

LCQ2: Measures to promote economic development

Following is a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon Andrew Leung in the Legislative Council today (May 22):

Question:

The Chairman of the Standing Committee of the National People's Congress remarked in April this year that with the emergence of some deep-rooted conflicts in the economy of Hong Kong, coupled with the impact brought about by the global financial crisis, the competitive edges of Hong Kong were weakening, and the primary task at the moment was to focus on our economic development. He also pointed out that the coming three years would be crucial for us to get out of the shadow of economic crisis, and Hong Kong should raise her alertness to crises, seize opportunities pragmatically, strive to create new competitive edges and take forward new developments. In this connection, will the Government inform this Council:

(a) of the new policies to consolidate the sustainable development of "the industries where Hong Kong enjoys clear advantages"; and

(b) how it will assist Hong Kong's industrial, commercial and professional services sectors in creating new competitive edges in the coming one or two years?

Reply:

President,

The Chief Executive (CE) has stated in his Policy Address that to promote sustainable economic development, the Government must be "appropriately proactive" and vigorously seize the opportunities arising from the shift of the global economic gravity to the East and the wave of development for the Mainland economy ushered in by the implementation of the National 12th Five-Year Plan. In this regard, as the Financial Secretary (FS) has emphasised in the Budget, we will strive to consolidate, expand and strengthen the advantages of our traditional pillar industries, and at the same time identify emerging industries with development potential, so as to broaden Hong Kong's economic base for long-term sustainable development. On the other hand, we will foster our economic integration with the Mainland to take advantage of its

market development. In the light of our policies as mentioned above, my reply to the Member's two-part question is as follows:

(a) As pointed out by the FS in the Budget, traditional pillar industries have been the major driving forces behind Hong Kong's economic development. These pillar industries have clear advantages internationally and are highly competitive. We must therefore expand and strengthen them to maintain our competitiveness. Currently, the four pillar industries are "trading and logistics", "tourism", "financial services" and "business and professional services".

Regarding the "trading and logistics industry", the Government has reserved sites for the trade to develop modern logistics facilities. Additional resources have been allocated to encourage companies' participation in the Hong Kong Authorised Economic Operator Programme operated by the Customs and Excise Department. The Government will explore how to make better use of the existing port facilities, and continue to promote the development of transport infrastructure. The Government will also assist local enterprises to tap new markets, including Southeast Asia and the BRICS countries.

To sustain the healthy development of the "tourism industry", the Government will assist in the further development of Ocean Park and Hong Kong Disneyland, and make comprehensive efforts in preparing for the commissioning of the Kai Tak Cruise Terminal. We will also collaborate with the travel trade on itinerary development and regional co-operation in order to reinforce Hong Kong's position as a regional cruise hub. Moreover, we will encourage the increase of hotel supply and enhancement of service quality, while seeking to host more mega events in Hong Kong.

As regards the "financial services industry", the Government will promote the diversification of business and products. We will further develop fund and asset management businesses, promote the sustainable development of the bond market, and enhance Hong Kong's competitiveness in the development of Islamic finance.

We will continue to assist the "business and professional services industry" in seizing business opportunities through relevant Government-to-Government platforms. For example, the Government has been assisting the services industry in Hong Kong, including the business and professional services sector, in gaining access to the Mainland market under preferential treatment in the context of the Closer Economic Partnership Arrangement.

On top of the above, the CE has established the Economic Development Commission (EDC), led by himself, to study from a high-level, cross-departmental and cross-sectoral perspective how to make the best use of Hong Kong's existing advantages and the opportunities made available by our country. The EDC will focus on studying the overall strategy and policy to broaden our economic base and enhance our long-term development, identify industries which present opportunities for further economic growth, and recommend policies and support measures for assisting these industries. Moreover, the CE has set up the Financial Services Development Council to provide views and suggestions from a high-level and cross-sectoral angle to the Government on how to promote the development of the financial services industry and reinforce Hong Kong's position as an international financial centre.

We believe that the existing specific measures, together with the views and suggestions provided by the high-level advisory bodies to the Government, can effectively help consolidate and sustain the development of the industries where Hong Kong has competitive edges.

(b) Apart from the measures mentioned in part (a) of this reply to support Hong Kong's industrial, commercial and professional services sectors, the FS has also mentioned in the Budget that the Government will continue to nurture emerging industries and support small and medium enterprises (SMEs) so that they can take advantage of the opportunities offered by the favourable general economic environment.

The Government will proactively provide appropriate support for emerging industries with the potential to flourish to facilitate their growth. Specifically, the Government will provide support for the cultural and creative industries in opening up more business opportunities and markets. The Government will also encourage the transformation of technology research outcomes into products with market potential, coupled with industrial production, to make an even greater contribution to Hong Kong's economy.

As for SMEs, we have extended the application period for the special concessionary measures under the SME Financing Guarantee Scheme for one year to the end of February 2014. We have also proposed to increase the cumulative amount of the grant for SMEs under the SME Export Marketing Fund from \$150,000 to \$200,000, subject to the meeting of relevant additional conditions. From March 1, 2013 onwards, the Hong Kong Export Credit Insurance Corporation has introduced a "Small Business

Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million, providing exporters with more flexibility in taking out insurance cover.

In addition, we will continue to make use of the \$1 billion dedicated fund set up last June to assist Hong Kong enterprises in upgrading and restructuring, developing brands and promoting domestic sales in the Mainland. To step up our efforts to assist more Hong Kong enterprises, especially SMEs, to gain access to the Mainland market, the Hong Kong Trade Development Council will set up more Design Galleries in Mainland cities other than Beijing and Guangzhou to offer platforms for Hong Kong enterprises to showcase their products.

As regards support to the professional services sector, the Government will continue to strive for more open trade conditions for the services industry in Hong Kong (including professional services) in the course of negotiating trade agreements with the Mainland and overseas countries, so as to facilitate the trade in exploring more business opportunities in these places. Furthermore, the Working Group on Professional Services under the EDC will consider possible areas of the professional services which have potential for further development and the Government support required to help enhance their competitiveness.

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