

Speech by SCED at cocktail reception for local and foreign chambers of commerce (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Algernon Yau, at a cocktail reception for local and foreign chambers of commerce, today (June 27):

Dear Andrew (President of the Legislative Council (LegCo), Mr Andrew Leung), distinguished guests, ladies and gentlemen,

Good afternoon. It gives me great pleasure to welcome you all to our cocktail reception. Let me first thank you for taking your precious time to join us today.

As you will no doubt know, it will soon be the 26th anniversary of the HKSAR (Hong Kong Special Administrative Region). The current-term Government will also enter the second year in the office. It is a good time to look back and review the work of the Commerce and Economic Development Bureau in the past year jointly with you, who are all our closest partners from the business community.

It has been our focus and priority to create stronger impetus for Hong Kong's economic growth through helping enterprises weather the storm arising from the epidemic, and expanding the room for businesses to grow further. We are pleased to see that many of our initiatives have gradually come to fruition, not least the successful resumption of normal travel and the holding of mega events which have provided the economic drive that we have been longing for in the last three years. Hong Kong's economy improved visibly in the first quarter, growing by 2.7 per cent from a year earlier.

Attracting enterprises and investments

The current-term Government attaches great importance to the work of attracting enterprises and investments. In addition to the existing work by Invest Hong Kong (InvestHK), we have set up the Office for Attracting Strategic Enterprises, or the OASES in short. The OASES is under the leadership of the Financial Secretary, with a mandate to attract high-potential and representative enterprises from around the globe, particularly those from industries of strategic importance. Our economic and trade offices around the world have also been "upgraded" by setting up dedicated teams to help the OASES reach out. In about six months' time, the OASES has met with more than 150 enterprises. Many of them are industry leaders as well as companies engaging in cutting-edge technologies. The OASES and relevant bureaux are evaluating the business development proposals received.

Apart from strategic enterprises, the Government attaches equal

importance to general investment promotion work. In the first five months of 2023, InvestHK assisted 186 Mainland and overseas companies in setting up or expanding their operations in Hong Kong, an increase of 32 per cent when compared with the same period last year.

We will continue to strengthen our work on this front. It is estimated that the OASES will meet with around 300 strategic enterprises by the end of this year. Meanwhile, InvestHK will continue to proactively provide comprehensive support services to Mainland and overseas enterprises interested in setting up or expanding operations in Hong Kong, and step up global investment promotion work so as to proactively tell good Hong Kong stories to the international business communities.

Supporting SMEs

Small and medium enterprises, the SMEs, have always been the cornerstone of Hong Kong's economy. In the past year, we continued to enhance various funding schemes to step up the support for SMEs. For instance, we have so far approved over HK\$3.6 billion under the Dedicated Fund on Branding, Upgrading and Domestic Sales, the BUD Fund, for more than 4 300 enterprises to undertake projects for upgrading or market exploration. While it is already well received, we always have the mindset of making the BUD Fund even better, and in the past year we have further raised the funding ceiling to HK\$7 million per enterprise, injected a further HK\$500 million into it, and launched the "Easy BUD" earlier this month to expedite the processing of applications for smaller projects, in order to enable more SMEs to make better use of the funding to develop their business.

Another important measure is the SME Financing Guarantee Scheme (SFGS), which provides up to 100 per cent loan guarantees to help SMEs obtain commercial financing. As at end May, we have approved loans of over HK\$250 billion to about 57 000 enterprises. During the past year, we have further extended the application period of the SFGS to March 2024, with a view to giving SMEs more room to adjust. Just the past Friday, we announced that the principal moratorium under the SFGS be further extended by three months to end in end September 2023 to help alleviate the instant repayment pressure still facing some SMEs. With the Hong Kong economy recovering steadily, we consider the special relief measure of offering a principal moratorium has fulfilled its purpose, and its application period will expire in end September this year.

Convention and exhibition industry

The convention and exhibition industry is crucial to Hong Kong as an international trade centre. With the gradual removal of travel restrictions and social distancing measures, we have seen a stronger-than-expected rebound of the industry in the past few months. As at end May, we have approved funding support of almost HK\$800 million to over 260 events under the existing Convention and Exhibition Industry Subsidy Scheme. In a few days' time, we will launch a new Incentive Scheme for Recurrent Exhibitions to attract recurrent exhibitions in Hong Kong. With a total commitment of

HK\$1.4 billion, we expect to support over 200 exhibitions in the coming three years.

Belt and Road Initiative

The Belt and Road Initiative is becoming an important engine of global economic growth, with more than 150 countries and 32 international organisations having signed Belt and Road agreements with the Mainland. Hong Kong can capitalise on our unique advantages as a participant, contributor and beneficiary of the Belt and Road. The Government is busy renewing and building our links with Belt and Road countries and regions to seize the vast opportunities ahead.

Let me give you an example. The Middle East is an area of increasing importance to the Belt and Road Initiative. In February this year, the Chief Executive led a high-level business delegation to Saudi Arabia and the UAE (United Arab Emirates). First of all, the Saudi Arabia Government agreed to start negotiation with us on an Investment Promotion and Protection Agreement. We are equally excited that a total of 13 memoranda of understanding and letters of intent for co-operation were signed during the trip. These immediate results are only the start. What is more important is the long-term partnership. We are already seeing increasing interactions between us, and that different Hong Kong companies joining the trip are now closing in on business deals in the Middle East. With additional funding of HK\$550 million from the Government, the HKTDC (Hong Kong Trade Development Council) will also step up its efforts to help Hong Kong enterprises seize opportunities arising from, among others, the Belt and Road Initiative.

The seventh Belt and Road Summit was successfully held last year, registering a sign-up of more than 6 000 with online viewership of over 19 000. This year marks the 10th anniversary of the Belt and Road Initiative, to which the HKSAR Government attaches great importance. We will do our best in organising the eighth edition of the Summit from September 13 to 14. In particular, we will arrange a special "Middle East Forum" to promote new opportunities and collaborations.

Regional intellectual property (IP) trading centre

The 14th Five-Year Plan supports Hong Kong to develop into a regional IP trading centre. The current-term Government has been adopting a multi-pronged strategy including strengthening protection of IP rights, building capacity and promoting widely. In particular, the Copyright (Amendment) Ordinance 2022 came into operation last month to strengthen copyright protection in the digital environment. We will also introduce a "patent box" tax incentive to provide tax concessions for profits sourced in Hong Kong from qualifying IP generated through R&D (research and development) activities. We will consult the trade within this year and hopefully submit the legislative proposal to the LegCo in the first half of next year.

20th anniversary of CEPA

As you are well aware, the Mainland has been Hong Kong's largest trading partner for years. One of the measures that has helped us attain this achievement is the "Mainland and Hong Kong Closer Economic Partnership Arrangement", the CEPA, which was signed 20 years ago on June 29, 2003. Not only has it created unprecedented economic opportunities for Hong Kong, CEPA has also played a significant role in our country's reform and opening up. This year marks the 20th anniversary of the signing of this important trade agreement. To celebrate this important milestone, the Government will launch a series of activities for the community to look back at the CEPA's development and achievements over the past two decades. I would like to take this opportunity to call on the support from our chambers and business associations to join us in the celebration. The Trade and Industry Department will get in touch after today.

Ladies and gentleman, perhaps I would leave more time to the "happy hour" where my colleagues and I would exchange views with you all in a more relaxed setting. Before closing, let me express my sincere gratitude for your presence today and I look forward to even closer and stronger co-operation with you all in the future. Thank you and hope you enjoy the rest of the afternoon with us.