

CE's speech in delivering "The Chief Executive's 2020 Policy Address" to LegCo (5)

Developing Hong Kong into an International Innovation and Technology Hub

Current Position of Innovation and Technology

50. Hong Kong has universities with strong R&D capabilities, a pool of local and foreign talents, a fervent R&D atmosphere, as well as a thriving start-up ecosystem. Over the past three years or so, with the support of the Ministry of Science and Technology and as a result of the HKSAR Government's high-level steer, cross-departmental collaboration, and investments worth a hundred billion of dollars, as well as the implementation of the eight major directions set out in my 2017 Policy Address, Hong Kong's I&T development has been very vibrant. Some even describe it as the dawn of a golden era for I&T development. The progress achieved in various areas of work is detailed in this year's Policy Address Supplement.

51. The COVID-19 epidemic has enabled Hong Kong to successfully demonstrate how technology can be applied to solve problems. In combating the epidemic, the Hong Kong community has made good use of local R&D outcomes to prevent and control the disease, address livelihood needs as well as commercialise these outcomes.

Smart City Blueprint for Hong Kong

52. Since the promulgation of the Smart City Blueprint for Hong Kong in late 2017, we have been making every effort to implement the initiatives under the blueprint with good progress on the whole. Among them, the Faster Payment System launched in 2018 has turned a new page for electronic payment in Hong Kong, with monthly transaction volume exceeding 12 million and amounting to over \$130 billion. We will set out more than 130 smart city initiatives in the Smart City Blueprint for Hong Kong 2.0 to be released next month, aiming to help people perceive how a smart city and the use of I&T can benefit their daily lives.

53. To further promote Smart Government and the digital transformation of the whole society, we will launch the "iAM Smart" in December this year. It will offer over 20 frequently used public services initially, including online application for vehicle licence renewal and electronic submission of tax returns. We will invite other public utilities to provide services on the platform. We hope the commercial sector will actively participate in the "iAM Smart" platform.

Shenzhen/Hong Kong Innovation and Technology Co-operation Zone

54. This year marks the 40th anniversary of the establishment of the Shenzhen

Special Economic Zone. Hong Kong and Shenzhen, two neighbouring cities, share a unique relationship which is as good as ever after so many years. From the "front shop, back plant" model in the early days of our country's reform and opening up, to the co-operation between two strong players in the area of I&T today, the relationship between Hong Kong and Shenzhen is always robust and thriving. The Central Government strongly supports the co-operation between Hong Kong and Shenzhen in developing an international I&T hub in the GBA, and has agreed to their joint development of the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone (SITZ), which comprises the Shenzhen Innovation and Technology Zone and the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) at the Lok Ma Chau Loop, with a view to establishing "one zone, two parks" at "one river, two banks" under the auspices of "One Country, Two Systems". During my visit to Shenzhen, I have agreed with the leaders of the Shenzhen municipality that we should adopt the spirit of innovative thinking, pushing new limits and sharing resources in taking forward the related work. The governments of the two cities are exploring the feasibility of allowing the Hong Kong Science and Technology Parks Corporation (HKSTPC) to lease and manage certain areas of the Innovation and Technology Zone in Futian, Shenzhen, so that institutes and enterprises which are interested in starting their business in the GBA can establish a presence in the SITZ before the completion of the first batch of buildings in HSITP. Such cooperation is imperative because on the road of I&T, one will never go too fast and should strive to go faster. We must seize the opportunity to foster the development of the ecological chain of the I&T industry in Hong Kong and Shenzhen so as to offer tremendous employment and start-up business opportunities for the young people of Hong Kong.

Global STEM Professorship Scheme

55. Talent is the key to the success of I&T development. Over the past few years, we have substantially increased funding for local postgraduate students and resources for nurturing technology talents. Recently, some university presidents told me that quite a number of outstanding R&D talents working overseas are interested in coming to work in Asia in view of the rapid I&T development in Hong Kong, and that Hong Kong should seize this opportunity to attract more I&T talents. As such, I propose launching a Global STEM Professorship Scheme for a period of five years at an estimated cost of \$2 billion.

Young Technology Talents

56. There are a number of large-scale technology enterprises in Shenzhen which require an extensive pool of talents in transferring R&D outcomes into application. Recently, some enterprises have taken the initiative to contact me and expressed their wish to provide employment opportunities in the GBA for the young people of Hong Kong who aspire to pursue a career in the I&T sector. Later, I will talk about the proposed Greater Bay Area Youth Employment Scheme, under which several hundred of places will be set aside for the I&T sector.

Investing in Infrastructure and Reinventing Construction

57. Infrastructure investment is conducive to economic development and can create a significant number of job opportunities. Based on past experience, scaling back infrastructure and ceasing land creation during an economic downturn would have an adverse impact on the economy and people's livelihood. In view of this, the Government will continue to invest in infrastructure with an estimated annual expenditure of over \$100 billion on average in the next few years, and strive to ensure the early commencement of capital works projects.

58. To enable more district-based livelihood projects which can create jobs to be launched as soon as possible, we propose that the LegCo should raise the expenditure ceiling of each minor works project funded under the block vote from the current \$30 million to \$50 million. We believe this would expedite the implementation of projects that are closely related to the daily lives of the people, such as renovation of schools and leisure facilities, works on improving environmental hygiene, as well as minor works on roads, drainage and water supply.

59. Over the past few years, the Development Bureau (DEVB) has been proactively implementing the "Construction 2.0" initiative to facilitate the "professionalisation" and "revitalisation" of the traditional construction industry with the wider adoption of I&T. The speedy completion of the quarantine centre at the Lei Yue Mun Park and Holiday Village, with the use of the Modular Integrated Construction (MiC) method amid the epidemic, has been acclaimed by the Institution of Civil Engineers of the United Kingdom. To further promote the digitalisation and innovation of the construction industry as well as enhance project performance, I will chair an International Construction Leaders Summit next year to collect views from and formulate strategies with various stakeholders.

Market Development and Economic Recovery

Mainland Domestic Market

60. During my visit to Beijing, I conveyed to the Central Government officials the difficulties encountered by Hong Kong enterprises, which had set up factories in the Mainland for manufacturing goods for export, due to the sluggish US and European markets. The Central Government understood their difficulties and agreed to provide assistance to Hong Kong enterprises in tapping into the Mainland domestic market. For example, the HKTDC will launch a one-stop "GoGBA" platform in collaboration with the Guangdong Province and related chambers of commerce to provide multi-faceted support for Hong Kong enterprises, including market information on the GBA and related government policies, enquiry service and training, as well as business promotion, development and matching services. In addition, the HKTDC will help Hong Kong enterprises gain access to the large-scale e-commerce platforms in the Mainland through the provision of training and the operation of the "Online Design Gallery", as well as promoting the awareness and image of Hong Kong products on these platforms. Besides, the HKTDC will also use its physical network in the Mainland to provide business support for Hong Kong enterprises in handling operational issues such as import declaration, logistics and settlement of payment.

Belt and Road Initiative

61. We will further consolidate Hong Kong's position as the prime platform and a key link for the B&R Initiative, and strengthen the co-operation with B&R related countries and regions so as to open up a larger market for various sectors. The HKSAR Government is seeking to organise jointly a high-level roundtable with the State-owned Assets Supervision and Administration Commission of the State Council to explore enhancements of modern corporate governance and to strengthen R&D application by leveraging the international experience and professional strengths of Hong Kong, thereby enhancing the competitiveness to "go global" through mutual collaboration. We will also launch a Mainland Enterprises Partnership Exchange and Interface Programme in the coming year to facilitate exchanges and networking that foster co-operation between Hong Kong's professional services sector and Mainland enterprises, strengthen the capacity building of both sides, and enhance the international outlook, market orientation and professional standards of various projects.

62. The Ministry of Commerce will continue to support the HKSAR Government in encouraging Hong Kong enterprises to set up businesses in the Mainland's overseas Economic and Trade Co-operation Zones (ETCZs). In this connection, both sides have selected five ETCZs within the Association of Southeast Asian Nations (ASEAN) region in Thailand, Malaysia, Cambodia and Indonesia, and priorities will be given to promoting the electronics, toys and electrical appliances industries etc. on a pilot basis.

Regional Comprehensive Economic Partnership Agreement

63. A total of 15 economies, including the 10 ASEAN states, Australia, China, Japan, South Korea and New Zealand just signed the Regional Comprehensive Economic Partnership (RCEP) Agreement on 15 November. The RCEP covers about one-third of the world's total population, accounting for one-third of the global GDP. Under the RCEP, over 90% of merchandise trade will eventually enjoy zero tariff treatment, which will certainly increase regional trade and investment and provide impetus for global economic growth. As a major financial and trade centre and a logistics hub of the region, coupled with the Free Trade Agreements signed with most of the RCEP members, including the 10 ASEAN states, Australia and New Zealand, as well as the Closer Economic Partnership Arrangement (CEPA) signed with the Mainland earlier on, Hong Kong is well placed to join the RCEP. The HKSAR Government has already expressed to the signatory economies its interest in joining the RCEP back in 2018, and will seek to be among the first batch of economies joining the RCEP.

Guangdong-Hong Kong-Macao Greater Bay Area

64. Since the promulgation of the Outline Development Plan by the Central Government in February 2019, various Central ministries have issued a number of policy documents to support the development of financial, legal and professional services in the GBA, as well as rolled out measures to facilitate Hong Kong and Macao residents to work, live and study in the Mainland cities of the GBA. During my meeting with leaders of the Guangdong Province and Shenzhen municipality earlier this month, we agreed to press

ahead with the work in areas such as cross-boundary infrastructure development and clearance facilitation, joint development of an international I&T hub, co-operation in modern service industries, education, nurturing of talents and youth exchanges, as well as joint development of a quality living circle. Specific co-operation projects include:

- supporting Hong Kong's insurance industry in establishing after-sales service centres in the Mainland cities of the GBA under the framework of the CEPA to provide Hong Kong, Macao and Mainland residents, who are holders of Hong Kong policies, with comprehensive support in different areas including enquiries, claims and renewal of policies;
- implementing as soon as possible the arrangement of using Hong Kong-registered drugs and medical devices used in Hong Kong public hospitals at The University of Hong Kong – Shenzhen Hospital on a trial basis subject to the approval of the Guangdong Province, and extending the policy to cover more designated healthcare institutions, drugs and medical devices in a timely manner;
- allowing traditional proprietary Chinese medicine products for external use registered in Hong Kong to be registered and sold in the GBA through a streamlined approval process;
- pressing ahead with the “Quota-free scheme for Hong Kong private cars travelling to Guangdong via the HZMB” after the commissioning of the Tuen Mun – Chek Lap Kok Tunnel, allowing eligible Hong Kong private cars to travel between Hong Kong and Guangdong via the HZMB without quota. The scheme will facilitate Hong Kong residents to drive to the Guangdong Province for business, visiting families or sight-seeing on a short-term basis. The HKSAR and Guangdong Governments will draw on the implementation experience of the scheme at the HZMB and proactively study the extension of the scheme to a Hong Kong/Shenzhen land boundary control point, such that Hong Kong private cars can travel to both the eastern and western parts of Guangdong;
- rationalising the Hong Kong-Shenzhen land boundary control points by adjusting the functions and extending the operating hours of some of these land boundary control points so as to progressively implement the “East in East out, West in West out” planning strategy for cross-boundary goods traffic. We will shortly explore with the Shenzhen Municipal Government on the implementation of co-location arrangements at the new Huanggang Port situated in Shenzhen, so as to release over 20 hectares of land in Hong Kong's Lok Ma Chau Control Point for other uses;
- supporting and assisting various universities in Hong Kong in their plans to provide education services in the GBA;
- providing support to the Greater Bay Area Youth Employment Scheme and the Funding Scheme for Youth Entrepreneurship in the Greater Bay Area launched by the HKSAR Government;
- establishing the Pan-Greater Bay Area Inward Investment Liaison Group to enable InvestHK and its counterparts in other cities in the GBA to develop

holistic and joint inward investment propositions with a view to enhancing synergy; and

- jointly promoting the development of equine industry in the GBA through collaboration with the Hong Kong Jockey Club and its racecourse in Conghua, Guangzhou.

Supporting the Tourism Industry

65. Tourism is one of Hong Kong's four pillar industries and the number of practitioners amounts to nearly 260 000. Our tourism industry has been subject to multiple blows since the second half of 2019. With cross-border people flow almost coming to a standstill, business is nearly frozen. In view of this, the Government has implemented a number of targeted relief measures since the second half of 2019 to help the industry tide over this difficult period.

66. Given that the tourism industry will continue to face grave and prolonged challenges for quite some time in the future, the Government will roll out additional relief measures for the industry, involving a total commitment of close to \$600 million. These measures will benefit travel agents and their staff, freelance accredited tourist guides and tour escorts whose main occupations are tourist guides and tour escorts, and drivers of tour service coaches mainly serving tourists. Once the epidemic has eased, we will tap into more local cultural and green tourism resources to revive our tourism industry with a view to expanding both the Mainland and overseas visitor source markets, as well as offering leisure and travel experience with rich historical and cultural elements to locals and visitors. The persisting pandemic will alter the global tourism landscape. The Hong Kong Tourism Board is taking the opportunity to examine the positioning of Hong Kong's tourism to meet future challenges. When I visit Beijing later, I will strive to enlist the continuous support of the Ministry of Culture and Tourism in the tourism co-operation between Hong Kong and the Mainland and enhance the quality of the tourism industry.

(To be continued.)