

Speech by Secretary for Economic Development and Labour (part 1)

Following is the speech by the Secretary for Economic Development and Labour, Mr Stephen Ip, at the special meeting of Finance Committee at Legislative Council (part 1 - economic development) today (April 1):

Chairman,

In view of limited time, I will briefly outline the work priorities of the Economic Development Branch in the coming year.

Tourism

After the SARS crisis last year, the tourism industry recovered in the second half of the year. As a result, overall visitor arrivals in the year amounted to 15.5 million, still the second highest on record.

On major tourism facilities, the Hong Kong Disneyland project is progressing well and on schedule for its targeted opening in 2005. Phase 2 of the Hong Kong Wetland Park is scheduled to open at the end of 2005. The Tung Chung Cable Car System is also due to operate in early 2006. By 2007, the heritage hotel converted from the former Marine Police Headquarters will be in operation. We will shortly invite private sector proposals to develop the Central Police Station, Victoria Prison and the former Central Magistracy Compound into a heritage tourism attraction.

On cruise berthing facilities, relevant departments are reviewing the future development of Southeast Kowloon (SEK) in the light of the court's judgment on reclamation in Victoria Harbour. Work is also in hand to identify a suitable site for berthing facilities to meet market demand.

On eco-tourism, we have selected Tung Ping Chau, and North of Tolo Channel and Plover Cove Reservoir as two pilot areas.

On development of new attractions, we launched "A Symphony of Lights" in January - a show featuring special light treatments along the harbour. We are considering the development the second phase on the Kowloon side. Another new tourist attraction: the "Avenue of Stars" in Tsim Sha Tsui Promenade will open by end of this month.

In tandem with developments of the tourism industry, an amount of \$95.1 million will be used for enhancing marketing efforts in the Mainland, enhancing service quality and promoting a hospitable culture in the tourism sector.

Logistics Development

We will continue to promote the development of the logistics industry in Hong Kong.

We are in discussion with Tradelink Electronic Commerce Limited with a view to concluding an operating agreement to launch the Digital Trade and Transportation Network (DTTN) System next year. To enhance Hong Kong's capability in providing one-stop integrated logistics services, we are actively pursuing the development of a Value Added Logistics Park (VALP) at Tai Ho on North Lantau.

On enhancing cross-boundary logistics co-operation, we are finalising the report of the Mainland-Hong Kong Logistics Co-operation Study jointly commissioned with the National Development and Reform Commission. Initial findings of the study confirm the strategic importance of cross-boundary logistics co-operation, and recommend the two sides pursue closer co-operation through specific initiatives such as logistics pipelines and inland freight villages. We will evaluate the recommendations of the study and, in consultation with industry players and the authorities in the Pearl River Delta region, identify initiatives for implementation.

Port and Shipping Development

On port development, the Hong Kong port has a satisfactory growth that represents an increase of 7 % over 2002. This made Hong Kong the world's busiest container port again.

To meet the demand for port facilities, the six-berth Container Terminal 9 will be completed by the end of this year. On long-term port development planning, we are finalising the study on the competitive strategy as well as the location and timing for developing Container Terminal 10 put forward in the study on "Hong Kong Port - Masterplan 2020" and will consult the industry shortly.

On shipping, the Hong Kong Shipping Register has continued to grow at a remarkable pace. The gross tonnage of the register reached over 20 million tons last year, an increase of about 28% over 2002, making Hong Kong the world's eighth largest shipping register. An additional provision of \$9 million over the coming few years has

been made for practitioners to receive necessary training to qualify for professional examinations.

Civil Aviation and Airport Development

On civil aviation, we will continue to take proactive measures to maintain our position as an international and regional aviation hub.

We will actively pursue the progressive liberalisation policy in air services by concluding more new air services agreements and expanding our existing arrangements. We will continue to expand our air aviation network by increasing the number of air services. In view of the significant growth in helicopter services in recent years, we will also identify suitable sites for developing heliports to facilitate the long-term development of helicopter services.

In partnership with the Airport Authority (AA), we will enhance the competitiveness of the Hong Kong International Airport, extend its passenger and cargo catchment area. To strengthen the market discipline in the running of the HKIA, we are preparing for the privatisation of the AA.

Furthermore, we will continue to maintain high standards in air traffic management and regulatory control to ensure that Hong Kong's air services are efficient, safe and secure.

Energy

On energy, we are considering options for the future development of the electricity sector after the expiry of the current Scheme of Control Agreements in 2008. We will also continue to enforce vigilantly regulatory control relating to public safety.

Chairman, we are happy to answer from Members.

Ends/Thursday, April 1, 2004