

Speech by CS at Belt and Road Conference (English only) (with photos/video)

Following is the speech by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, at the Belt and Road Conference co-organised by China Daily and the Silk Road Economic Development Research Center today (October 29):

Mr Zhou Li (Publisher and Editor-in-Chief of China Daily Asia Pacific), Mr Joseph Chan (Chairman of Silk Road Economic Development), His Excellency Mr Rashid Alimov (Secretary-General of the Shanghai Cooperation Organisation) distinguished speakers, guests, ladies and gentlemen,

Good morning. It is my great pleasure to be invited to attend the 4th edition of the Belt and Road Conference today. I have chosen for my talk the theme of "Unleashing Innovation and Technology Potentials for Intra-Regional Co-operation in the Greater Bay Area" because the Greater Bay Area forms a convergent point for the Belt and Road corridors. This year, we celebrate the 40th anniversary of reform and opening up of the country. Thanks to this innovative and visionary breakthrough over the past four decades, the country has grown and transformed itself into one of the largest economies in the world. As President Xi Jinping has said, never in our history have we been so close to realising the Chinese dream of national rejuvenation.

Against this backdrop, innovation and technology (I&T) plays an increasingly important role in driving economic growth and improving the livelihood of our citizens. Leveraging on our advantages in scientific research capabilities, internationalisation, a robust legal system and our status as an international financial, business and logistics centre, Hong Kong is in an excellent position to contribute to the national strategy of innovation-driven development, namely building the Guangdong-Hong Kong-Macao Greater Bay Area into an international I&T hub.

Since the signing of the "Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area" between the National Development and Reform Commission and the governments of Guangdong, Hong Kong and Macao in July last year, we have been working proactively and closely with the relevant central authorities and governments of Guangdong and Macao in taking forward new policies conducive to the I&T development in the region. I am excited to share with you that much progress has since been made.

First and foremost, we received encouraging news on President Xi's personal instruction supporting the development of Hong Kong into an international I&T hub. We are greatly encouraged by President Xi's affirmation that Hong Kong has a solid science and technology foundation and a strong pool of quality technology talents, and his acknowledgement of Hong

Kong's role as an important force in implementing the national innovation-driven development strategy and in building an innovative country. Indeed, Hong Kong has a firm science and technology grounding with four of our government-funded universities among the world's top 100. In May this year, the national Ministry of Science and Technology and the Ministry of Finance announced a new policy, allowing universities and research institutions in Hong Kong to apply for science and technology funding granted by the Central Government and use the relevant funding in Hong Kong. This arrangement strengthens scientific and technological collaboration between the Mainland and Hong Kong and pools world-class research institutes, talent and funding in Hong Kong.

Following our Chief Executive's attendance at the first meeting of the leading group led by Vice-Premier Han Zheng for the development of the Greater Bay Area in Beijing in August, more initiatives have been announced. Last month, the Ministry of Science and Technology and the Innovation and Technology Bureau of the Hong Kong Special Administrative Region (HKSAR) Government signed a co-operation arrangement to promote exchanges and collaboration on science and technology as well as an agreement on jointly funded projects. The two sides will enhance co-operation in six areas, namely scientific research, development of platforms, nurturing of talent, transfer of research and development (R&D) results and incubation of I&T industry, integration into national development strategies, and cultivation of an I&T atmosphere. The two documents mark a new page of scientific and technological collaboration between the Mainland and Hong Kong.

Meanwhile, the Chinese Academy of Sciences will establish a presence of its research institutions, the Guangzhou Institutes of Biomedicine and Health and the Institute of Automation, in the two research clusters to be set up at the Hong Kong Science Park. This will enhance R&D collaboration with local higher education institutions and research and development centres. I will talk more about these clusters later on.

Hong Kong has more than 40 academicians from the Chinese Academy of Sciences and Chinese Academy of Engineering. We will establish a Greater Bay Area academician alliance in Hong Kong to promote the participation of academicians in the development of the Greater Bay Area.

With strong national support, the HKSAR Government is committed to fostering I&T development in Hong Kong. We will step up our efforts in eight major areas, namely increasing resources for R&D; pooling together technology talent; providing investment funding; providing technological research infrastructure; reviewing existing legislations and regulations; opening up government data; Government leading changes to procurement arrangements and strengthening popular science education.

Further to the \$78 billion invested in the past three years, the Policy Address this year announced by our Chief Executive on October 10 has further allocated \$28 billion for I&T development. The unprecedented resources invested are the best proof of our commitment to developing I&T.

Our Chief Executive has announced a number of new initiatives in her second Policy Address, focusing on expediting re-industrialisation; unleashing the R&D capability of universities and research institutions and fostering technology transfer; bringing I&T into the daily lives of citizens; and building a technology-savvy Government. For example, we will launch a \$2 billion Re-industrialisation Funding Scheme to subsidise manufacturers, on a matching basis, to set up smart production lines in Hong Kong. To unleash our strengths in scientific research, we will double the funding ceiling for Technology Transfer Offices of dedicated universities, the Technology Start-up Support Scheme for Universities, State Key Laboratories and Hong Kong branches of the Chinese National Engineering Research Centre, providing more resources for R&D and its commercialisation.

Among our key initiatives is the establishment of two world-class research clusters, as I mentioned earlier, at the Hong Kong Science Park, namely "Health@Inno HK" that focuses on healthcare technologies, and "AIR@Inno HK" that focuses on artificial intelligence (AI) and robotics technologies. We will invest \$10 billion to establish the two clusters, which will foster more synergy and collaboration between top local and overseas researchers and put Hong Kong on the global innovation map. Our targets are top-notch universities, research institutions and technology enterprises from all over the world. We will provide financial support for research centres and laboratories set up by non-profit making institutions at the two clusters. It is encouraging that in recent months, a number of world-renowned universities and research institutions have already approached us, expressing a keen interest in setting up research operations in Hong Kong.

We welcome more research institutions and technology enterprises from the Belt and Road economies or AI/robotics technologies to come to Hong Kong and join the two research clusters. This will enable them to tap the enormous growth potential of I&T markets in the Greater Bay Area. Such collaboration will surely be a win-win for all parties.

Meanwhile, we are working full steam ahead to develop the Lok Ma Chau Loop into the Hong Kong-Shenzhen Innovation and Technology Park. With a site area of 87 hectares – four times that of the Hong Kong Science Park in Tai Po, the Hong Kong-Shenzhen Innovation and Technology Park will be Hong Kong's largest I&T platform ever, creating unprecedented opportunities for I&T development and collaboration. The Park will be developed as a key base for scientific research, where relevant higher education, cultural and creative, as well as other complementary facilities will be provided. It will attract top-tier research institutions, technology enterprises and higher education institutes from Hong Kong, the Mainland and overseas. We have set aside \$20 billion for the first phase development of the Park.

In addition to infrastructure, talent is also an essential piece in the jigsaw of I&T development. We launched the Technology Talent Admission Scheme in June to enable technology companies and institutes to admit on fast track overseas technology talent in focused technology areas, such as biotechnology, artificial intelligence, cybersecurity and robotics.

We also launched the \$500 million Technology Talent Scheme in August.

The Postdoctoral Hub programme provides funding support for enterprises to recruit postdoctoral talent for scientific research and product development. The Scheme will also fund local companies on a 2 to 1 matching basis to train their staff in high-end technologies, especially those related to Industry 4.0, through its Re-industrialisation and Technology Training Programme.

To encourage private investment in R&D, we have also introduced enhanced tax deduction for R&D investment. The first \$2 million eligible R&D expenditure will enjoy a 300 per cent tax deduction, with the remainder at 200 per cent.

Ladies and gentlemen, with I&T development high on the national agenda, and enjoying the dual advantage of "one country, two systems", Hong Kong will continue to seize the invaluable opportunities brought about by the Greater Bay Area initiative in unleashing our I&T potentials and developing Hong Kong into an international I&T hub.

On this note, may I close by thanking everybody for coming to this very important conference, as well as China Daily and the Silk Road Economic Development Research Center, and all the distinguished speakers and VIPs coming to Hong Kong.

Thank you.

