

## LCQ2: Promoting development of industry and commerce

Following is a question by the Hon Sunny Tan and a reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (December 11):

Question:

To promote the upgrading and transformation of traditional industries while actively nurturing emerging ones, the 2024 Policy Address announced the formulation of a medium to long-term development plan for new industrialisation in Hong Kong (the Plan). In this connection, will the Government inform this Council:

(1) in formulating the Plan, apart from working out the overall development direction of traditional and emerging industries from a macro perspective, whether it will also examine the current development situation and comparative advantages of different industries from a micro perspective, including identifying those industries which are more competitive in areas such as innovative research and development, product development, production and manufacturing, supply chain management, market internationalisation and tariff advantages, in order to formulate relevant medium to long-term development strategies and support measures targeting at individual industrial sectors with relative advantages and potentials, so as to map out more precisely the development of new industrialisation in Hong Kong to drive different industries to accelerate the formation of industrial clusters as well as the vigorous development of the ecosystems;

(2) how to promote better interface and deeper cooperation between the various industries in Hong Kong (including the textiles and garment industry) and the departments, organisations, associations, chambers and enterprises of the corresponding industries in the Mainland to strengthen Hong Kong's roles as a super-connector and a super value-adder; and

(3) how to make good use of the commercial and trade networks of overseas and the Mainland Economic and Trade Offices to jointly deepen the regional co-operation and exchanges on industry and commerce between local industries and Hong Kong enterprises in the Mainland and overseas by leveraging the advantages of their extensive international connections?

Reply:

President,

On the basis of the development directions and strategies outlined in the Hong Kong Innovation and Technology Development Blueprint (the Blueprint), the Innovation, Technology and Industry Bureau (ITIB) has been accelerating the development of new quality productive forces tailored to

local conditions, and expeditiously propelling new industrialisation, through various measures. For instance, we have supported local manufacturers to upgrade to smart manufacturing through the New Industrialisation Funding Scheme, which has, up to the present day, supported over 90 production lines with subsidy of around \$365 million. In addition, we launched in September this year the \$10 billion New Industrialisation Acceleration Scheme to provide matching grants for strategic enterprises to set up new smart manufacturing facilities in Hong Kong. These measures have all displayed the determination of the current-term Government in promoting new industrialisation.

With regard to the Hon Sunny Tan's questions, my reply is as follows:

(1) The ITIB will engage a professional consultancy firm to, on the basis of the Blueprint, launch a study to provide recommendations on new industrialisation and relevant professional services in Hong Kong, including looking into the development status, constraints and difficulties faced. At the same time, we will explore Hong Kong's unique advantages under the "one country, two systems" and the economic development trends in the region, and to dissect the competitive edges of Hong Kong vis-à-vis that of our regional competitors in view of the impact and opportunities brought about by Hong Kong's development of strategic emerging and future industries. On such basis, we will deliberate an appropriate proposal to leverage the development of new quality productive forces, with an aim to consolidating and enhancing the economic value of Hong Kong's manufacturing industry through new industrialisation, and, in turn, support the formulation of a modern industrial ecosystem with advanced manufacturing as its backbone. This process will require making reference to relevant experiences in the Mainland and overseas in order to provide policy recommendations for the way forward. We are proactively making relevant preparations with a view of commencing the study as soon as practicable.

(2) In consultation with the Commerce and Economic Development Bureau (CEDB) and the Constitutional and Mainland Affairs Bureau, our reply to the second and third parts of the question is as follows:

The Hong Kong Special Administrative Region (HKSAR) Government is committed to giving full play to our roles as a "super connector" and "super value-adder", thereby assisting Hong Kong and Mainland enterprises and professional services in exploring Belt and Road (B&R) business opportunities. Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) are setting up a mechanism to enhance their interfaces for attracting Mainland enterprises with potentials to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, while providing one-stop diversified professional advisory services for enterprises in Hong Kong looking to go global. The HKTDC's overseas network will also provide on-site support services to these enterprises for developing their supply chains.

In addition to the overseas visits and the signing of relevant memoranda of understanding and agreements by local business delegations led by the Chief Executive and Secretaries of Departments and Directors of Bureaux to

encourage collaboration on various fronts and to strengthen commercial and trade ties, the Belt and Road Summit, held by the CEDB and the HKTDC over the years, has provided a quality platform for enterprises from Hong Kong, the Mainland and countries along the B&R to explore business opportunities together. The HKSAR Government plans to organise a B&R cross-professional forum and examine the establishment of a B&R capacity building centre next year, with a view to forging ties with the B&R countries and regions by using our soft power, thereby paving way for collaboration.

(3) Currently, the HKSAR Government has five Mainland Offices and 11 liaison units on the Mainland, and 14 overseas Hong Kong Economic and Trade Offices (ETOs). Together with the offices of InvestHK and the HKTDC worldwide, Hong Kong has set up offices in 66 cities around the world, covering 129 countries.

The various Mainland Offices and ETOs will continue their efforts to fully dovetail with the relevant policy measures of the HKSAR Government in promoting Hong Kong through different events, with a view to attracting investment and talents to develop in Hong Kong, and facilitate Hong Kong enterprises in expanding into the Mainland and overseas markets. They will also collaborate closely with provincial and municipal governments on the Mainland, and other relevant agencies to promote and explain the HKSAR Government's major policies, Hong Kong's unique advantages, and opportunities brought about by the B&R and the Guangdong-Hong Kong-Macao Greater Bay Area.

The Government will continue to examine how to expand its global office network, and strengthen Hong Kong's economic and trade connection with partners around the globe, in particular emerging markets.