

Transcript of remarks by CE at question-and-answer session of Joint Business Community Luncheon (English only)

Following is the transcript of remarks by the Chief Executive, Mrs Carrie Lam, at the question-and-answer session of the Joint Business Community Luncheon held at the Hong Kong Convention and Exhibition Centre today (November 14):

Attendee: Chief Executive, I did not have the benefit to be able to queue up for question this morning in the Legislative Council and I'll be asking exactly the same question I've prepared in English. Chief Executive, we're pleased to note that the Government will establish a Re-industrialisation Funding Scheme to subsidise manufacturers for setting up their smart production lines in Hong Kong. As you would agree, to expedite re-industrialisation of Hong Kong, a two-pronged approach should be taken, which should seek to promote both the developments of emerging industries as well as the upgrading of traditional manufacturing sectors. My question is, will the Government consider drawing up more concrete measures to support and stimulate our traditional industries including Hong Kong companies, manufacturing operations in the Pearl River Delta, so as to encourage them to embrace new technology and innovations? Thank you.

Chief Executive: Thank you very much, Jimmy. It's actually quite a bold attempt to say that Hong Kong wants to do industry again. But I'm convinced by my colleagues, and I've seen for myself, because about three months ago, I went to the Tai Po Industrial Estate and opened, for the first time in the past 50 years, a new textile plant in the Tai Po Industrial Estate using new technology to upcycle the textile, the fabrics collected from used clothes into new fabrics and textile. So, since we have embarked on this initiative to promote re-industrialisation in Hong Kong and put in the money for that purpose, we'll certainly take on your very positive suggestion that we should roll out concrete measures. We should, perhaps, identify which are the sectors in the manufacturing business that have good prospects, that will go through that re-industrialisation by the application of innovation and technology. I would appeal to members of the business community that if you have any concrete ideas, any specific suggestions, since we are still in the process of conceiving the scheme and how to use the \$2 billion that we have set aside, I welcome more suggestions. But since we are short of land and labour, as I have just discussed, you have to think about and come up with those sectors which will not use a lot of land or labour, but use a lot of technology, and with more innovation, hopefully in the process provide more opportunities for young people.

Attendee: Y K Pang from the Hong Kong General Chamber of Commerce. Chief Executive, from the revitalisation of industrial buildings to the major

initiative of the Lantau Tomorrow Vision, I think your commitment and efforts to improve the living conditions and the business environment in Hong Kong are very much welcomed by the business community. Now, as the Greater Bay Area initiative develops, how much will that initiative be a factor in alleviating the supply and resource constraints that Hong Kong businesses and residents have to cope with? Will we see more logistics business moving across to western half of the Pearl River Delta? How will Hong Kong better integrate for the Greater Bay Area? Thank you.

Chief Executive: The Greater Bay Area certainly will provide opportunities for Hong Kong to address what I describe as the constraints or bottlenecks in our taking Hong Kong further. But this time, I don't want to pursue it in a way that there are things we don't like in Hong Kong we put in the Greater Bay Area, there are things which are lower value we put in the Greater Bay Area. No, we have to identify win-win solutions for both Hong Kong and the Mainland cities. So finding synergy and going for complementarity, instead of direct competition, will be the guiding principle in our work in the Greater Bay Area.

I have agreed with Governor Ma Xingrui last November, that initially we can look at three main areas. One is to facilitate the free flow of people, goods, information and capital, and that would open up a lot of opportunities for our service industry. The second area is to develop this international innovation and technology centre, and this is where the complementarity will come in, because if we want the whole production chain, Hong Kong would be very good at R&D (research and development), invention and whatnot. Shenzhen, with its very advanced manufacturing capacity, will be very good in translational and commercialisation of the results of the R&D. And then Hong Kong again will be very good in being the platform for the raising of capital, especially after the revision to the listing rules this year. We are now having a new listing arrangement for the tech companies and the biotech companies. Within the Greater Bay Area, we should be looking for that sort of mutual co-operation. The third area that I have agreed with Governor Ma is there are clearly some services which Hong Kong has a strategic advantage, so we should help them to be established in the Mainland cities. The two areas we have identified, one is higher education, the other is medical services. I am pleased to see that progress has been made on both fronts for us to take some of these quality services into the Mainland cities in the Greater Bay Area.

Attendee: Madam Chief Executive, thank you for joining us again. The Chinese General Chamber of Commerce totally agrees and welcomes the Tomorrow Lantau Vision. It also demonstrates the determination of the Government to solve these long-term land and housing issues. However, since the announcement in your Policy Address, there has been quite a bit of controversies in the community. Can I ask, what would the Government be doing to try to tell the community that this is worthy and beneficial for Hong Kong's long-term development in the future?

Chief Executive: Thank you, Herman. I have said in my Policy Address that, having worked in the Government for 38 years, and now as the Chief Executive for 15 months, I have come to the view that it is simply not possible to get

a complete consensus on anything in Hong Kong, because Hong Kong is a free society of diversity. While I will continue to attach importance to public consultation and engagement, the lack of a complete consensus should not be the excuse for not doing things. That would be very detrimental to Hong Kong's future. So inevitably I have been expecting opposition and resistance to any form of reclamation. In fact, if I were not to talk about Lantau but to talk about other reclamations, like Ma Liu Shui, I am sure that the uproar will be even greater. The only way to convince the public is, of course, to continue to explain. We have been explaining, in fact, since earlier this year, that we don't have enough land. Through the Task Force on Land Supply, we have been explaining to the people of Hong Kong that we simply do not have enough land and I hope that this is now no longer an issue that has not got more or less a consensus.

And then the next question is if you don't have enough land, where do you get the land? I thought that there has also been a consensus that you need to have a multi-pronged approach to supply land. You also have to prepare for the rainy days, so it is not just the immediate need for land, but the future need of land. With those guiding principles, we conceived Lantau Tomorrow which we believe will address those aspirations of the people, but this is a very long process and a very complicated project that will last in the next 20, 30 years. We will continue to explain, we are not suggesting reclamation tomorrow or even next year, or even next two years, so there will still be enough time for us to explain to the public and I will appeal to every one of you to help us to explain why we need that sustained supply of land in order to meet, not only the housing needs but the business needs of Hong Kong.

Attendee: Eric Yim from Federation of Hong Kong Industries. Chief Executive, global manufacturing is now driven by technology innovation, and re-industrialisation will generate strong demand for STEM talents. However, the labour market of Hong Kong is short of these talents. Can you tell us whether the Government has any plan to groom our students in STEM or even STEAM education from a young age and sustain their interest thereafter?

Chief Executive: In the last 15 months or so, if you ask me the one single area that I have really put in a lot of personal attention is innovation and technology, and innovation and technology includes what Eric has just mentioned. In order to have sustained development of innovation and technology in Hong Kong, we need to have a sort of popular education about the importance of science and technology, engineering, mathematics, and even art. As the chairman of the Hong Kong Design Centre, you know better than many people that design or design-thinking is also very important for the modern economy. So we will continue to do that, and recently we have signed two co-operation arrangements with the Mainland authorities – one with the Ministry of Science and Technology, the other with the Chinese Academy of Sciences, and both co-operation agreements include co-operation on the basis of promoting STEM amongst students and the younger population. In terms of specific measures, we are giving \$900 million in total to the secondary and primary schools to promote whole-person education, and multiple pathways, that would include STEM education. We are supporting more students to go

abroad to participate in STEM competitions. We are upgrading our own Science Museum to promote popular appreciation of STEM and again, I'm sure every one of you could help to promote STEM education and appreciation amongst the people of Hong Kong. Let's work together and hopefully Hong Kong society will become a more tech-savvy society, and prepare our younger generation to rise to the challenge of the new economy.

Attendee: Chief Executive, thank you again for being with us, it's Andrew Seaton from the British Chamber of Commerce. It's something of a follow-on question to YK's question about the Greater Bay. I think businesses in Hong Kong were very excited by the Greater Bay strategy, both for the opportunities it offers them, but also for the opportunities it offers Hong Kong. I wonder if you could say something about how you see the way ahead in respect of the governmental and inter-governmental policy initiatives, regulatory initiatives, which you see as facilitating and taking best advantage of that opportunity for Hong Kong. Thank you.

Chief Executive: We all recognise that in order to have a successful Bay Area economy under "One Country, Two Systems", three customs jurisdictions, three legal systems, three currencies, there needs to be a high-level steer and co-ordination. That's why since the end of last year I have asked for the establishment of a high-level steering group to help us take forward the Greater Bay Area. And now we have it. On 15th of August, the Leading Group on the Greater Bay Area was established and the first meeting took place on 15th of August, and it is chaired by the Vice-Premier, Mr Han Zheng who is also in charge of Hong Kong and Macao affairs. For the first time, the Chief Executives of Hong Kong and Macao are made full members of this Leading Group, not only will we attend the meetings as a full member, but I have Vice-Premier Han Zheng's agreement that as a full member we can also suggest agenda items, write papers, present research ideas to the Leading Group. So that is a very important inter-governmental, or whatever you call it, steer, and it is not easy to get it because we have only seven leaders of that status and we managed to get the Vice-Premier to look after the Greater Bay Area.

Secondly, within the Greater Bay Area we need closer collaboration between ourselves and the Guangdong Province, which I'm very fortunate because I know the Guangdong Governor for several years when he was the party secretary in Shenzhen. With that sort of personal friendship, it does make our co-operation and communication much easier.

Third, in his latest guidance to us, President Xi Jinping said two days ago in meeting with the delegation from Hong Kong and Macao that we need to be bold and we need to be very innovative, and we need to look at boldness and innovation not only in individual initiatives, but in the system (é«"â^¶çš,,â%µæ-°), so whatever may not appear to be possible today could be possible, because this is innovation, and now we have a mechanism or forum to pursue those innovation. I think we have all the right ingredients to ensure success in the Greater Bay Area, let alone this enhanced connectivity with the opening of the Guangdong-Shenzhen-Hong Kong high speed train and also the bridge, and next year we'll open a new land border crossing to the eastern part of Shenzhen called the Liantang/Heung Yuen Wai. That's why on one

occasion I said that to pursue the Greater Bay Area at this point in time, we have really everything we need – we have all the things we need. It is now up to us, especially in Hong Kong, the Government, the business, the individuals, especially the young people, to seize those many opportunities and make the best use of these opportunities to grow Hong Kong's economy and to improve people's livelihood.

I think we're coming to an end of this Q&A and I want to take this opportunity to thank you again. I was told that every year the chambers organise this forum in very much the same way. But may I suggest a change for next year – you people do not have to treat me so kindly by giving me your questions in advance. I don't read your questions. If I don't have time to prepare for a speech, how could I have time to prepare for replies to questions? So, let's have a more impromptu, interactive session – you can ask whatever questions you like, and I will answer in a most genuine and sincere manner. Thank you very much.