

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)019****(Question Serial No. 5318)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume      Page      (if applicable)

Question (Member Question No. 75):

Under "Matters Requiring Special Attention in 2014-15" of this Programme, the Administration has indicated that it will continue to support the further development of wine-related business in Hong Kong. In this regard, would the Administration please inform this Committee of the following:

- (a) What will be the respective expenditure incurred for the operating expenses, staff establishment and estimated salaries in 2014-15?
- (b) Has the Administration assessed whether the above task could alleviate the disparity between the rich and the poor? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The exemption of wine duty in 2008 tapped the potential of wine-related businesses and benefitted the economy. Hong Kong has since then become a regional wine trading and distribution hub, as well as the largest wine auction centre in the world. The boom in wine trade has contributed to the growth of related businesses such as logistics, exhibition, catering and education, creating job opportunities.

We deploy existing manpower and resources to promote wine-related businesses. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately.

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)029****(Question Serial No. 5492)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume      Page      (if applicable)

Question (Member Question No. 66):

Please provide details in relation to the task of continuing to support the further development of wine-related businesses in Hong Kong, including specific measures, manpower deployment and the expenditure required. What were the annual volumes of wine being imported and exported, their respective value and the changes in such figures for the past 3 years, i.e. 2011-12, 2012-13 and 2013-14? How many people were engaged in wine-related business and what were the changes in such figures during the same period? How would the Administration assess the impact of the prevailing global economic environment on Hong Kong's position as a wine distribution centre?

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;

- (c) manpower training and education: we conducted for the first time a manpower survey for the wine industry in 2013-14. The results will soon be disseminated after compilation to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;
- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

According to the Census & Statistics Department, the wine trading figures from 2011-12 to 2013-14 are as follows:

#### Imports

Year	Total Value (\$ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2013-14 (up to Jan 2014)	67	+0.5%	4.4	-1.3%
2012-13	80	-14.8%	5.1	+4.6%
2011-12	94	+16.6%	4.8	+16.4%

#### Re-exports

Year	Total Value (\$ hundred million)	Year-on-year Change	Total Volume (ten million litre)	Year-on-year Change
2013-14 (up to Jan 2014)	14	-1.2%	1.6	0%
2012-13	16	-23.9%	1.9	-1.6%
2011-12	20	+39%	1.9	+45.3%

We keep a close watch on the market outlook. According to the forecast of the International Wine & Spirit Research (an internationally renowned wine research body), China's consumption of wine may grow by 39.6% between 2012 and 2016. This represents the fastest growth rate among all countries. In view of this growing trend of the Mainland in the medium to long term, Hong Kong is expected to continue its role as the regional wine trading and distribution hub.

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)076****(Question Serial No. 1823)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume      Page      (if applicable)

Question (Member Question No. 13):

During 2014–15, the Commerce, Industry and Tourism Branch will continue to support the further development of wine-related businesses in Hong Kong. What were the details, expenditure involved, manpower arrangements of the relevant work? What economic benefits did the wine-related businesses bring to Hong Kong in the past 5 years?

Asked by: Hon. LAM Tai-fai

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;
- (c) manpower training and education: we will disseminate the results of a manpower survey to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;

- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

The current statistics do not provide relevant compilation for assessing the economic benefits brought by wine-related businesses.

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)175****(Question Serial No. 0125)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume      Page      (if applicable)

Question (Member Question No. 32):

What are the details in respect of the further development of wine-related businesses in Hong Kong? What is the reason for picking this particular industry for further development? How many posts will be created in the coming year as a result? What will be the percentage contribution of the economic benefits of such development to the gross domestic product (GDP)?

Asked by: Hon. WONG Kwok-hing

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;
- (c) manpower training and education: we will disseminate the results of a manpower survey to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;

- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

When we exempted wine duty in 2008, we had duly considered the potential of wine-related businesses development and resultant creation of jobs. We considered that our support for the business would be beneficial to the economy. In fact, Hong Kong has since then become a regional wine trading and distribution hub, as well as the largest wine auction centre in the world. The boom in wine trade has contributed to the growth of related businesses such as logistics, exhibition, catering and education.

The current statistics do not provide relevant compilation for assessing the economic benefits brought by wine-related businesses.