

## LCQ8: Developing the cross-boundary e-commerce industry

Following is a question by the Hon Lam So-wai and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (November 6):

Question:

In the 2024 Policy Address, it is proposed that in order to develop Hong Kong into a cross-boundary e-commerce logistics and distribution centre, the Government will review existing procedures to enhance the efficiency of cross-boundary goods' distribution, strengthening the competitiveness of Hong Kong. There are views that as a "super connector", Hong Kong possesses advanced cross-boundary e-commerce infrastructure and development potential, and promoting the development of the cross-boundary e-commerce industry is also conducive to consolidating Hong Kong's position as an international trade and maritime centre. The Government needs to sustain long-term strategic policies to better utilise public resources and the potential of the industry to boost the growth of the cross-boundary e-commerce industry. In this connection, will the Government inform this Council:

(1) whether it will establish a data sharing platform for the cross-boundary e-commerce industry in Hong Kong, so that various parties such as airline companies, freight forwarding and logistics companies and trucking suppliers may complete the process of data exchange more securely and expeditiously through the platform along with the use of blockchain technology, thereby catering to the needs of cross-boundary e-commerce development; if so, of the details; if not, the reasons for that;

(2) whether it has conducted systematic surveys and studies on the development of Hong Kong's cross-boundary e-commerce industry, including compiling statistics and studying the annual import and export volume of cross-boundary e-commerce, the operation of logistics companies and the degree of intelligence of the supply chain, as well as evaluating the effectiveness of the "Hong Kong Shopping Festivals" organised on Mainland e-commerce platforms in August this year, so as to formulate a more focused policy for the cross-boundary e-commerce industry; if so, of the details; if not, the reasons for that; and

(3) whether it has plans and specific measures to foster the efficient interface of the flows of goods, information and capital of the cross-boundary e-commerce industry, thereby developing Hong Kong into a cross-boundary e-commerce supply chain hub in the Asia-Pacific region; if so, of the details; if not, the reasons for that?

Reply:

President,

The Chief Executive announced in the 2024 Policy Address that the Government will review existing procedures to enhance the efficiency of cross-border goods' distribution within 2025 with a view to developing Hong Kong into a cross-border electronic commerce (e-commerce) logistics and distribution centre. This initiative will tie in with various support measures of the Government for assisting small and medium enterprises (SMEs) in developing the Mainland and the Association of Southeast Asian Nations (ASEAN) e-commerce markets and promoting Hong Kong brands, thereby encouraging more enterprises to actively grasp the opportunities of e-commerce.

Having consulted the Transport and Logistics Bureau, the reply to the three parts of the question is as follows:

(1) Currently, there are different logistics data platforms set up in the local logistics industry. On the air cargo front, to push forward the digitalisation of air cargo transport and enhance operational efficiency and cargo supply chain transparency, the Airport Authority Hong Kong has developed the HKIA Cargo Data Platform to facilitate the exchange of logistics data from and by various stakeholders in the air cargo sector (such as freight forwarders, warehouse operators, truckers, terminal operators). On the maritime front, the Government is also developing a port community system equipped with functions such as shipment tracking, real-time transport information, electronic information and document retrieval, and port data analysis, with a view to enabling the flow and sharing of data among stakeholders in the maritime, port and logistics industries.

(2) Government bureaux and departments maintain liaison with various industrial and trade organisations to understand the situations and development needs of the relevant sectors, with a view to formulating appropriate policies and support measures. Apart from exchanging views with major chambers of commerce in Hong Kong from time to time, the Commerce and Economic Development Bureau (CEDB) also taps the trades' views through the Trade and Industry Advisory Board and the Small and Medium Enterprises Committee set up under the CEDB. In January 2024, the CEDB established the inter-departmental E-commerce Development Task Force (Task Force) to co-ordinate and formulate policies on promoting enterprises to grasp the opportunities brought about by e-commerce. An expert group, which comprises Legislative Council Members from different sectors and representatives in the industry, has also been established under the Task Force to help keep the Government abreast of the market situation of e-commerce development and feedback from the trade more comprehensively.

In addition, the Hong Kong Trade Development Council (HKTDC) has been publishing research reports on and analyses of e-commerce ecosystems in different markets, including market prospects, consumption habits, development trends, business strategy of various platforms and the latest policy developments, to provide information for enterprises to develop e-commerce business. The Government has not separately compiled any statistics

or studied the operations of the logistics companies and distribution of goods from the perspective of cross-border e-commerce. We will review in due course if there is a need to conduct more research and analysis on cross-border e-commerce development.

The inaugural Hong Kong Shopping Festival (HKSF) featured more than 230 brands and showcased over 500 types of great value products in six major categories, namely apparel and accessories, personal care and cosmetics, home and living, food and beverage, smart gadgets and health supplements, covering consumers' various needs. The event concluded successfully in August 2024 and was well-received, with total impressions exceeding 90 million on e-commerce discussion forums and the HKSF's website. The HKTDC has conducted a survey to collect feedback from participating enterprises and is analysing the findings. The HKTDC will build on this year's experience, optimise event arrangements and continue to organise the HKSF in the next two years, thereby continuing to help Hong Kong enterprises gain practical experience and explore business opportunities through e-commerce and social e-commerce platforms.

(3) Under "one country, two systems", Hong Kong leverages the advantages of the free market and provides enterprises with a free and open business environment, with free flow of capital and information. According to the Economic Freedom of the World 2024 Annual Report published by the Fraser Institute in October this year, Hong Kong ranks as the world's freest economy among 165 economies.

Regarding information flow, as at July this year, household broadband penetration rate has reached nearly 97 per cent, with the number of registered subscriptions with broadband access estimated to be about three million. In view of the increasing demand for cross-boundary services and data flow between Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the Government has signed the Memorandum of Understanding on Facilitating Cross-boundary Data Flow within the Guangdong-Hong Kong-Macao Greater Bay Area with the Mainland, with a view to promoting more cross-boundary services to benefit the public and businesses while facilitating data flow throughout the GBA.

Regarding capital flow, Hong Kong is one of the top three international financial centres. The Government will continue to enhance the mutual market access regime and reinforce Hong Kong's status as the world's largest offshore Renminbi business hub. We are also pushing forward the linkage of fast payment systems in Hong Kong and the Mainland, thereby facilitating real-time, cross-boundary small-value payments by residents on both sides.

Having regard to the rapid growth of global e-commerce business, the Government will continue to implement different measures, with a view to fostering the development of cross-border e-commerce in Hong Kong, including:

(i) Hongkong Post (HKP) is now redeveloping its Air Mail Centre (AMC) located at the Hong Kong International Airport. The redeveloped AMC, planned for commissioning by the end of 2027, will strengthen the HKP's capability to

handle cross-border e-commerce goods;

(ii) The Customs and Excise Department will continue to implement various cargo trade facilitation initiatives (including the Hong Kong Authorized Economic Operator Programme, Single E-lock Scheme, Free Trade Agreement Transshipment Facilitation Scheme and Cross-boundary Express Cargo Clearance Facilitation Arrangement), streamline customs clearance process and expedite cargo flow;

(iii) The Government launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales in July 2024 to encourage enterprises to implement e-commerce projects on the Mainland. The expansion of the geographical coverage of "E-commerce Easy" to the 10 countries of ASEAN as announced in the 2024 Policy Address will help SMEs grasp the enormous business opportunities brought about by the rapid development of the ASEAN market; and

(iv) The Support and Consultation Centre for SMEs under the Trade and Industry Department will continue to take lead and co-operate with the other three SME centres (i.e. the "SME Centre" under the HKTDC, the "SME One" under the Hong Kong Productivity Council (HKPC), and the "TecONE" under the Hong Kong Science and Technology Parks Corporation) to strengthen the provision of information to SMEs on conducting e-commerce. "SME ReachOut", set up under HKPC, will provide information related to e-commerce to SMEs through exchanges with SMEs and seminars.

Government bureaux and departments will continue to assist Hong Kong enterprises in developing cross-border e-commerce business through different channels.