

## LCQ5: Developing new quality productive forces

Following is a question by the Hon Starry Lee and a reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (March 27):

Question:

"New quality productive forces", as the buzzword of this year's "two sessions", were first mentioned by the General Secretary of the Communist Party of China Central Committee (the General Secretary) during his study tour to Heilongjiang last year. The General Secretary pointed out that technological and innovative resources should be consolidated to lead the development of strategic emerging and future-oriented industries, and expedite the formation of new quality productive forces. In addition, during this year's "two sessions", the General Secretary called for focusing on high-quality development as the top priority, with new quality productive forces being developed according to local conditions, and the Premier of the State Council stated in the Report on the Work of the Government that the Chinese Government will continue to fully, faithfully, and resolutely implement the policy of "one country, two systems", under which the people of Hong Kong administer Hong Kong with a high degree of autonomy, remain committed to law-based governance in Hong Kong and ensure that Hong Kong is administered by patriots, and support Hong Kong in growing its economy, improving the lives of its people, and participating in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) by leveraging its distinctive strengths and features, so as to ensure that Hong Kong can better integrate itself into China's overall development and maintain long-term prosperity and stability. In this connection, will the Government inform this Council:

(1) of the plans in place to leverage Hong Kong's unique strengths according to local conditions, with a view to stepping up efforts to promote the development of new quality productive forces; and

(2) of the plans in place to assist various trades and industries in developing new quality productive forces during their participation in the GBA development, so as to better integrate into the country's overall development?

Reply:

President,

"New quality productive forces" refers to productivity led by technological innovation that breaks away from the traditional mode of economic growth and development pathway. Adding technological content to productivity, it has the characteristics of high-end technology, high

efficiency as well as high quality and quantity. Driven by innovation, the key of "new quality productive forces" lies in quality with the ultimate goal of advancing productivity.

President Xi Jinping proposed in September last year the idea of developing "new quality productive forces". "Striving to modernise the industrial system and developing 'new quality productive forces' at a faster pace" is listed as the major task in the government work report this year. Developing "new quality productive forces" will provide a more favourable environment and more room for the deeper and broader growth of innovation and technology (I&T) in Hong Kong. Regarding the question raised by the Hon Starry Lee, having coordinated with the Constitutional and Mainland Affairs Bureau, my consolidated reply to various parts of the question is as follows:

Taking into account Hong Kong's social and economic situations and its unique strengths, the development of "new quality productive forces" in Hong Kong is to effectively support the formation of a new real economy with Hong Kong's advantages, realise "new industrialisation" and inject new impetus for Hong Kong's high-quality economic development. The Hong Kong Innovation and Technology Development Blueprint (the Blueprint) promulgated by the current-term Government at the end of 2022 provides a clear development path and systematic strategic plan to promote the development of I&T in Hong Kong with a view to accelerating the formation and development of "new quality productive forces" with Hong Kong's competitive edge, thereby strengthening a new development momentum. Promoting the comprehensive development of upstream, midstream and downstream sectors to form an extensive I&T ecosystem chain is the key to developing "new quality productive forces".

In order to implement the industry development plans set out in the Blueprint, we have strengthened the Government's organisational structure by creating the post of Commissioner for Industry (Innovation and Technology), which is dedicated to overseeing the strategy of "new industrialisation". Also, the New Industrialisation Development Office established under the Innovation, Technology and Industry Bureau, led by the Commissioner for Industry (Innovation and Technology), adopts an industry-oriented approach to promote "new industrialisation", so as to empower the development of Hong Kong in terms of quality and quantity.

To support the development of I&T in Hong Kong, thereby accelerating the formation and development of "new quality productive forces", the Government has introduced and implemented a number of policies and measures in recent years to consolidate and enhance our strengths and capabilities in basic research and development (R&D), and at the same time accelerate the transformation of outstanding R&D results and their application to specific industries, so as to continuously create new value and support the high-quality development of the new real economy. In the process, collaboration with the Mainland, especially the cities in the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), is indispensable in various aspects.

With regard to upstream, the Government has launched various measures to support basic research. We make use of the Innovation and Technology Fund (ITF) to provide local universities and research institutes with stable

resources to carry out R&D work. As at the end of January 2024, a total of 472 R&D projects involving funding of over \$1.2 billion have been approved for collaboration with organisations in the Greater Bay Area or other Mainland regions. Moreover, the Government has earmarked \$10 billion for supporting researches on life and health technology, \$3 billion for supporting researches on frontier technology, and \$3 billion for launching the AI (artificial intelligence) Subsidy Scheme to support local universities, R&D organisations and enterprises to make the best use of the supercomputing power of the AI Supercomputing Centre so as to promote R&D.

Regarding midstream, we launched the \$10 billion "Research, Academic and Industry Sectors One-plus Scheme" last year to provide funding support in the form of matching grants to university R&D teams for the transformation, realisation and commercialisation of R&D outcomes. The scheme has attracted the active participation of many enterprises in the Greater Bay Area, making use of the resources and strengths of Hong Kong and the Greater Bay Area to jointly promote technology implementation and commercialisation. Furthermore, we will establish the Hong Kong Microelectronics Research and Development Institute within this year and set up a pilot line to assist start-ups and small and medium-sized enterprises to conduct trial production. At the same time, the ITF will continue to provide funding support to R&D teams from designated local universities to set up I&T solutions.

For downstream, we will focus on supporting the development of I&T industries with competitive edge and strategic significance, such as life and health technology, artificial intelligence and data sciences, and advanced manufacturing and new energy technologies, with a view to promoting "new industrialisation" in Hong Kong. The Government will launch the \$10 billion "New Industrialisation Acceleration Scheme" this year to provide matching grants for strategic enterprises (including Mainland enterprises) to set up new smart manufacturing facilities in Hong Kong. At the same time, we will continue to support the upgrading and transformation of traditional industries through I&T to achieve smart manufacturing by enhancing the "New Industrialisation Funding Scheme" so as to assist local manufacturers to shift to high value-added production and smart manufacturing. The relevant enhancement measures were implemented in early January of this year.

The Government will proactively encourage various community sectors to develop "new quality productive forces", including supporting the local I&T sector to visit the Mainland (especially the cities in the Greater Bay Area) and participate in technology exchange so as to keep up with the latest development of "new quality productive forces" in the Mainland. We are dedicated to achieving the construction of a more comprehensive and globally competitive I&T industry chain by joining hands with the Mainland cities in the Greater Bay Area through concerted efforts. Also, we will continue to adhere to the development directions and strategies set out in the Blueprint. By making use of Hong Kong's unique advantages, we will pool together global innovation resources to accelerate the formation of "new quality productive forces" and promote the development of "new industrialisation", leading Hong Kong to realise its vision of becoming an international I&T center, thereby contributing to the country's high-quality development.