

LCQ11: Promoting development of Hong Kong

Following is a question by the Hon Starry Lee and a written reply by the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, in the Legislative Council today (July 14):

Question:

Apart from supporting, as in the past, Hong Kong in enhancing its status as international centres (i.e. international financial, transportation and trade centres, as well as centre for international legal and dispute resolution services in the Asia-Pacific region) in four traditional sectors, the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (the 14th Five-Year Plan) has put forward for the first time the support for Hong Kong in four emerging sectors, namely supporting Hong Kong to enhance its status as an international aviation hub and develop into an international innovation and technology hub, a regional intellectual property trading centre, as well as an East-meets-West centre for cultural and art exchange. The Government has indicated that its various policy bureaux and government departments concerned will take forward relevant work in accordance with the content of the 14th Five-Year Plan in order to achieve certain results. In this connection, will the Government inform this Council:

(1) of the respective shares in the Gross Domestic Product of the industries belonging to the aforesaid four traditional and four emerging sectors last year and in the first half of this year; whether it has set targets on the relevant shares to be attained by such industries in the coming five years; if so, of the details; if not, the reasons for that; and

(2) given that the Financial Services Development Council has, since its establishment in 2013, published dozens of research reports and put forward a number of proposals for the purpose of spurring the development of Hong Kong's financial industry (including development in areas such as wealth management and cross-boundary financial connectivity between Hong Kong and the Mainland) (with most of the proposals having already been implemented by the Financial Services and the Treasury Bureau), whether the Government will, by drawing reference from the aforesaid model, and for the purpose of promoting the sustained development of the industries in the three remaining traditional sectors and four emerging sectors as well as taking forward the aforesaid work related to the 14th Five-Year Plan, set up for each of the sectors concerned a professional structure dedicated to carrying out relevant research studies and putting forward proposals for reference of the relevant policy bureaux in formulating follow-up measures; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the relevant bureaux and departments, our consolidated reply to the question raised by the Hon Starry Lee is set out below:

The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (National 14th Five-Year Plan) is the blueprint and action agenda for the social and economic development of the country for the next five years. Its content relating to Hong Kong demonstrates the Central Government's unwavering support for Hong Kong in different aspects; it also establishes a clear positioning for Hong Kong's future development and integration into the overall development of the country. Among which, the National 14th Five-Year Plan mentions the support for Hong Kong in reinforcing and enhancing its competitive advantages. Apart from the continued support for Hong Kong to enhance its status in the four traditional centres, i.e. international financial, transportation and trade centres as well as a centre for international legal and dispute resolution services in the Asia-Pacific region, new impetus has been awarded to four emerging centres or status, including the support for Hong Kong to enhance its status as an international aviation hub, to develop into an international innovation and technology (I&T) hub, a regional intellectual property (IP) trading centre and an East-meets-West centre for international cultural exchange. The diverse and comprehensive positioning implies that Hong Kong may continue to leverage on its pivotal role under the "what the country needs, what Hong Kong is good at" strategy, with an aim to expand Hong Kong's scope for further development by making use of our cutting edge, while at the same time contributing to the country's needs.

The reply to the question raised by the Hon Starry Lee is as follows:

(1) According to the latest estimates from the Government, the value added of the four traditional sectors of "financial services", "trading", "maritime and port sector" and "legal, accounting and auditing services" accounted for 21.2 per cent, 16.8 per cent, 1.1 per cent and 1.3 per cent respectively of Hong Kong's Gross Domestic Product (GDP) in 2019. Among the four emerging sectors, the value added of "air transport", "I&T" and "cultural and creative industries" accounted for 2.5 per cent, 0.9 per cent and 4.2 per cent respectively of Hong Kong's GDP in 2019. Besides, there has been a growth in IP trading in Hong Kong in recent years. Total exports and imports of IP related services in 2019 amounted to \$5.9 billion and \$15.5 billion respectively, representing a respective growth of 18 per cent and eight per cent as compared with those in 2015.

The Government has spared no effort in promoting the development of the above-mentioned industries to diversify the economy. The country's positioning for Hong Kong under the National 14th Five-Year Plan demonstrates its confidence over Hong Kong's strong competitive edge in these areas, and that Hong Kong can complement the advantages of and develop hand in hand with

the Mainland, especially the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area). Under the country's new development pattern featuring "dual circulation", the Government will play the role of "participant" in domestic circulation and "facilitator" in international circulation. We will join hands with the private sector to explore new opportunities so as to enable Hong Kong's industries to have a more dynamic, diverse and interactive development, as well as to bring in new impetus. Relevant bureaux have devised work plans to complement and grasp the opportunities brought about by the National 14th Five-Year Plan.

(2) To implement the part of the National 14th Five-Year Plan that relates to Hong Kong, relevant bureaux will first conduct detailed research pursuant to their policy purviews, and will suitably consult their sectors and related advisory committees to gauge their professional views for formulating work directions and plans. The relevant mechanisms and work plans for promoting the development of aviation and maritime, commerce and trade, IP, I&T, legal and dispute resolution services and arts and culture sector are as follows:

Aviation and Maritime Services

To strengthen the status as an international aviation hub, the Airport Authority Hong Kong (AAHK) will realise the Airport City vision and blueprint in the next ten years, including the Three Runway System, enhancement of airport facilities, development of intermodal passenger transfer and cargo transshipment capabilities, SKYCITY, and development of high-growth, high-value air cargo services, in order to consolidate Hong Kong's position as an international aviation hub.

To entrench the status as an international maritime centre, the Transport and Housing Bureau and the Hong Kong Maritime and Port Board have been actively promoting the development of the port and maritime industry and working towards the national development goals by implementing a number of initiatives over the past years. On maritime services, the Government enacted legislative amendments in June and July 2020 to offer tax exemption and half-rate tax concession to ship leasing and marine insurance businesses respectively. It is also studying further tax measures to attract shipping commercial principals (such as ship managers, agents and shipbrokers) to set up presence in Hong Kong. Besides, it is enhancing the service and coverage of the Hong Kong Shipping Register. Regional desks have been set up progressively in Shanghai, Singapore, London and Sydney since November 2019, and more will be set up in Tokyo, San Francisco and Toronto in phases in late 2021 to 2022, so as to broaden the service coverage to the Mainland, Asia, Europe and North America and improve the quality of service. The International Chamber of Shipping established its first-ever overseas office in Hong Kong in 2019 as a result of the concerted efforts of the industry and the Government. In addition, in September 2020, the Baltic and International Maritime Council (BIMCO) approved the BIMCO Law and Arbitration Clause 2020, which includes Hong Kong as the fourth named arbitration venue, alongside London, New York and Singapore. This further consolidates Hong Kong's overall strength as an international maritime centre.

Commerce and Trade

The Commerce and Economic Development Bureau (CEDB) will proactively leverage Hong Kong's unique advantages under "one country, two systems" to, on the one hand, seize the opportunities presented by the Mainland's domestic circulation by tapping the domestic sales market and, on the other hand, strengthen Hong Kong's role as a connecting platform between the Mainland and the rest of the world under international circulation and key link for Belt and Road, in particular in connecting the Greater Bay Area and the Association of Southeast Asian Nations.

The Hong Kong Trade Development Council (HKTDC) has been endeavouring to fulfil its statutory functions of promoting, assisting and developing Hong Kong's trade with other places as well as making recommendations to the Government on achieving growth of Hong Kong's trade, including conducting economic and trade research and publishing reports in different areas from time to time. The CEDB will continue to gauge the trade's view on enhancing Hong Kong's status as an international trading centre through the HKTDC, the Trade and Industry Advisory Board, local trade and industrial organisations as well as international business chambers.

IP

The Government set up a Working Group on IP Trading in 2013, chaired by the Secretary for Commerce and Economic Development, to study the strategies to promote IP trading. In 2015, the Working Group released a report with an action framework covering four strategic areas and 28 recommendations to promote the development of Hong Kong as an IP trading centre. The CEDB and the Intellectual Property Department (IPD) have since been working closely with stakeholders on the implementation of the relevant recommendations, and IP trading in Hong Kong has been on the rise in recent years. To work towards the National 14th Five-Year Plan to support Hong Kong to develop into a regional IP trading centre, the CEDB and the IPD will continue to adopt a multi-pronged approach to further promote the development of IP trading in Hong Kong. The key tasks include reviewing the IP regime regularly to keep it abreast with the times; and promoting the free IP Consultation Service, IP Manager Scheme and related training programmes to assist I&T enterprises in commercialising their research and development results. Following the guidance and support of the National 14th Five-Year Plan and the Outline Development Plan for the Greater Bay Area, and capitalising on the advantages under "one country, two systems", we will also join hands with IP authorities of the Mainland and Macao to enhance collaboration on IP protection, management and utilisation in the Greater Bay Area, and to foster co-operation on cross-boundary IP trading and services in order to strengthen Hong Kong's position as the regional IP trading centre.

I&T

The Government has all along been closely engaging industry experts regarding Hong Kong's I&T development, including the Hong Kong academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering,

and the Greater Bay Area Association of Academicians established in April this year.

Besides, the Government set up the Committee on Innovation, Technology and Re-industrialisation in 2017, chaired by the Financial Secretary with members drawn mainly from the I&T and industrial sectors. The Committee advises the Government on matters relating to the promotion of I&T development and re-industrialisation in Hong Kong, and puts forward appropriate development strategies and work proposals to enhance co-operation and co-ordination among stakeholders. There are also different advisory bodies under the Innovation and Technology Bureau (ITB) which offer advice to the Government in their respective areas.

The ITB or the Innovation and Technology Commission (ITC) have also, in the capacity of an official member, sit in the board or council of various I&T platforms and research and development (R&D) Centres (Note). Relevant boards or councils comprise members who are professionals from various industries and hence, can provide advice on Hong Kong's I&T development on behalf of their organisations. As for Hong Kong's future I&T development, the ITC has commissioned an independent consultant to carry out a study to analyse the roles, positioning and impact of the five R&D Centres. According to the consultancy study, the five R&D Centres have a clear positioning. Apart from promoting the development of the industry and society through applied research in their respective technology field, the R&D Centres have positive impact on various areas including economic contribution, commercialisation and technology transfer.

The Policy Innovation and Co-ordination Office has also appointed a Strategic Planning Advisor for Hong Kong/Shenzhen Co-operation to be responsible for the strategic spatial planning for the comprehensive expansion of the Hong Kong-Shenzhen integrated development, as well as research and proposed formulation of related policies.

Legal and Dispute Resolution Services

The Department of Justice (DoJ) has various existing mechanisms in handling with or deliberating issues and engaging stakeholders' views relating to the development of Hong Kong as a centre for international legal and dispute resolution services in the Asia Pacific region.

On arbitration services, the DoJ is working closely with the stakeholders in formulating and implementing various initiatives to promote arbitration. The Advisory Committee on Promotion of Arbitration was set up by DoJ to consider, advise on and co-ordinate on-going and new initiatives and overall strategies for the promotion of Hong Kong arbitration services. It also serves as a forum for the discussion of issues concerning the promotion of Hong Kong as a leading arbitration hub in the Asia Pacific region. The Advisory Committee on Promotion of Arbitration includes representatives from the legal, arbitration and relevant sectors in Hong Kong. The DoJ has also been liaising with arbitral institutions regularly to monitor the implementation of various initiatives in relation to arbitration. On

mediation services, the DoJ holds regular meetings with the Steering Committee on Mediation to explore and discuss issues relating to the promotion and development of mediation in Hong Kong. Members of the Steering Committee on Mediation include key stakeholders from the legal and mediation sectors. On legal services, the DoJ maintains close partnership with various legal professional bodies including the Law Society of Hong Kong and the Hong Kong Bar Association by holding regular meetings to better understand the industry needs and to explore and discuss new initiatives.

Arts and Culture

To realise and consolidate the positioning as a hub for arts and cultural exchanges between China and the rest of the world, the Home Affairs Bureau (HAB) will, in collaboration with the Leisure and Cultural Services Department (LCSD) and other partners including the Hong Kong Arts Development Council (HKADC), the Hong Kong Academy for Performing Arts (HKAPA) and the West Kowloon Cultural District Authority (WKCD), continue to organise different arts and cultural activities with a view to strengthening the sense of belonging of Hong Kong residents to the motherland and showcasing the soft powers of the Chinese culture to the world. Leveraging on our unique advantage of East-meets-West, we will actively pursue "bringing in" and "going global" and endeavour to develop Hong Kong into a centre for exchanges and co-operation with international arts and culture organisations and institutions.

In addition to our official capacity as members of the HKADC, the Council of HKAPA and the WKCD Board, the HAB and the LCSD have set up different advisory bodies to collect views of the sector on the development of Hong Kong into a hub for arts and cultural exchanges between China and the rest of the world. Furthermore, with the establishment of a cultural co-operation framework within Guangdong, Hong Kong and Macao by the HAB, the Department of Culture and Tourism of Guangdong Province and the Cultural Affairs Bureau of the Macao Special Administrative Region Government in 2003, Guangdong, Hong Kong and Macao have taken turns to organise the annual cultural co-operation meeting and together implement the recommendations for co-operation in different areas. At the same time, leveraging on this platform, the three places follow up and implement various initiatives under the chapter of "Joint Development of a Cultural Bay Area" in the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, in order to support the development of Hong Kong into an even more competitive global platform for cultural exchange. This echoes the direction of developing Hong Kong into a hub for arts and cultural exchanges between China and the rest of the world as set out in the National 14th Five-Year Plan.

Note: Including the Hong Kong Science and Technology Parks Corporation, the Hong Kong Cyberport Management Company Limited, the Hong Kong-Shenzhen Innovation and Technology Park Limited, the Hong Kong Productivity Council, the Automotive Platforms and Application Systems R&D Centre, the Hong Kong Applied Science and Technology Research Institute, the Hong Kong Research Institute of Textiles and Apparel, the Logistics and Supply Chain MultiTech

R&D Centre and the Nano and Advanced Materials Institute.