

LCQ5: Measures to facilitate economic development

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Following is a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by Dr Hon Lam Tai-fai in the Legislative Council today (November 13):

Question:

After chairing the third meeting of the Economic Development Commission (EDC) on October 31 this year, the Chief Executive told the media that the meeting discussed the land resources needed for the economic development of Hong Kong in future, the existing land use and how the future land use planning of Hong Kong will facilitate and support the development of various industries. The convenors of the four working groups under EDC also reported on the areas of transportation, manufacturing industries, innovative technology, and cultural and creative industries, convention and exhibition industries and tourism, and professional services. However, there are comments that EDC has yet to make any concrete proposal on the development of and support for the economy. In this connection, will the Government inform this Council:

(a) in the face of insufficient supply of land in Hong Kong, whether the Government has assessed which industries should be given support in their development when it plans the land resources needed for the future economic development of Hong Kong; if it has, how it will allocate industrial and commercial sites to various industries, and of the areas and locations of such sites; if not, the reasons for that;

(b) as the convenor of the Working Group on Professional Services of EDC has indicated that the Working Group hopes that the Government may strive to participate in the formulation of national policies, so as to prevent professional services from being neglected and bring opportunities to the local professional services sector, in particular in the striving for members of the sector to enjoy the same treatment as that enjoyed by Chinese nationals, of the areas in which the Government prepares to introduce mutual recognition of professional qualifications between the two places, and whether there are specific targets and timetables; if there are, of the details; if not, the reasons for that; and

(c) as the convenor of the Working Group on Convention and Exhibition Industries and Tourism of EDC has indicated that the Working Group aspired to develop at the end of the old Kai Tak Airport runway a world-class and most appealing tourist attraction, of the completion date of such tourist attraction, as well as the number of tourists it may

attract to Hong Kong, the amount of income it will generate for Hong Kong, and the number of jobs it may create annually as estimated by the Government; if it has not made such an estimation, the reasons for that?

Reply:

President,

In this year's Policy Address, the Chief Executive announced the establishment of the Economic Development Commission (EDC) to provide visionary direction and advice on the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development; and to explore and identify growth sectors or clusters of sectors which present opportunities for Hong Kong's further economic growth, and recommend possible policy and other support for these industries.

The EDC so far has held three meetings. Its four working groups respectively covering transportation; convention and exhibition industries and tourism; manufacturing industries, innovative technology, and cultural and creative industries; and professional services have also come into full operation. The EDC has formulated the overall work direction and discussed a number of important issues, including the demand and supply of manpower resources, and the land use demand and supply in Hong Kong. The working groups have also drawn up their respective work plans and initial recommendations or possible directions.

The working groups will conduct studies in detail to ascertain the feasibility of the initial recommendations or directions, and will examine with relevant Government departments the implementation details. We look forward to the early formal submission of specific recommendations by the EDC and its working groups for the Government's consideration and implementation as appropriate.

My reply to the three parts of the question is as follows:

(a) Economic activities and land supply are closely related. Therefore, when considering the development of and support for industries, the Government would take into account the land requirements of industries and address such requirements in a timely manner.

The Planning Department's Hong Kong 2030: Planning Vision and Strategy completed in 2007 covers, among others, the assessments on the future land demand for Central Business District (CBD) Grade A offices, general business (i.e. private offices excluding CBD Grade A offices, industrial/office buildings, flatted factories and private storages) and special industries (i.e. land for industries with specific requirements) in Hong Kong. In the light of the assessments, the Government has been adopting a multi-pronged approach to increase land supply for different economic activities, including the transformation of Kowloon East as another CBD having the potential to provide a floor area of about 4 million square metres. The Government will also progressively convert suitable government office buildings and "Government, Institution or Community" sites in existing CBD to commercial uses.

On the other hand, the EDC and its working groups are studying and considering what specific policies and measures the Government should implement to support individual industries. At this stage, no conclusion has been reached with respect to specific proposals on the land requirements of industries. However, as developable land is limited in Hong Kong, land-intensive or low value-added labour intensive industries may not be conducive to creating high quality employment opportunities and the long-term economic development of Hong Kong. As such, we believe that the EDC and its working groups will make focused recommendations on investing resources in high value-added and high-tech sectors or processes with competitive edges or good development potential.

The Government will continue to formulate appropriate measures in the light of the recommendations, including closely monitoring the relevant land supply and demand and updating the land use planning, so as to provide suitable land to support the policy on industrial and economic development, and optimise the use of the scarce land resources in Hong Kong.

(b) On the basis of the actual needs of individual professional service sectors, the Government will continue to pursue the implementation of liberalisation measures on recognition of professional qualifications between the Mainland and Hong Kong, which can be in the form of direct recognition, short-term/temporary recognition, mutual recognition, partial exemption from examination, etc. Moreover, the Government will strive for the same treatment as that enjoyed by the Mainland professionals and enterprises for Hong Kong professionals and enterprises, applicable across the whole country. This will facilitate the entry of Hong Kong's professional service sectors into the Mainland market as well as the development of the Mainland

professional services, and also help promote joint efforts of the professional service sectors and enterprises between the Mainland and Hong Kong to "go global" in tapping international markets and achieving win-win outcomes.

Different professional services have different considerations regarding their codes of practice, requirements, responsibilities and markets, etc. Therefore, the liberalisation measures to be pursued will vary in terms of form and staging. In essence, under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement, liberalisation measures on recognition of professional qualifications have already been implemented in different forms and stages for professional service sectors between the Mainland and Hong Kong. The Government will continue to liaise closely with the Mainland authorities to strive for a wider scope of professional recognition for Hong Kong's professional service sectors, and facilitate them to use their recognised qualifications to obtain registration for practice and setting up businesses in the Mainland, with a view to helping Hong Kong professionals and enterprises in expanding development opportunities for professional services.

(c) In this year's Policy Address, the Chief Executive stated that the former runway tip in the Kai Tak Development Area had excellent potential to be developed into a tourism and entertainment hub, and proposed that a recreational landmark - Kai Tak Fantasy (KTF) be set up on the site for the enjoyment of both local residents and visitors from around the globe. In this respect, the Government will launch an International Ideas Competition on Urban Planning and Design (the Competition) on the basis of the approved Kai Tak Outline Zoning Plan, with a view to collecting creative and outstanding designs and ideas on the overall planning, design and layout, etc. of the KTF. The purpose is to turn this valuable piece of prime urban land into a world class tourism destination for the enjoyment of both local residents and visitors, and bring economic benefits to Hong Kong.

We hope that the Competition would attract creative and outstanding proposals and ideas. The Government will publicise the details of the Competition later this year. The results of the Competition are expected to be announced around end 2014. Since the specific projects and designs would only be finalised after the Competition, the additional economic benefits to be generated could not be estimated at this stage.

Thank you, President.

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