investment Report 2013'. The 'External Direct Investment Statistics of Hong Kong 2012' released by the Census and Statistics Department indicates that Hong Kong's FDI inflow in 2012 amounted to \$580.9 billion. At the end of 2012, the position of direct investment liabilities¹ amounted to \$10,509 billion. Chart 2 shows source countries or territories of the inward direct investment. The mainland of China was the largest, accounting for 37 per cent of the total as at the end of 2012. Chart 3 shows the major economic activities of enterprise groups in Hong Kong². Those engaged in investment and holding, real estate, professional and business services took up the largest share, at 68.7 per cent of the total at the end of 2012.

¹ According to the latest international statistical standards, the FDI inflow and the position of direct investment liabilities presented in this paragraph are based on the 'asset/liability principle', while detailed inward direct investment figures analysed by country/territory and by major economic activity presented in Chart 2 and Chart 3 respectively are based on the 'directional principle'. Owing to the adoption of different presentation principles, the position of direct investment liabilities is different from the overall totals of the detailed inward direct investment figures by country/territory or by major economic activity.

² An enterprise group may consist of a parent company, its subsidiaries, associates and branches.

Chart 2

**Position of Inward Direct Investment in
Hong Kong at Market Value by
Major Investor Country/Territory at the end of 2012**

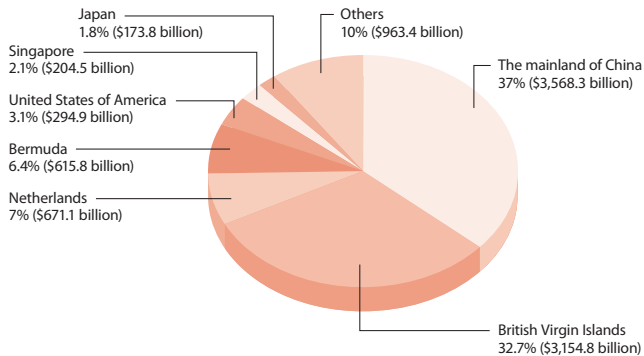
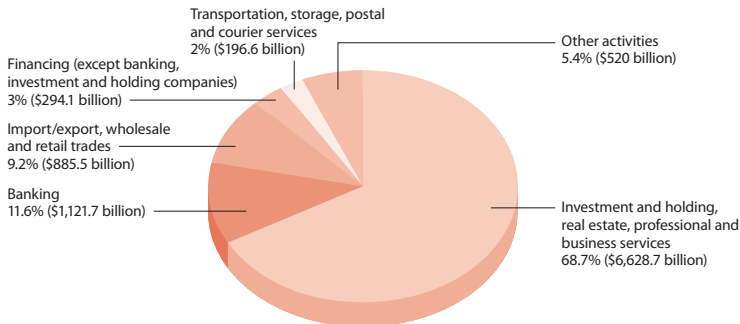


Chart 3

**Position of Inward Direct Investment in
Hong Kong at Market Value by Major Economic Activity of
Hong Kong Enterprise Groups at the end of 2012**



As at June 2013, Hong Kong was host to 7,449 overseas, Mainland and Taiwan companies representing parent companies located outside Hong Kong, including 3,835 regional headquarters or regional offices.

The Institutional Framework

Commerce, Industry and Tourism Branch

The Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau formulates and co-ordinates policies and strategies in relation to Hong Kong's external commercial relations, tourism, inward investment promotion, convention and exhibition services, intellectual property protection, industry and business support, trade facilitation, consumer protection, promotion of competition, postal services and meteorological services. It also oversees the development of policies and programmes for the industrial and trade sectors, including small and medium enterprises (SMEs), and the promotion of services industries. The branch is assisted by the Trade and Industry Department, Invest Hong Kong, the Customs and

Excise Department, the Intellectual Property Department, the Post Office and the Hong Kong Observatory. It is also supported by the overseas Economic and Trade Offices (ETOs).

Trade and Industry Department

The Trade and Industry Department handles the Hong Kong Special Administrative Region's (HKSAR) commercial relations with its trading partners, and protects Hong Kong's trading rights and trade interests. It also promotes Hong Kong's status as a separate customs territory and a model for international free trade.

Locally, the department provides a range of services to locally based trade and industry organisations and businesses, including issuing certificates of origin, export and import licences and certificates of Hong Kong service suppliers. It also provides general support services for various sectors, in particular SMEs, and provides local enterprises with relevant trade information and advises them on changes in major trading partners' import regulations.

The department also co-ordinates discussions with the Mainland authorities on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

Invest Hong Kong

Invest Hong Kong encourages and assists overseas, Mainland and Taiwanese companies with the potential to contribute to Hong Kong's economic development to set up and expand their operations in Hong Kong. Invest Hong Kong focuses on attracting companies in business sectors and industries where Hong Kong has a competitive edge and encouraging multinational companies to locate their regional or global headquarters and other strategic functions in Hong Kong to tap opportunities on the Mainland and elsewhere. Invest Hong Kong conducts investment promotion activities worldwide through its 14 Investment Promotion Units (IPUs) in Hong Kong ETOs, the Beijing Office and the Hong Kong Economic, Trade and Cultural Office in Taiwan, as well as its overseas consultants in 13 strategic locations not covered by the IPUs.

Customs and Excise Department

The Customs and Excise Department enforces various trade control systems for the issue of certificates of origin (including those under the CEPA), the import and export of textiles, strategic commodities, pharmaceutical products and medicines, reserved commodities, rough diamonds and other prohibited articles, as well as compliance with the Chemical Weapons Convention. The department also collects import and export declarations, declaration charges and clothing levies, and enforces the relevant statutory controls.

The department also enforces the criminal laws that protect copyright and trade marks, and consumer protection legislation relating to the safety of consumer goods, fair trade practices and the integrity of weights and measures.

Intellectual Property Department

The Intellectual Property Department operates the trade marks, patents, designs and copyright licensing bodies registries, advises on policy and legislation related to intellectual property

protection, provides civil intellectual property legal advice to the government, and promotes public awareness of and respect for intellectual property rights. In addition, it facilitates and promotes the development of intellectual property trading in Hong Kong.

Overseas Hong Kong Economic and Trade Offices

There are 11 overseas Hong Kong ETOs located in Berlin, Brussels, Geneva, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC. With the exception of the Geneva office (which represents 'Hong Kong, China' as a member of the World Trade Organisation (WTO), and as an observer to the Trade Committee of the Organisation for Economic Co-operation and Development headquartered in Paris), the ETOs seek to promote Hong Kong's economic and trade interests by enhancing understanding of Hong Kong among opinion-formers; closely monitoring developments that might affect Hong Kong's economic and trade interests; and liaising closely with the business and commercial sectors, politicians, government ministries/agencies, think tanks and the news media. They regularly organise events to promote Hong Kong's image and ETOs with an IPU also offer support to individual enterprises interested in setting up or expanding their presence in Hong Kong.

The Brussels ETO represents Hong Kong's overall economic and trade interests in Europe, in particular in dealings with the European Union (including the European Commission and European Parliament). It also promotes Hong Kong's bilateral relations with 15 European countries. The London ETO represents Hong Kong's interests and promotes bilateral relations in nine countries. Hong Kong's representative to the International Maritime Organisation is based in the London ETO. The Berlin ETO fosters closer economic and trade ties between Hong Kong and eight countries in central and eastern Europe.

The Washington ETO represents Hong Kong's interests in the United States (USA). It monitors government policies and legislation which may have implications on Hong Kong's economic and trade relationships with the USA. The New York ETO promotes Hong Kong's economic and trade interests in 31 eastern states of the USA, while the San Francisco ETO is responsible for 19 western states.

The ETOs in Sydney, Tokyo and Toronto are responsible for bilateral economic and trade relations in their host countries. In addition, the Sydney ETO covers New Zealand and the Tokyo ETO covers the Republic of Korea. The Singapore ETO looks after Hong Kong's bilateral economic and trade relations with the 10 member states of the Association of Southeast Asian Nations.

Details of the promotional activities organised by the overseas Hong Kong ETOs are in the section on Promoting Hong Kong Worldwide in Chapter 16 (The Media, Communications and Information Technology).

External Commercial Relations

Hong Kong's Participation in the World Trade Organisation

Hong Kong is a founding member of the WTO and has continued its separate membership since the establishment of the HKSAR under the name of 'Hong Kong, China'. Hong Kong participates in the WTO to sustain the momentum of trade liberalisation, and to strengthen the multilateral rules-based trading system. The HKSAR participates actively in the current round of multilateral trade negotiations launched in Doha, Qatar, in 2001, mainly to seek greater market access for its services sectors and industrial goods. The HKSAR participated in the Ninth WTO Ministerial Conference held in Bali, Indonesia, in December 2013.

Regional Economic Co-operation

Hong Kong continues to play an active role in enhancing regional economic co-operation. It participates as a full and separate member in Asia-Pacific Economic Co-operation (APEC), a regional forum for high-level dialogue and co-operation on trade and economic issues, under the name of 'Hong Kong, China'. In October 2013, the Chief Executive and the Secretary for Commerce and Economic Development represented Hong Kong in Bali, Indonesia, at the 21st APEC Economic Leaders' Meeting and the 25th APEC Ministerial Meeting respectively. In 2013, some 83 per cent of Hong Kong's external trade was conducted with the other 20 member economies of APEC.

The Pacific Economic Co-operation Council (PECC) is a non-governmental regional forum comprising government officials, business leaders and academics. It works on policy issues to enhance trade, investment and economic development in the Pacific region. The Hong Kong Committee for Pacific Economic Co-operation advises on and co-ordinates the HKSAR's participation in the PECC and plays an active role in the PECC's activities.

Organisation for Economic Co-operation and Development

Hong Kong participates in the Trade Committee and the Committee on Financial Markets of the Organisation for Economic Co-operation and Development, which are important forums for discussing policies on international trade and financial services.

Regional and Bilateral Trade Agreements

To secure more favourable access to overseas markets for Hong Kong goods and services, the government continues to pursue free trade agreements (FTAs) that are in Hong Kong's interests, consistent with WTO provisions and that contribute to multilateral trade liberalisation. In April 2013, Hong Kong and the Association of Southeast Asian Nations agreed to pursue a bilateral FTA. In addition, Hong Kong and some WTO members launched the negotiation on the Trade in Services Agreement in June 2013. These agreements will enhance trade and investment flows between the relevant markets and Hong Kong, generate new opportunities for Hong Kong businesses, and boost economic growth.

Liaison with the Mainland and the Mainland and Hong Kong Closer Economic Partnership Arrangement

The Mainland's rapid economic and trade growth has helped boost Hong Kong's external trade and intermediary services, and has facilitated economic and trade co-operation between the

two places. Since the Mainland and Hong Kong signed CEPA in June 2003, the two sides have concluded a number of supplements to broaden CEPA's coverage and to deepen the liberalisation measures in different service areas. The latest, Supplement X, was signed in August 2013.

Since 1 January 2006, the Mainland has applied a zero tariff to all imported goods of Hong Kong origin that meet the agreed CEPA rules of origin (ROOs). As at the end of 2013, the CEPA ROOs for some 1,780 products had been agreed. For trade in services, 403 liberalisation and facilitation measures have been announced. Under these measures, Hong Kong service suppliers enjoy preferential treatment in entering the Mainland's service industries. In addition, to capture the opportunities arising from the Mainland's policy of expanding domestic demand and upgrading and restructuring of industries, the government has introduced a \$1 billion dedicated fund to assist Hong Kong enterprises in developing brands, upgrading and restructuring operations, and promoting domestic sales in the Mainland.

Bilateral Investment Promotion and Protection Agreements

To assure overseas investors that their investments in Hong Kong are adequately protected, and to enable Hong Kong investors to enjoy similar protection overseas, Hong Kong has concluded 17 Investment Promotion and Protection Agreements (IPPAs) with other economies. In 2013, Hong Kong concluded IPPA negotiations with the Kingdom of Bahrain and with the Republic of the Union of Myanmar, and continued IPPA negotiations with the Russian Federation.

Trade in Textiles

Hong Kong has evolved into a logistics and sourcing hub for textiles. Hong Kong maintains effective origin control measures to prevent abuse and safeguard the interest of Hong Kong's textiles trade.

In 2013, the Customs and Excise Department carried out 2,908 factory and consignment inspections and concluded 25 investigations to combat illegal transshipment of textiles. The department also conducted 41 'blitz' check operations on textile consignments at various import and export control points. It successfully prosecuted 20 companies and eight offenders, with fines amounting to \$0.4 million.

Trade in Strategic Commodities

The Trade and Industry Department maintains a comprehensive import and export control licensing system to monitor the movement of strategic commodities through Hong Kong. The system ensures that while Hong Kong has access to advanced products and technologies to sustain its economic development, it is not used as a conduit for illicit diversion of strategic commodities. The department also administers a permit system to monitor activities involving sensitive chemicals as required by the Chemical Weapons Convention. Hong Kong co-operates closely with its trading partners to keep abreast of international developments on strategic trade controls, and to make sure that its control arrangements are complementary to those of its trading partners.

In 2013, the Customs and Excise Department investigated 117 cases of unlicensed import and export of strategic commodities and prosecuted 49 companies and two offenders, resulting in fines of \$2.95 million. Goods valued at \$0.27 million were confiscated.

Customs Co-operation

The Customs and Excise Department plays an active role in the work of the World Customs Organisation (WCO) and APEC's Sub-Committee on Customs Procedures. The department maintains close liaison with the WCO and three officers have been seconded to the WCO Compliance and Facilitation Directorate in Brussels, Belgium, the WCO Regional Intelligence Liaison Office for Asia and the Pacific in Seoul, Korea, and the WCO Asia Pacific Regional Office for Capacity Building in Bangkok, Thailand, to assist in taking forward the WCO's initiatives.

Since the launch of the Hong Kong Authorised Economic Operator (AEO) Programme in 2012, a number of local companies that satisfy pre-determined security standards have been accredited by the department as AEOs and can enjoy customs facilitation such as less inspection and prioritised clearance. In 2013, the department signed two AEO mutual recognition arrangements (MRA) with the Mainland Customs and Indian Customs, thereby enabling Hong Kong AEOs to enjoy corresponding customs facilitation in the Mainland and India. Bilateral MRA discussions with other customs administrations of Hong Kong's principal trading partners are under way.

The department co-operates with other customs administrations and law enforcement agencies and regular bilateral meetings are held with the Mainland and other customs authorities to exchange intelligence and experience on enforcement. The department has also concluded bilateral co-operation arrangements with a number of customs administrations.

Inward Investment Promotion

In 2013, despite the challenges of the global economic downturn, Invest Hong Kong assisted a record 337 overseas, Mainland and Taiwan companies in setting up or expanding operations in Hong Kong involving direct investment of some \$12.5 billion and the creation of about 2,900 new jobs within the first year of their operation/expansion³.

Invest Hong Kong organised or sponsored a range of activities in 2013, including the Asian Financial Forum, Art Basel, 'Think Global, Think Hong Kong' promotion in New York and Los Angeles, Private Equity and Venture Forum, Super Return Asia, and the Cable and Satellite Broadcasting Association of Asia Convention. In addition, Invest Hong Kong organised joint investment promotions with Guangdong Province, Guangzhou, Zhaoqing and Macao in the Pearl River Delta Region and in Auckland, Berlin and Taipei to promote the advantages offered by the economic integration of Hong Kong and the Mainland.

Invest Hong Kong has also organised a series of promotional programmes in high-growth Mainland cities including Changchun, Dalian, Harbin, Changsha, Guangzhou, Guiyang, Haikou,

³ These represent investment amount and job opportunities reported by the companies assisted by Invest Hong Kong. Not all of these companies disclosed the data.

Nanning Wuhan, Wuxi, Xiamen and Zhengzhou, so as to tap into the outward investment potential of Mainland companies and to highlight Hong Kong as the ideal platform for Mainland companies to go global. Invest Hong Kong completed 71 projects related to Mainland investments in Hong Kong in 2013, representing nearly 21 per cent of the total number of completed projects from all markets.

To seize the opportunities brought by the rapidly growing startup sector, in 2013 Invest Hong Kong launched 'StartmeupHK', a worldwide initiative to promote Hong Kong as a leading hub for entrepreneurship, and to encourage startups which are innovative and scalable to use Hong Kong as a launch pad to grow their businesses. Invest Hong Kong launched an integrated social media-led marketing campaign, set up a startmeup.hk website, and organised a global competition as well as roadshows targeted at startups in the United Kingdom (in June), Israel (in July) and the USA (in October).

Industrial Policy

With the global centre of economic gravity shifting to Asia, and the implementation of the National 12th Five-year Plan ushering in a new wave of development for the Mainland economy, Hong Kong has benefited significantly. Its competitive edge and the government's 'appropriately proactive' approach make Hong Kong well placed to diversify its industries to meet the needs of its people for start-up initiatives, investment, business operation and employment. The government's aim, as part of its efforts to develop an industrial policy, is to increase business volume, diversify the products and services of existing industries, and identify new areas for development.

In January, the government announced the establishment of the Economic Development Commission (EDC), led personally by the Chief Executive. The EDC is studying and considering the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development. The EDC's four working groups are responsible for transportation; convention and exhibition industries and tourism; manufacturing industries, innovative technology, and cultural and creative industries; and professional services.

When submitted, the government will consider and, where appropriate, implement the EDC's specific recommendations.

Small and Medium Enterprises

Small and Medium Enterprises (SMEs) refers to those manufacturing businesses in Hong Kong employing fewer than 100 people, or non-manufacturing businesses with fewer than 50. There are about 310,000 SMEs in Hong Kong, representing over 98 per cent of all local enterprises and employing close to 1.3 million people. To support SMEs, the government has set up three SME funding schemes to help SMEs secure loans from lending institutions, expand export markets and enhance overall competitiveness.

With the continued support of the government's \$100 billion total loan guarantee commitment, the Hong Kong Mortgage Corporation Limited extended the application period for the special 80 per cent loan guarantee product under its SME Financing Guarantee Scheme

for one year until 28 February 2014 to continue to assist enterprises in obtaining loans in the commercial lending market.

Promotion of Innovation and Technology

Innovation and technology development is a key driver of economic growth. To facilitate the growth of this industry in which Hong Kong enjoys clear advantages and to help develop Hong Kong into a regional innovation hub, the government provides infrastructural and financial support, develops human resources, collaborates with economies outside Hong Kong, and fosters an innovation culture in the community.

Innovation and Technology Commission

The Commerce and Economic Development Bureau's Innovation and Technology Commission spearheads Hong Kong's drive to become a world-class, knowledge-based economy. It formulates and implements policies and measures to promote innovation and technology; supports applied research and development (R&D); supports technology transfer and applications; promotes technological entrepreneurship; facilitates the provision of innovation and technology infrastructure and development of human resources; and promotes internationally-accepted standards and conformity assessment services to underpin technological development and international trade.

Innovation and Technology Fund

The Innovation and Technology Fund (ITF) supports applied R&D projects that help upgrade technology and promote innovation in the manufacturing and service industries. By the end of 2013, the fund had committed some \$8 billion to support about 3,700 projects undertaken by research institutions and the industry.

The ITF's Small Entrepreneur Research Assistance Programme provides matching grants for R&D by small start-up companies to turn innovative technological ideas into commercially viable products or services. By the end of 2013, \$448 million had been provided to assist 382 projects.

Research and Development Cash Rebate Scheme

The R&D Cash Rebate Scheme reinforces the research culture among enterprises and encourages them to establish stronger partnerships with local research institutions. The \$200 million scheme provides 30 per cent cash rebates to companies conducting applied R&D projects under the ITF, or in collaboration with designated research institutions. By the end of 2013, the scheme had approved over 750 applications for rebates amounting to about \$65 million.

The Hong Kong Science and Technology Parks Corporation

The Hong Kong Science and Technology Parks Corporation provides one-stop infrastructural support to technology-based companies. The 22-hectare Science Park in Sha Tin is the government's flagship infrastructure to turn Hong Kong into a regional innovation hub. Phases 1 and 2 have been completed and 96 per cent occupied. Phase 3 will be available for use between 2014 and 2016. In total, they will provide 330,000 square metres of gross floor area for applied R&D to local and overseas companies in electronics, information technology and

telecommunications, biotechnology, precision engineering and green technology. For start-ups, the corporation runs incubation programmes to provide rental, marketing, financial and technical assistance for their critical initial years. The corporation also manages three industrial estates in Tai Po, Yuen Long and Tseung Kwan O. They provide 217 hectares of serviced land to companies using new or improved technology and processes which cannot operate in ordinary multi-storey buildings. The corporation will continue to revitalise the industrial estates to meet the challenges and opportunities brought about by economic re-structuring and to broaden Hong Kong's industry base.

Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI)

The publicly-funded ASTRI houses the R&D Centre for Information and Communications Technologies. It carries out R&D projects to raise the standard of Hong Kong's technology-based industries and to strengthen their growth.

Research and Development Centres

The government's five R&D Centres drive and co-ordinate applied R&D in selected focus areas and promote commercialisation of R&D results and technology transfer. The five centres are:

- Automotive Parts and Accessory Systems R&D Centre (APAS);
- R&D Centre for Information and Communications Technologies under ASTRI;
- Hong Kong Research Institute of Textiles and Apparel;
- Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies; and
- Nano and Advanced Materials Institute.

Technology Co-operation with the Mainland

The Mainland/Hong Kong Science and Technology Co-operation Committee is a high-level steering committee for the Mainland's Ministry of Science and Technology (MOST) and Hong Kong's Commerce and Economic Development Bureau to work together in fostering technology collaboration. Major achievements in 2013 included MOST's approval of four new Partner State Key Laboratories in Hong Kong universities, raising the total number of such laboratories in Hong Kong to 16. Four projects under the 'National Basic Research Program of China' (973 Program) were undertaken by Hong Kong universities directly through their Mainland subsidiaries. MOST designated the Hong Kong Science Park as a Hong Kong National Modern Services Industrialisation (Partner) Base, and the Shenzhen-Hong Kong Youth Innovation Entrepreneurship Base was officially established in Nanshan.

The HKSAR and Guangdong governments jointly run a Guangdong-Hong Kong Technology Co-operation Funding Scheme (TCFS) to encourage collaboration between their universities, research institutions and technology enterprises. As at the end of 2013, the ITF has funded 209 TCFS projects with about \$752 million, of which \$148 million was for 56 projects jointly funded by the ITF and Guangdong/Shenzhen authorities.

Publicity and Promotional Events

The Innovation and Technology Commission's annual InnoTech Month features a wide range of activities to foster a stronger innovation and technology culture in the community. Activities included roadshows, exhibitions, workshops, a carnival, industry conferences and seminars. The commission also collaborated with academia and non-profit-making organisations in supporting science competitions and activities to strengthen students' interest in innovation and technology. The Innovation and Technology Scholarship Award Scheme provides recognition to outstanding science undergraduates in local universities and encourages them to pursue innovation and technology as a career.

Protection of Intellectual Property Rights

Hong Kong maintains a robust regime for protecting intellectual property rights. With its comprehensive legislation, convenient registration systems, rigorous enforcement and creative public education programmes, Hong Kong has gained a reputation for effective protection of intellectual property.

Registration

The Intellectual Property Department is committed to providing high-quality and responsive registration services to the public. The department provides various electronic services to enable efficient and cost-effective registration and management of trade marks, patents and registered designs. The registers of trade marks, patents and designs are maintained in electronic format, allowing searches of relevant data in Chinese or English through the internet, at any time, free of charge (<http://ipsearch.ipd.gov.hk>). The electronic filing system also provides a secure and user-friendly environment for intellectual property owners or agents to file their applications at any time (<https://iponline.ipd.gov.hk>).

By using the department's interactive services, owners of intellectual property rights or their agents can make changes directly to certain particulars of their registrations and applications recorded in the registers. These changes are updated instantly in the various registry records. The electronic services, particularly electronic filing, have been well received. In 2013, the proportions of electronic filings for trade mark, patent and design applications were 55 per cent, 65 per cent and 66 per cent respectively.

Trade Marks

In 2013, the Trade Marks Registry received 37,092 applications. During the period, 31,464 marks were registered, an increase of 19.3 per cent as compared with 2012. The principal countries/areas out of the 107 filing applications were:

Hong Kong	13,596	United Kingdom	855
Mainland	8,020	Taiwan	821
USA	3,723	Switzerland	777
Japan	2,143	Germany	739
France	934	Korea, Republic of	655

The register had 323,244 registered marks by the end of the year.

Patents

The Patents Ordinance provides for the grant of standard patents based on patents granted by the State Intellectual Property Office of China, the United Kingdom Patent Office or the European Patent Office (in respect of patents designating the United Kingdom). It also provides for the grant of short-term patents, which may be registered following local formality examination procedures. The Patents Registry received 13,916 standard patent applications and 552 short-term patent applications in 2013, and 6,564 standard patents and 538 short-term patents were granted, an increase of 30.4 per cent and 4.5 per cent respectively as compared with 2012.

Having accepted the recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong, the government in February announced the way forward for the local patent system, which included introducing an 'original grant' patent system while retaining the current 're-registration' system for grant of standard patents, refining the short-term patent system, and developing a full-fledged regulatory regime for patent agency services in the long run. Subject to the progress of implementation and legislation, the government anticipates launching the new patent system in 2016-17 at the earliest.

Registered Designs

In 2013, the Designs Registry received 2,336 applications for the registration of 4,584 designs, and 4,765 designs were registered, representing an increase of 4.7 per cent compared with 2012.

Copyright

The Copyright Ordinance protects literary, dramatic, musical and artistic works, typographical arrangements of published editions, sound recordings, films, broadcasts, cable programmes and performers' performances irrespective of the domicile of the copyright owners. In line with international practice, there is no requirement to register copyright.

The government conducted a public consultation exercise from July to November 2013 on how the copyright regime should give due regard to present day circumstances and strike a balance between copyright protection and freedom of expression in its treatment of parody. A report on the consultation (which attracted 2,455 submissions) was submitted to the Legislative Council Panel on Commerce and Industry in December. The government is carefully considering the views collected before deciding how to strengthen copyright protection in the digital environment, concluding efforts begun in 2006.

Enforcement

The Customs and Excise Department enforces criminal sanctions for infringement of intellectual property rights. It investigates reports of copyright infringement and trade mark counterfeiting; maintains licensing control on all optical disc and stamper factories; and takes action against the manufacture, distribution, sale, import and export of pirated and counterfeit goods and possession for business use. It also combats copyright piracy and other infringement on the internet.

In 2013, the department took action in 99 piracy cases, arrested 143 people and seized goods (mostly pirated optical discs) worth \$9 million. The department took action to prevent on-street sale of pirated and counterfeit goods. In addition to targeted raids, officers carry out intensive and high-profile patrols in high risk areas to deter and suppress the peddling of pirated and counterfeit goods. In 2013, the department took action in 630 false trade mark cases, seizing counterfeit goods worth \$136 million and arresting 621 people.

In February, the department set up an Electronic Crime Investigation Centre to enhance its research capability on the latest technologies used in the commission of offences and to formulate enforcement strategies and procedures for the collection of digital evidence. This included providing special training courses for front-line officers.

Customs-Business Partnership

To help effective enforcement against piracy and counterfeiting activities, the department closely liaises with the business sector to promote intellectual property rights protection.

Public Education

In 2013, nine trade associations with 808 retail merchants, covering 6,505 outlets in Hong Kong, took part in the Intellectual Property Department's 'No Fakes Pledge' scheme. The department's school visits programme covered 75 schools and 17,640 students and the interactive drama programme covered 117 schools and 36,924 students in 2013. The department also promoted the value of intellectual property trading and the importance of protecting intellectual property rights through local seminars and exhibitions.

Intellectual Property Trading

The government set up the Working Group on Intellectual Property Trading in March 2013 to advise on strategies to develop Hong Kong as an intellectual property trading hub, and to identify appropriate policy and other measures in support. The Intellectual Property Department provides strategic advice on intellectual property trading matters and supports the work of the working group.

Co-operation with Mainland Counterparts

The Intellectual Property Department works closely with its Mainland counterparts at the national, regional and provincial level to promote the importance of intellectual property protection and management and the concept of intellectual property trading.

The Customs and Excise Department maintains close co-operation with its Mainland counterparts in exchanging experience and information on the detection and prosecution of intellectual property-related offences. Hong Kong and Guangdong customs conduct regular joint operations to intercept infringing goods smuggled across the boundaries. The department and the National Copyright Administration provide mutual administrative assistance in the fight against internet piracy to better protect the interests of intellectual property rights owners.

Participation in International Organisations

The Intellectual Property Department participates in various international forums (including discussions, activities and conferences of the World Trade Organisation Council for Trade-related Aspects of Intellectual Property Rights and the World Intellectual Property Organisation) and represents Hong Kong, China at various international and regional intellectual property symposiums and conferences, including the 36th and 37th meetings of the Asia-Pacific Economic Cooperation Intellectual Property Experts Group respectively held in Jakarta and Medan in Indonesia.

Professional Services Development Assistance Scheme

A \$100 million Professional Services Development Assistance Scheme, launched in 2002 and fully committed in 2013, provides funding support, on an equal matching basis, for professional service sectors to organise projects that enhance their external competitiveness and standards. These include capacity building programmes (such as international conferences and training courses), market research and promotional activities (such as road shows and exhibitions).

Business Facilitation

The Business Facilitation Advisory Committee (BFAC) advises the government on the development and implementation of programmes and measures to facilitate business compliance with government regulations and to sustain a competitive regulatory environment for business in Hong Kong while safeguarding the public interest. The BFAC is made up of representatives from the business, academic, professional and political sectors and senior government officials from the relevant bureaus. Around 30 government bureaus and departments which issue licences to various business sectors participate in the government's 'Be the Smart Regulator' programme, aimed at improving the efficiency, transparency and business-friendliness of the licensing system.

Business Liaison Groups foster communication between the government bureaus and departments and the major business sectors and help resolve regulatory and licensing matters at the operational level. A business consultation e-platform (<http://www.gov.hk/bizconsult>) has been set up under the GovHK portal to help the business community access information on proposed regulations, administrative measures and procedures that would impact on business, and to offer their views or comments. Its mobile apps are also available for free download by searching for 'eabfu' on the iPhone App Store and the Google Play Store.

The Efficiency Unit under the Chief Secretary's Office and the Business Facilitation Division (BFD) of the Economic Analysis and Business Facilitation Unit under the Financial Secretary's Office jointly co-ordinate the 'Be the Smart Regulator' programme. The BFD also supports the work of the BFAC and its task forces.

Trade Documentation

As a free port, the HKSAR maintains optimal import and export documentation requirements to facilitate legitimate trade. Most products do not need licences to enter or leave Hong Kong. Licences are required mainly to fulfil the HKSAR's international obligations; to protect public

health, safety, the environment, or intellectual property rights; or ensure Hong Kong's continued access to advanced technologies and hi-tech products.

The HKSAR also maintains an origin certification system to facilitate its exports to external markets.

Road Cargo System

The Customs and Excise Department's Road Cargo System (ROCARS) facilitates customs clearance through prior risk-profiling. To do this, a shipper or his agent is required to submit a few items of cargo information electronically to the department through ROCARS before the consignment is imported to, or exported from, Hong Kong. All cross-boundary goods vehicles, except those selected for inspection, now enjoy seamless customs clearance at the land boundary.

Intermodal Transshipment Facilitation Scheme

The Intermodal Transshipment Facilitation Scheme (ITFS) simplifies customs clearance procedures for air-land and sea-land intermodal transshipment cargoes. Enrolment to ITFS is voluntary. Transshipment cargoes of participating enterprises, conveyed by goods vehicles installed with electronic locks and tracking devices approved by the Customs and Excise Department, will normally be subject to inspection only once (if selected) at either the point of entry or exit.

Government Electronic Trading Services

The Government Electronic Trading Services system allows the trading community to discharge their statutory obligations in a cost-effective and environmentally friendly manner by submitting certain trade related documents electronically. Three government-appointed operators provide the services, which processed about 21 million transactions in 2013.

Trade and Industrial Support Organisations

Hong Kong Trade Development Council

The Hong Kong Trade Development Council (HKTDC) was established under the HKTDC Ordinance to promote, assist and develop Hong Kong's trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade. With its global network of more than 40 offices, including 13 in the Mainland, the HKTDC helps Hong Kong companies, especially SMEs, develop business opportunities in mainland and overseas markets, and acquire market knowledge and competitive skills.

The HKTDC has helped position Hong Kong as Asia's international exhibition and convention centre. It organised more than 30 exhibitions in 2013, nine of which were the largest of their kind in Asia and three were the largest of their kind in the world.

In the Mainland, the HKTDC's focus was on promoting Hong Kong as a professional, creative and financial services platform, a logistics hub, a partner for mainland businesses seeking global opportunities and a prime supplier of fashionable and lifestyle products. In mature markets, the

HKTDC promoted Hong Kong's professional services, while stepping up efforts to differentiate Hong Kong merchandise by highlighting reliable quality, stylish designs and adherence to stringent green and safety standards. The HKTDC's focus in new markets was primarily on path-finding and image-building to identify business opportunities for Hong Kong SMEs.

Hong Kong Export Credit Insurance Corporation

To encourage and support the export trade, the Hong Kong Export Credit Insurance Corporation (ECIC) was established by statute to protect Hong Kong exporters against non-payment risks arising from commercial and political events. Its contingent liability under contracts of insurance is guaranteed by the HKSAR Government, currently standing at \$40 billion. The ECIC is required to operate in compliance with the Hong Kong Export Credit Insurance Corporation Ordinance and to pursue a policy directed towards securing revenue sufficient to meet all expenditure properly chargeable to its revenue account.

The ECIC's total insured business in 2013 amounted to \$100 billion, an increase of 5.3 per cent over 2012. Gross premium income maintained at \$282.5 million. Cash claims payments decreased by 34.9 per cent to \$55.76 million.

As the global economy remained volatile, the ECIC continued to provide various enhanced measures to protect and assist Hong Kong exporters, especially small and medium-sized enterprises, in managing credit risk and grasping orders. In March, the ECIC introduced a 'Small Business Policy' scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million, providing exporters with more flexibility in taking out insurance cover. Policyholders enjoy waiver of the annual policy fee and up to 20 per cent premium discount. In November, the ECIC extended the annual policy fee waiver for a further year to 30 November 2014.

Hong Kong Productivity Council

The Hong Kong Productivity Council (HKPC) promotes productivity excellence among Hong Kong enterprises. Its focus is on the manufacturing and service industries in Hong Kong and the Pearl River Delta region in four areas: manufacturing technologies, information technologies, environmental technologies and management systems. The council helps Hong Kong manufacturers move up the value ladder through higher technology and better manufacturing processes. The HKPC is a strong promoter of 'green' manufacturing and continually introduces new technology to assist manufacturers in meeting the environmental requirements of Hong Kong, the Mainland and other countries. The HKPC also houses the Automotive Parts and Accessory Systems R&D Centre which undertakes market-led R&D projects in collaboration with industry, universities and research institutions. In addition, the HKPC continues to forge close technological collaboration between Hong Kong and the Mainland to help innovative industries capitalise on new business opportunities and to strengthen the competitiveness of Hong Kong's business and manufacturing sectors.

Other Trade and Industrial Support Organisations

The Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong, the Hong Kong General Chamber of Commerce, the Chinese General Chamber of Commerce

and the Hong Kong Chinese Importers' and Exporters' Association promote the interests of, and foster relationships among, their members. There are numerous other associations representing specific sectors or interests, and overseas chambers of commerce.

Development of Testing and Certification Industry

The Hong Kong Council for Testing and Certification (HKCTC) advises the government on the overall development strategy of the testing and certification industry. The HKCTC comprises members from the testing and certification industry, the business sector, professional organisations and relevant public bodies and government departments.

The government is working closely with the HKCTC to implement recommendations made in the HKCTC's 2013 review report. General improvements have been made to the accreditation service and factors of production (manpower, technology, capital and land) for industry, whilst promoting development of new testing and certification services in six specific trades (Chinese medicine, construction materials, food, jewellery, environmental protection, and information and communications technologies). These services include product certification for Chinese Materia Medica, product certification for construction materials, food hygiene standard certification, standard testing methods for natural *Fei Cui*, energy management system certification, and information security management system certification.

The Mainland is gradually opening up its market to Hong Kong's testing and certification industry. Hong Kong laboratories can co-operate with Mainland certification bodies to undertake testing of products processed in Hong Kong for the China Compulsory Certification System and, on a pilot basis in Guangdong Province, provide testing for voluntary food certification. Supplement X to CEPA, signed in August 2013, allows relevant staff employed by Hong Kong testing and certification organisations without a commercial presence on the Mainland to provide services there. The scope of testing services that can be undertaken by Hong Kong laboratories has also expanded to other areas of voluntary product certification on a pilot basis in Guangdong Province.

The ITC's Hong Kong Accreditation Service operates in accordance with international standards and is active in international and regional accreditation communities. Through its multilateral mutual recognition arrangements, the results of tests, calibrations, certifications and inspections provided by its accredited organisations are widely recognised globally, thus facilitating cross-border business and trading.

Standards and Calibration Services

The Standards and Calibration Laboratory is the HKSAR's official custodian of physical measurement reference standards. It provides a calibration service traceable to the International System of Units with calibration certificates recognised internationally. It is a signatory to the Mutual Recognition Arrangement of the International Committee for Weights and Measures.

The Product Standards Information Bureau disseminates information relating to documentary standards. It operates a product standards library and provides sales of standards and free technical advice on standards-related matters. The bureau represents the HKSAR in regional and

international standardisation bodies and acts as Hong Kong's Enquiry Point and Notification Authority under the World Trade Organisation Agreement on Technical Barriers to Trade.

Human Resources, Vocational Education and Training

The knowledge-based economy of the 21st century requires talent and skilled manpower at all levels. A variety of post-secondary education and training programmes are available in Hong Kong. The Vocational Training Council provides a comprehensive system of vocational education and training for school leavers and adult learners. It also administers the New Technology Training Scheme which provides financial help to employers to train their staff to use new technologies. The Clothing Industry Training Authority runs two training centres for the clothing and footwear industries.

Creative Industries

Create Hong Kong and CreateSmart Initiative

The government's 'Create Hong Kong' (CreateHK) office aims to drive the development of creative industries by:

- nurturing a pool of creative human capital;
- facilitating start-ups and development of creative establishments;
- generating demand for innovation and creativity and expanding the local market size for creative industries;
- promoting creative industries in the Mainland and overseas to help explore outside markets;
- fostering a creative atmosphere within the community;
- developing creative clusters in Hong Kong to generate synergy and facilitate exchanges; and
- organising major events to promote Hong Kong as Asia's creative capital.

CreateHK administers the \$600 million CreateSmart Initiative (CSI). In 2013, the CSI provided \$95.09 million to support 61 promotional and educational projects for various creative sectors and to encourage wider use of design by small and medium enterprises.

Creative Events

CreateHK works closely with stakeholders to foster an environment conducive to the development of creative industries. In particular, it assists industry groups in organising major creative events to engage the general public and to attract enterprises, talent and academics in creative industries from around the world to visit Hong Kong.

New initiatives and annual events in 2013 included:

- the 'Hong Kong Ani-Com Summer 2013' to promote the new Comix Home Base and to arouse community interest in comics and animation
- the 'Fashion Forward Festival' to create exposure opportunities for local fashion designers.
- 'Entertainment Expo', co-ordinated by the Hong Kong Trade Development Council, the entertainment industry's largest event in Asia;
- the 'Business of Design Week', organised by the Hong Kong Design Centre, and 'DETOUR', a public engagement event organised by the Hong Kong Ambassadors of Design.;
- the '14th International Comic Artist Conference cum Exhibition' attracted comic artists and market players from around the world; and
- The Second Hong Kong Comic Camp, featuring comic artists from Hong Kong, Guangdong, Macao and Taiwan.

Support for Design

CreateHK supports a design incubation programme administered by the Hong Kong Design Centre to nurture design start-ups at InnoCentre. By the end of 2013, the programme had admitted 141 start-ups since its launch in 2006.

Mainland, Taiwan and Overseas Promotions

CreateHK promotes the accomplishments of Hong Kong's creative industries to the Mainland, Taiwan and overseas countries and helps them explore new markets.

In 2013, Hong Kong film festivals were organised by the Hong Kong Economic and Trade Offices in major overseas cities to promote Hong Kong as a film production centre. CreateHK also participated in major international exhibitions and events to promote location filming in Hong Kong. In 2013, 25 overseas film crews came to Hong Kong for location filming.

Funding was also provided to creative establishments for participation in major international exhibitions and events, targeting potential clients in strategic markets outside Hong Kong. For example, a Hong Kong pavilion was set up by the trade at international book fairs held in Beijing, Guangzhou, Frankfurt and Taipei to showcase the achievements of Hong Kong's publishing and printing sectors. Young designers from Hong Kong participated in the 'Berlin International Design Festival' and the 'Brussels Design September', and set up pop-up stores during the 'Paris Fashion Week 2013' and the 'Tokyo Fashion Week 2013'.

The Hong Kong Week in Taipei showcased Hong Kong's creative sectors and included a comprehensive exhibition on Hong Kong's graphic, product, spatial and new media design and an exhibition on comics.

Nurturing Creative Talent

CreateHK sponsors programmes that help nurture the next generation of Hong Kong's creative talent. It launched the First Feature Film Initiative in March, providing funding for the winners of

a competition on screenplay and production proposals to make their first feature films. The World Design Summer Camp Programme enabled 124 local and overseas design students to join a 15-day summer camp in Hong Kong. CreateHK also provided sponsorship to awardees of the Hong Kong Young Design Talent Award to undertake overseas work attachments.

International Awards

CreateHK supports the participation of local creative talent and creative works in international competitions and promotional events to help them gain exposure and recognition overseas, and to raise the profile of Hong Kong and its creative industries internationally. As at 31 December 2013, 106 awards had been won by Hong Kong's creative talents and companies sponsored by CreateHK.

To recognise design excellence, CreateHK funds design awards, such as the Hong Kong Design Centre Awards, the Hong Kong Designers Association's Global Design Awards and the Hong Kong Society of Illustrators' Greater China Illustration Awards.

New Creative Clusters

The Comix Home Base (CHB) at Mallory Street and Burrows Street in Wan Chai, dedicated to Hong Kong's comics and animation sector, was opened in July. Managed by the Hong Kong Arts Centre, the CHB provides exhibition and retail spaces, multi-function rooms, artist studios, 'Comix Salon' resource centre, and food and beverage outlets.

The former Police Married Quarters on Hollywood Road is being revitalised as PMQ to provide studio shops for young designers to display and retail their creative products. The PMQ will be opened in 2014.

Film Development Fund

The Film Development Fund (FDF) finances small-to-medium budget film productions and funds projects conducive to the long-term development of the local film industry. In 2013, four film production financing projects and 10 other film-related projects beneficial to the healthy and long-term development of the film industry, involving a total funding of \$27 million, were approved. A review of the FDF began in 2013 to chart the way forward for the scheme.

Film Development Council

The Film Development Council (FDC) advises the Secretary for Commerce and Economic Development on the policy, strategy and institutional arrangements for the promotion and development of the film industry; the use of public funds to support the film industry; the planning, co-ordination and implementation of film-related activities; the industry's manpower and training needs; and the promotion of film literacy in Hong Kong. The FDC is chaired by a non-official member and is comprised mainly of members of the film industry.

Consumer Protection

Consumer Council

The Consumer Council is a statutory body which protects and promotes the interests of consumers of goods and services and purchasers, mortgagors and lessees of immovable property. The council comprises 22 members (including the Chairman and Vice-chairman).

The council's services include testing of consumer products, market surveys, price surveillance, complaint and enquiry handling, advising the government and public authorities on consumer protection issues, and consumer education. It also administers the Consumer Legal Action Fund, which enhances consumer access to legal remedies.

In 2013, 43 product tests, 23 survey projects and 28 in-depth studies were completed. The council publishes the findings of its product tests and surveys together with practical advice to the public through its monthly magazine, *CHOICE*.

In 2013, the council received 30,006 consumer complaints and 114,659 consumer enquiries.

The council also monitors trade practices and addresses competition-related issues that may have implications on consumer interests. In 2013, it conducted studies on various topics (eg competition in the grocery market) and expressed its views to the government on consumer-related subjects (eg amendments to the professional investor regime and the client agreement requirements).

In 2013, the council organised a number of awards for the media and the public to increase awareness of consumer rights. The council maintains close contact with overseas and Mainland counterparts, and collaborates with them in handling consumer complaints from tourists and formulates measures to enhance consumer welfare.

Enforcement of Consumer Protection Legislation

The Customs and Excise Department carries out spot checks and investigations to ensure that toys, children's products and consumer goods supplied in Hong Kong are safe, that the quantity of goods supplied in the course of trade by weight and other measures is accurate, and to guard against misstatements and unfair trade practices in respect of goods and services. In 2013, the department carried out 8,339 spot checks and concluded 1,947 investigations.

The Government Laboratory provides analytical and advisory services to the Customs and Excise Department in the enforcement of consumer protection legislation. In 2013, the laboratory carried out 33,855 tests to check the compliance of toys, children's products and consumer goods with relevant safety standards, and to determine the weight of retailed goods. Where necessary, it conducted on-site investigations in support of the enforcement of the Weights and Measures Ordinance. The laboratory also carried out 6,121 tests to examine the authenticity of commodities and the correctness of trade descriptions in relation to investigations under the Trade Descriptions Ordinance.

Review of Legislation on Consumer Protection

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 came into operation in July 2013. It criminalises some common unfair trade practices deployed against consumers, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, 'bait-and-switch', and wrongly accepting payment. It introduces a civil mechanism to encourage compliance by traders and to stop identified non-compliant practices.

The Customs and Excise Department and the Communications Authority, as the enforcement agencies, have published enforcement guidelines to facilitate understanding of and compliance with the ordinance.

The Toys and Children's Products Safety (Amendment) Ordinance 2013, enacted in December, expands the definition of 'children's product' in the principal ordinance to cover certain children's products that contain plasticised materials and enables regulations to be made to control some types of phthalates.

Trade in Endangered Species

The Protection of Endangered Species of Animals and Plants Ordinance implements the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). It regulates the import, export, re-export, introduction from the sea or possession of endangered species. The commercial import, export and re-export of highly endangered species are prohibited, and international trade in less endangered species is subject to licensing requirements.

The ordinance is administered by the Agriculture, Fisheries and Conservation Department, and enforced by both that department and the Customs and Excise Department. It provides for a maximum fine of \$5 million and imprisonment for up to two years. In 2013, 26,935 licences and certificates were issued and 161 prosecutions were conducted.

Websites

Commerce and Economic Development Bureau: www.cedb.gov.hk

(links to related departments and agencies)

Consumer Council: www.consumer.org.hk

Create Hong Kong: www.createhk.gov.hk

Environment Bureau: www.enb.gov.hk

Film Development Council: www.fdc.gov.hk

Film Services Office: www.fso-createhk.gov.hk

Special Effects Licensing Unit: www.createhk-esela.gov.hk