
Chapter 1

Economic Development

Preamble

Continuous and sustainable economic growth is a prerequisite for Hong Kong to tackle housing, poverty, ageing population and environmental problems. Promoting economic development is the primary goal of the Government. We are committed to maintaining a business-friendly environment with a simple and low tax regime. It is pivotal for us to continue to invest in world-class infrastructure to support our economic development and sharpen our competitive edge.

To promote economic development, the Government will be “appropriately proactive”. The Government has established the Economic Development Commission and the Financial Services Development Council to formulate a holistic industrial policy and identify ways to further Hong Kong’s economic success. The Government will also continue to advance economic and financial co-operation with the Mainland by capitalising on the enormous growth opportunities arising from the implementation of the National 12th Five-Year Plan.

The Trading and Logistics Industry is the biggest contributor to Hong Kong’s economy. We will continue to strengthen our trade and economic relations with the Mainland and overseas countries to secure better access to their markets. In particular, we will assist our business

and service industries to tap the Mainland market by taking advantage of the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA).

In maintaining Hong Kong’s status as an international financial centre and the competitive edge of our financial services industry, the Government works actively to modernise the regulatory framework, strengthen investor protection, and promote the diversification of services and products.

Hong Kong’s economic success is built on our firm belief in, and respect for, the rule of law. We shall continue to promote the development of Hong Kong as an international legal and dispute resolution services centre in the Asia Pacific region, which will be a positive force to foster our economic development.

New Initiatives

We will:

Economic and Trade Relations with the Mainland

- Set up a liaison unit each in the Northern and Eastern Regions of the Mainland to strengthen the work of the Beijing Office, the Shanghai Economic and Trade Office of the Government of the Hong Kong Special Administrative Region and, after the establishment of the Wuhan Economic and Trade Office, make preparation for setting up a liaison unit in the Central Region of the Mainland. (CMAB)

Economic and Trade Relations with Overseas Countries

- Commence negotiation of a free trade agreement with the Association of Southeast Asian Nations and continue to participate in the Trade in Services Agreement negotiation for securing more favourable access to the relevant markets for Hong Kong businesses. (CEDB)
- Liaise with countries and regions with close relationship on tourism and economic development to implement reciprocal use of automated clearance service for visitors. (SB)

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- Work closely with relevant ministries of the Central Government and the Asia-Pacific Economic Cooperation Secretariat to ensure successful organisation of the Finance Ministers' Meeting in Hong Kong in September 2014. We will make use of this opportunity to showcase Hong Kong as China's global financial centre, explore economic co-operation opportunities with other economies in the region, and contribute to the chairmanship of the Asia-Pacific Economic Cooperation 2014 by our country. (FSTB)

Centre for International Legal and Dispute Resolution Services in the Asia Pacific Region

- Conduct a study on the development of arbitration in Hong Kong and the challenges and opportunities that Hong Kong faces as a regional centre for international arbitration in the Asia Pacific region. (DoJ)
- Enhance the promotion of legal and dispute resolution services of Hong Kong in emerging economies in the Asia Pacific region. (DoJ)
- Establish an advisory committee to advise on and co-ordinate the development and promotion of Hong Kong as an international arbitration centre in the Asia Pacific region. (DoJ)
- Conduct a "Mediation Week" and produce new promotional video and audio clips to enhance the understanding of mediation among members of the public, government officers as well as the stakeholders of various sectors and to promote its wider use as a means of dispute resolution. (DoJ)

- Take up the former French Mission Building upon the relocation of the Court of Final Appeal from there and provide space in the Building for office and related use by legal and dispute resolution institutions, on top of the allocation of certain office space to them in the West Wing of the former Central Government Offices, in order to facilitate them to develop services in Hong Kong. (DoJ)

International Trading and Shipping Centre

- Consider appropriate measures to meet the future demand for convention and exhibition facilities in order to compete more effectively with other economies in the region. (CEDB)
- Take forward a consultancy recommendation to examine the feasibility of setting up a statutory body to drive the development of the maritime services in Hong Kong. The proposed body will be responsible for driving the diversification and development of maritime services, manpower training, as well as conducting policy research etc., with a view to strengthening and enhancing Hong Kong's position as an international maritime centre. (THB)

Civil Aviation Training Institute

- With the preliminary support of the Working Group on Transportation under the Economic Development Commission, conduct a study on the feasibility of establishing a civil aviation training institute, with a view to enhancing the skills for local and overseas practitioners of the aviation industry, thereby nurturing talents for the aviation industry, enhancing the level of safety and efficiency of air transport, and further strengthening Hong Kong's leading status as a major aviation hub in the region. (THB)

Creative Industries

- Formulate initiatives to encourage cinema patronage for Hong Kong produced movies so as to promote development of the local film industry. (CEDB)

Innovation and Technology Industries

- Establish a framework for Information and Communications Technology (ICT) professional recognition in Hong Kong, with reference to international practices and frameworks of other economies, so as to raise the professional profile of local ICT professionals. (CEDB)
- Strengthen our support for commercialisation of research and development (R&D) outcome and private sector R&D. (CEDB)

Assess Future Demand and Supply of Economic Land Use

- Review future land requirement of major economic uses, including, among others, industrial uses. (DEVB/CEDB)

Improving Regulatory Infrastructure

- Introduce the Registered Fire Engineer Scheme with a view to engaging third party to participate in fire safety certification and facilitating business operation. (SB)
- Launch a public consultation exercise on proposals to further enhance the independence of the auditor oversight regime from the audit profession. (FSTB)

On-going Initiatives

We are:

Economic Development Commission

- Supporting the work of the Economic Development Commission to explore and identify growth sectors or clusters of sectors which present opportunities for Hong Kong's further economic growth. The Commission will recommend possible policy and other support for these industries. (CEDB)

Economic and Trade Relations with the Mainland and Regional Co-operation

(a) National Five-Year Plans

- Implementing the policy initiatives outlined in the Chapter on Hong Kong and Macao of the National 12th Five-Year Plan, and commencing the preparatory work to complement the drafting of the National 13th Five-Year Plan. (CMAB)

(b) CEPA

- Seeking to further expand CEPA with a view to securing for our businesses better access to the Mainland market. (CEDB)
- Working with Mainland authorities through CEPA Joint Working Group to assist our businesses in using CEPA to tap the Mainland market. (CEDB)

(c) Regional Co-operation

- Deepening regional co-operation through our co-operation mechanisms with the Pan-Pearl River Delta Region, the Guangdong Province, the Municipalities of Beijing, Shanghai and Shenzhen, and the Macao Special Administrative Region. (CMAB)
- Continuing to complement the efforts of the Guangdong provincial government, as well as the municipal governments of Guangzhou, Zhuhai and Shenzhen, in pushing forward the development of Nansha, Hengqin and Qianhai respectively. (CMAB)
- Strengthening exchanges and co-operation between Hong Kong and Taiwan in trade, tourism, cultural, social livelihood and other fronts through the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council and the Hong Kong Economic, Trade and Cultural Office in Taiwan. (CMAB/CEDB/HAB)
- Enhancing legal co-operation with Guangdong pursuant to the Framework Agreement on Hong Kong/Guangdong Co-operation. (DoJ)

(d) Supporting Hong Kong Residents and Enterprises in the Mainland

- Working closely with Hong Kong enterprises in the Mainland, and supporting them in developing brands, upgrading and restructuring operations, and exploring the domestic sales market through the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales. (CEDB)

- Enhancing the functions of the Mainland offices of the Government and strengthening their working relationship with the Mainland offices of the Hong Kong Trade Development Council and the Hong Kong Tourism Board to better assist Hong Kong residents and enterprises in the Mainland. (CMAB)
- Making preparation for the establishment of a new Wuhan Economic and Trade Office in 2014. (CMAB)
- Enhancing legal co-operation in civil and commercial matters between Hong Kong and the Mainland, so as to facilitate the resolution of civil and commercial disputes in a more cost-effective manner. (DoJ)

(e) Encouraging Investment in Hong Kong

- Encouraging more enterprises from overseas, the Mainland, Taiwan as well as emerging markets like the Association of Southeast Asian Nations to invest in Hong Kong and strengthening aftercare services to encourage those enterprises already established in Hong Kong to upgrade their presence. We are also helping our enterprises tap the business opportunities in these markets. (CEDB)

Economic and Trade Relations with Overseas Countries

- Seeking to enter into trade arrangements and investment agreements with more overseas economies to secure for our businesses better access to those markets. (CEDB)

Financial Services Sector

(a) Financial Services Development Council

- Supporting the work of the Financial Services Development Council as a high-level cross-sectoral advisory body to the Government in mapping out the strategic direction for the financial services industry, and engaging the industry and formulating proposals to promote its further development. (FSTB)

(b) Promoting Market Development

- Continuing to advance financial co-operation with the Mainland by reinforcing the offshore Renminbi business platform; co-ordinating the implementation of relevant measures announced by the Central Authorities and pursuing initiatives under various co-operation frameworks and agreements. (FSTB)
- Consolidating our leading role as the asset management centre in the Asia Pacific region, and striving to develop Hong Kong into a more comprehensive fund and asset management centre through –
 - preparing amendments to the Inland Revenue Ordinance to extend the profits tax exemption for offshore funds to include transactions in private companies which are incorporated or registered outside Hong Kong and do not hold any Hong Kong properties nor carry out any business in Hong Kong;
 - formulating legal framework to introduce Open-ended Investment Companies for setting up investment funds;

- attracting Islamic financial transactions by promoting the newly enacted taxation framework for Islamic bonds (i.e. sukuk) and our market infrastructure to target audiences; and
 - promoting the reformed trust law to maximise its benefits to our trust services industry. (FSTB)
- Promoting the development of the bond market by implementing the issuance schedule of the Government Bond Programme and expanding the size and product types of the Programme. (FSTB)

(c) Enhancing Market Quality and Investor Confidence

- Introducing the Insurance Companies (Amendment) Bill into the Legislative Council (LegCo) in 2014 for establishing an independent Insurance Authority to enhance sustainable development of the insurance industry. (FSTB)
- Preparing legislation for the establishment of a policyholders' protection fund for better protection of policyholders. (FSTB)
- Preparing for the implementation of the new Companies Ordinance in March 2014, which will facilitate business, enhance corporate governance, ensure better regulation and modernise our company law. (FSTB)
- Promoting the quality of our financial markets through enhancing the regulatory regime and our financial infrastructure, including –
 - establishing a regulatory regime for the over-the-counter derivative market;

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- enabling the introduction of an uncertificated securities regime; and
 - consulting the public on policy concepts for establishing an effective resolution regime for financial institutions in Hong Kong. (FSTB)
- Working with the Hong Kong Monetary Authority to improve the capital, liquidity and disclosure standards for banks in line with Basel III, to further enhance the resilience of our banking system. (FSTB)
 - Preparing legislation to amend the Clearing and Settlement Systems Ordinance and the Banking Ordinance to provide a regulatory regime for stored value facilities and retail payment systems. The aim is to enhance the safety and soundness of such electronic payment products and services. (FSTB)
 - Preparing legislation for improving Hong Kong's corporate insolvency regime, and engaging stakeholders on proposals for a statutory corporate rescue procedure. (FSTB)
 - Reinforcing our efforts in implementing anti-money laundering measures, stepping up risk assessment and participating actively in the Financial Action Task Force. (FSTB)

Centre for International Legal and Dispute Resolution Services in the Asia Pacific Region

- Working with Mainland Authorities and the legal profession and arbitration institutions in Hong Kong to facilitate Hong Kong professionals to provide legal and dispute resolution services in the Mainland, particularly Qianhai and Nansha. (DoJ)

- Further fostering the development of mediation services in Hong Kong with the efforts of the Steering Committee on Mediation chaired by the Secretary for Justice. Towards this end, we will enhance public education and publicity regarding the use of mediation, monitor the implementation of the Mediation Ordinance and the operation of the Hong Kong Mediation Accreditation Association Limited as a regulatory body, and also consider the need to introduce apology legislation. (DoJ)
- Creating a favourable environment and infrastructure to facilitate legal and dispute resolution institutions to develop services and set up permanent presence in Hong Kong, including the allocation of certain office space to them in the West Wing of the former Central Government Offices. (DoJ)

Tourism

- Preparing for the establishment of the Travel Industry Authority and the implementation of the new regulatory framework of the tourism sector. (CEDB)
- Overseeing the development of the Kai Tak Cruise Terminal to ensure timely completion of the second berth in 2014. We are supporting the Hong Kong Tourism Board's promotion on cruise tourism and working closely with the Advisory Committee on Cruise Industry and the trade to develop Hong Kong into a leading cruise hub in the region. (CEDB)
- Supporting the Hong Kong Tourism Board to continue its promotion work in target source markets generally and particularly in respect of meetings, incentive travels, conventions and exhibitions markets. (CEDB)

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- Facilitating the Ocean Park to implement its waterpark and hotel projects. (CEDB)
 - Pursuing with the Hong Kong Disneyland the plans for further expansion with new attractions and hotels within the existing area of the Park. (CEDB)

International Trading and Shipping Centre

- Taking forward initiatives under the Maritime and Aviation Training Fund to support manpower development for the maritime and aviation industry. (THB)
- Working with industry players to consolidate and enhance our position as an international maritime centre. (THB)
- Implementing measures to enhance the competitiveness of the Hong Kong Port. (THB)
- Facilitating the provision of high value-added third party logistics services in Hong Kong by making available suitable sites for the development of modern logistics facilities. (THB)
- Pursuing measures to facilitate the movement of goods across the boundary, including the “Authorized Economic Operator Programme” which allows cargoes handled by qualified companies to enjoy expedited customs clearance in Hong Kong and by our trading partners. (CEDB)

Creative Industries

- Reviewing, in consultation with the Film Development Council and the relevant stakeholders, the way forward of the Film Development Fund and the Film Guarantee Fund as the means to support the development of the film industry. (CEDB)
- Taking forward the First Feature Film Initiative to groom new filmmakers and their production teams by sponsoring their film production projects. (CEDB)
- Promoting the Comix Home Base and the former Police Married Quarters at Hollywood Road as the creative landmarks for Hong Kong's ani-com and design sectors respectively. Both are also examples of revitalisation of heritage buildings. (CEDB/DEVB)

Innovation and Technology Industries

(a) Promoting R&D

- Promoting applied R&D and technology transfer to the industry, in particular small and medium sized enterprises, through the R&D Centres and financial support from the Innovation and Technology Fund and R&D Cash Rebate Scheme. (CEDB)
- Capitalising on the opportunities presented by the National 12th Five-Year Plan and working with stakeholders to enhance collaboration with the Mainland on science and technology and promote realisation of R&D results. (CEDB)
- Working closely with the Hong Kong Science and Technology Parks Corporation on the development of Science Park Phase 3 and the revitalisation of industrial estates. (CEDB)

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- Organising a wide range of promotional activities in 2014, including the InnoTech Month, to enhance the community's awareness of innovation and technology. (CEDB)

(b) Promoting ICT

- Facilitating the development of the local ICT industry by –
 - encouraging collaboration and exchanges with the Mainland to explore business opportunities;
 - organising ICT awards to recognise and promote Hong Kong's ICT achievements; and
 - collaborating with the industry and academia to nurture ICT talents. (CEDB)
- Working with our technology partners and the ICT industry to organise the International IT Fest in 2014 to showcase Hong Kong's developments and accomplishments as a regional ICT hub. (CEDB)
- Implementing measures to encourage the use of industrial buildings and industrial lots for developing data centres and providing one-stop support to assist interested enterprises to set up data centres in Hong Kong. (CEDB)
- Implementing initiatives and programmes to encourage small and medium enterprises to take advantage of ICT to increase efficiency and productivity; and develop business opportunities. (CEDB)

- Driving wider development and use of cloud computing service in Hong Kong through promoting the adoption of information security management system standards and good practices on the provision and use of cloud services. (CEDB)
- Promoting information security to the public on the proper use of ICT facilities and ways to protect their ICT resources and information assets. (CEDB)
- Making available more Public Sector Information in digital formats on the “Data.One” portal to facilitate their use as a vehicle to encourage creativity, innovation and entrepreneurship. (CEDB)
- Promoting city-wide Wi-Fi for citizens and visitors. (CEDB)

Testing and Certification Industry

- Working closely with the Hong Kong Council for Testing and Certification to –
 - implement its enhanced market-driven development plan; and
 - continue exploring business opportunities in testing and certification services required by selected trades. (CEDB)

Construction Industry

- Investing in infrastructure development to promote economic growth, create employment opportunities and enhance the long-term competitiveness of Hong Kong. (DEVB)

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- Formulating new initiatives to build up capacity, facilitate healthy growth, encourage innovation and creativity and enhance manpower development for the construction industry. (DEVB)
 - Continuing the preparatory work for introducing a new legislation in 2015-16 to enhance the security of payment in construction-related contracts to improve cash flow of the construction supply chain. (DEVB)
 - Enhancing our capability to resolve cross-bureau and cross-departmental issues relating to the delivery of major infrastructure, and to address strategic issues which might impede progress in major infrastructure projects. (DEVB)

Enhancing Wine Trading

- Supporting wine trading and distribution businesses in Hong Kong, riding on growing demand across Asia. In particular, we are assessing the manpower needs of the industry for sustaining its growth and development. (CEDB)

Broadcasting and Mobile Telecommunication

- Monitoring the implementation of digital terrestrial television and continuing publicity efforts to further boost up the take-up rate. (CEDB)
- Monitoring the implementation of digital audio broadcasting service and organising publicity campaign to promote the service. (CEDB)
- Handling the television/sound broadcasting licensing and regulatory matters. (CEDB)

- Implementing the reassignment of the frequency spectrum currently used for the provision of 3G mobile services upon expiry of the existing assignment in October 2016. (CEDB)
- Monitoring the effectiveness of a two-year pilot industry Customer Complaint Settlement Scheme to help resolve, through mediation, billing disputes in deadlock between telecommunications service providers and their customers. (CEDB)
- Overseeing the development plans for Radio Television Hong Kong as a public service broadcaster. (CEDB)

Improving Regulatory Infrastructure

- Updating our tax information exchange regime to meet international standard for enhancing tax transparency and preventing fiscal evasion. (FSTB)
- Preparing for the full implementation of the Competition Ordinance in collaboration with the Competition Commission and the Judiciary. (CEDB)
- Fully implementing the amendments to the Trade Descriptions Ordinance to enhance protection for consumers against unfair trade practices. (CEDB)
- Working closely with the relevant stakeholders, including the Judiciary, to map out the way forward on the review of the Control of Obscene and Indecent Articles Ordinance following the completion of a second round of consultation in July 2012. (CEDB)

Intellectual Property

- Working with stakeholders on the overall strategies and support measures to develop and promote Hong Kong as a premier intellectual property trading hub in the region. (CEDB)
- Working to develop and implement an “Original Grant” Patent System that would be commensurate with our efforts to develop Hong Kong into a regional innovation and technology hub. (CEDB)
- Engaging stakeholders to explore how our copyright regime should evolve to take care of parody as appropriate and to strengthen copyright protection in the digital environment. (CEDB)

Agricultural and Fisheries Development

- Devising policy and measures to sustain and upgrade the development of local agricultural and fisheries sectors. (FHB)