

Vibrant Economy

Preamble

We will anchor economic development as the focus of the Government and help the economy power ahead at full steam; uphold the principles of “Big Market, Small Government” and “Market Leads, Government Facilitates”; adhere to the principles of free enterprise and fair competition, respect private ownership and honour contractual obligations; adopt an economic strategy rooted in leveraging China’s growth for Hong Kong’s global economic success to consolidate and strengthen Hong Kong’s position as “Asia’s World City” and maintain and strengthen the territory’s status as an international centre of financial services, trade and shipping, etc; and support Hong Kong’s development on all fronts such as financial services, logistics, tourism and information services. We will make job creation an important consideration in formulating public policies. We will increase investment in our infrastructure, enhance employment opportunities and upgrade our human capital. While doing this, we will maintain our traditional institutional strengths including the rule of law, a level playing field, clean and efficient government, free flow of information, low and simple taxes and good order, to provide a business-friendly environment.

New Initiatives

We will:

- Intensify efforts to promote awareness of and respect for intellectual property rights in the business sector, and to assist businesses, in particular small and medium enterprises (SMEs), to achieve intellectual property compliance.
- Plan, in the light of views collected at the public consultation, to introduce legislation in the 2006-07 legislative session to effect the establishment of a new Communications Authority by merging the functions of the Broadcasting Authority and Telecommunications Authority to enhance regulatory co-ordination and efficiency and facilitate further development of the electronic communications industry.
- Rationalise the institutional framework of government and public organisations in respect of film industry development and support through entrusting the Secretary for Commerce, Industry and Technology (SCIT) to co-ordinate the relevant policy, planning and activities, including manpower training, Mainland and overseas promotion, and filming support. We will set up a Hong Kong Film Development Council, mainly comprising members of the film industry, to support the SCIT.
- Promote Hong Kong design and encourage the use of design for adding value to our goods and services through enhanced support for the Hong Kong Design Centre.

- Review and reappraise our information protection capabilities across our use of cyberspace. This review will focus on existing government standards and practices while ensuring we consult industry fully on more advanced approaches where they apply. We will also extend our information security awareness and public education programme to ensure that all citizens and businesses can move forward in the cyber world with confidence.
- Set up two Youth Employment Resource Centres to provide one-stop advisory and support services on employment and self-employment to youths aged between 15 and 29.
- Replace the Civil Aviation Department's (CAD) air traffic control system and develop a new CAD Headquarters on the Airport Island to accommodate under one roof the department's various divisions which are currently scattered geographically with a view to better utilising resources to support the long-term growth of the aviation industry.
- Plan actively for the widening of the town centre section and improvement of the expressway section of Tuen Mun Road.
- Identify ways to broaden the source of corporations seeking to use Hong Kong as a platform for listing, with a view to facilitating listings of quality overseas companies.
- Stage an Asian Financial Forum to, inter alia, highlight Hong Kong's position as an international financial centre.

- Conduct a joint study with the Shenzhen Municipal Government to establish the need, function and benefits of developing the Eastern Corridor (Liantang/Heung Yuen Wai Control Point), and in parallel proceed with an internal study on the Hong Kong side for the new crossing. We will strive to complete the necessary evaluation and planning study of the Eastern Corridor in early 2008.

Ongoing Initiatives

We are:

- Continuing to strengthen regional co-operation between the Mainland and Hong Kong following the establishment of the Mainland Affairs Liaison Office in the Constitutional Affairs Bureau and the setting up of new Economic and Trade Offices in Chengdu and Shanghai.
- Participating actively in Pan-Pearl River Delta (PPRD) regional co-operation to implement the PPRD Regional Co-operation Framework Agreement signed in June 2004 with the governments of the various PPRD provinces and regions.
- Finalising the arrangements for the setting up of an Economic and Trade Office in Berlin to strengthen our economic and trade representation in Europe.
- Participating actively in the work of the World Trade Organization to bring about continual trade liberalisation and to promote and protect the trade interest of Hong Kong.
- Working closely with the Mainland authorities at the central, provincial and municipal levels to ensure the smooth and effective implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); promoting greater understanding of the opportunities under CEPA; and making use of the standing consultation mechanism of CEPA to seek to discuss with the Mainland authorities on further trade liberalisation and additional market access opportunities for Hong Kong goods and services.

- Undertaking joint promotional efforts with relevant authorities in the Mainland to attract more overseas enterprises to invest in Hong Kong and use Hong Kong as a platform to tap the business opportunities in the Mainland.
- Stepping up promotional efforts to attract Mainland enterprises to invest in Hong Kong and to use Hong Kong to reach out to the rest of the world.
- Continuing promotional efforts to attract more overseas enterprises to invest in Hong Kong and to set up regional headquarters or regional offices in Hong Kong.
- Taking the Copyright (Amendment) Bill 2006 through the legislative process with a view to enacting it within the 2006-07 legislative session.
- Continuing to review how to give more effective protection of copyright in the digital environment, with a view to launching a public consultation exercise in end 2006.
- Pursuing a series of measures to facilitate the movement of people and goods across the boundary including the establishment of a new boundary control point for the Hong Kong-Shenzhen Western Corridor and installation of automated passenger, vehicle and cargo clearance systems.
- Continuing to assist SMEs through the SME funding schemes.
- Reviewing and updating the existing telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services.

- Enabling, via a pilot scheme, the commercial exploitation of the intellectual property in the government IT systems originally developed by contractors for creating a better business environment for Hong Kong.
- Operating a new standing offer procurement facility for IT professional services that focuses on overall value to the Government and sustains the vibrant economy.
- Exploring further opportunities of data centre outsourcing with a view to improving operational efficiency and fostering the development of the local IT industry.
- Mapping out an implementation plan for piloting e-procurement at departmental level to deal with low-value, high volume purchases to improve internal efficiency and encourage external suppliers to adopt e-commerce.
- Implementing the framework for the migration from analog to digital terrestrial television broadcasting with a view to commencing digital terrestrial television broadcasting by 2007 and achieving within 2008 digital coverage for 75% of the area of Hong Kong.
- Continuing the review on the broadcasting regulatory regime and assessment of the impact of technological and market convergence in order to facilitate the development and advancement of the electronic communications industry and services.
- Completing a review of the Digital 21 Strategy in 2006 and promulgating the updated Strategy in 2007 to set out a blueprint for harnessing the benefits of information technology for business and citizens and to strengthen Hong Kong's position as a leading digital city in the world.

- Continuing to position Cyberport as the one-stop hub by providing a variety of infrastructure, resources and support services to the digital entertainment industry in Hong Kong.
- Implementing the new strategic framework for innovation and technology development through the five newly-established research and development (R&D) centres to conduct applied R&D and promote technology transfer to the industry.
- Continuing to enhance collaboration in science and technology with the Mainland through the Mainland-Hong Kong Science and Technology Co-operation Committee.
- Continuing to work closely with the Guangdong Provincial Department of Science and Technology under the Expert Group on Co-operation in Innovation and Technology of the Hong Kong-Guangdong Co-operation Joint Conference to promote research and development collaborations between research institutions and enterprises in the region.
- Implementing the DesignSmart Initiative to promote wider use of design and innovation in industries to help them move up the value chain.
- Working with the International Telecommunication Union (ITU) to ensure the successful hosting of the ITU TELECOM WORLD 2006 in Hong Kong in December 2006.
- Reviewing and developing a comprehensive radio frequency spectrum management and policy framework to ensure more effective and flexible utilisation of radio frequency spectrum that will facilitate technological development and evolution of business models.

- Continuing to consult the industry in order to develop a framework for the deployment of broadband wireless access technologies and services.
- Taking the Unsolicited Electronic Messages Bill through the legislative process with a view to enacting it within the 2006-07 legislative session.
- Assisting in the development of Hong Kong as a regional centre for legal services and dispute resolution.
- Continuing to review the law of arbitration with a view to making it more user-friendly and thereby attracting more international arbitrations to Hong Kong.
- Overseeing socio-legal research being conducted by consultants into the supply of, and demand for, legal services in the community.
- Contributing to the development of a legal services information website.
- Facilitating further discussions with Mainland authorities on legal co-operation; implementing legal co-operation agreements with individual Mainland Justice Department or Justice Bureau; enhancing exchanges between Hong Kong legal profession and the Mainland counterparts; and promoting greater understanding among Hong Kong lawyers of business opportunities in the Mainland.
- Exploring with Hong Kong legal profession, and discussing and concluding with Mainland authorities, on further market access opportunities for legal services under CEPA.

- Discussing with the two electricity companies the terms of the new Scheme of Control Agreements to succeed the existing ones which will expire in 2008. We will take into account public views received during the Stage II Public Consultation on “Future Development of the Electricity Market in Hong Kong” in finalising the agreements and mapping out the long-term development of our electricity market.
- Reviewing the Government’s competition policy in the light of recommendations by the Competition Policy Review Committee, with a view to putting forward recommendations following the completion of a public consultation exercise in 2007.
- Reviewing the recommendations in the consultancy report on competition in the auto-fuel market and considering preventive measures against cartel behaviour, either through general or sector-specific competition laws. The report was released in April 2006. The consultant concluded that there was no clear evidence of collusion by the oil companies in setting prices for auto-fuel.
- Operating the new job centres in Yuen Long and North District to provide a full range of employment services to job-seekers living in these two districts.
- Continuing with the Youth Work Experience and Training Scheme and the improvement measures introduced in 2005 under the Youth Pre-employment Training Programme to enhance its vocational training value.
- Continuing with the Employment Programme for the Middle-aged and the Work Trial Scheme for unemployed persons having special difficulty in finding jobs.

- Continuing with the Work Orientation and Placement Scheme to help place people with disabilities into employment.
- Extending the Special Incentive Allowance Scheme for Local Domestic Helpers (LDH) by one year to further promote the LDH market.
- Extending and regularising some of the temporary jobs in the public sector to meet operational needs.
- Reviewing the demand for air services from time to time and continuing to formulate development strategy to support the continued growth and development of the civil aviation industry.
- Continuing to assist the Airport Authority to expand intermodal connections to strengthen the links between the Hong Kong International Airport and the Pearl River Delta region.
- Reviewing the feedback from the consultation exercise on the partial privatisation of the Airport Authority.
- Continuing to implement the measures recommended by the Hong Kong Port-Master Plan 2020 Study to enhance the competitiveness of the Hong Kong Port.
- Conducting the Port Cargo Forecast Study to work out the optimal timing for the construction of Container Terminal 10.
- Conducting the Ecology Study on Northwest Lantau to assess the environmental suitability of this location for the development of Container Terminal 10.
- In the context of cross-boundary logistics co-operation, further enhancing collaboration on the basis of the achievements so far, and continuing to discuss with the Guangdong authorities

measures to reduce cross-boundary trucking cost, with a view to enhancing freight flow and logistics efficiency between the two sides.

- Conducting a detailed feasibility study on the Lantau Logistics Park project to fulfil the statutory requirements for the subsequent zoning and reclamation of the site for the Park.
- Monitoring the implementation of the Digital Trade and Transportation Network (DTTN) services in accordance with the Operating Agreement signed with the DTTN Limited.
- Taking steps to expedite the development of new cruise terminal facilities.
- Liaising closely with Ocean Park Hong Kong and relevant parties to ensure smooth implementation of the Redevelopment Project with a view to strengthening Hong Kong's position as a premier destination for family visitors in the region.
- Co-ordinating Government's efforts to help ensure smooth operation of various major tourism infrastructure projects, including Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360.
- Planning and co-ordinating new projects under the Tourism District Enhancement Programme. These include the Aberdeen Tourism Project to complement the Redevelopment Project of the Ocean Park, enhancement of the Lei Yue Mun waterfront, and development of a piazza in Tsim Sha Tsui.
- Monitoring the project of developing the former Marine Police Headquarters in Tsim Sha Tsui into a heritage tourism attraction in 2008.

- Continuing to implement the global promotion campaign “2006 Discover Hong Kong Year” to attract more visitor arrivals, leveraging on the commencement of key tourism infrastructure projects, including Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360.
- Conducting the tender exercise for the design-and-build contract of the Tamar development project, with a view to awarding the contract and commencing construction works in 2007.
- Preparing a Contract Management User Guide and conducting training for civil servants to promote best practices in contract management and performance monitoring in connection with the outsourcing of public services to the private sector.
- Continuing to assist bureaux and departments in identifying new opportunities for private sector involvement, and providing practical help with feasibility/business case studies.
- Continuing to pursue the preparatory work for the Hong Kong-Zhuhai-Macao Bridge, with a view to finalising and submitting the feasibility study report to the Central Government for approval, and commencing the construction work as soon as possible.
- Continuing to monitor Kowloon-Canton Railway Corporation’s engineering and business studies on the combined project of the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Northern Link, and to discuss with the Mainland authorities concerned the best way to proceed with the project.
- Implementing the proposed merger of the Mass Transit Railway and the Kowloon-Canton Railway systems, including completing the necessary legislative process.

- Continuing to actively pursue the planning of various proposed railway projects giving careful consideration to changing community needs. The work includes planning the Shatin to Central Link and West Island Line, and assessing the viability of the South Island Line.
- Continuing to monitor the progress of the Lok Ma Chau Spur Line and the Kowloon Southern Link for timely commissioning in the first half of 2007 and late 2009 respectively.
- Preparing for the commissioning of the Hong Kong-Shenzhen Western Corridor to tie in with the opening of the boundary-crossing facilities at Shekou in mid-2007, including continuing our discussion with the relevant Mainland authorities on the cross-boundary vehicle quota system with a view to further facilitating vehicular movement across the boundary.
- Continuing to consider measures to regulate traffic including fiscal and traffic management means with a view to reducing congestion along major transport corridors and to consult the community on the proposals.
- Continuing to implement improvement measures by phases to better co-ordinate the change in non-franchised bus services with demand and to enhance regulation of their operation.
- Continuing to assist the local construction industry in reaching out to new markets and exploring business prospects by leveraging on CEPA, as well as by strengthening the collaboration with the Mainland authorities.
- Continuing to promote mutual recognition of professional qualifications under CEPA for construction-related personnel and pursue with Mainland cities the secondment of graduate trainees to encourage exchange of talents and enhance co-operation.

- Setting up a Construction Industry Council as an umbrella organisation with self-regulatory powers to pursue continuous quality improvements in the industry upon the enactment of the Construction Industry Council Ordinance in May 2006.
- Progressing with registration of existing construction workers, and subsequently, prohibiting unregistered construction workers from carrying out construction work on construction sites as well as employment of unregistered construction workers for such purpose.
- Reviewing and updating the Concept Plan for Lantau with a view to providing fresh impetus for Hong Kong's economic development and maintaining a balance in conservation of the environment.
- Continuing the work on improving our business environment through encouraging departments to cut red tape, and remove outdated or unnecessary regulations. We set up the Business Facilitation Advisory Committee in January 2006 to advise and report to the Government the development and implementation of programmes and measures to facilitate business. Under the steer of the Committee, we will continue our efforts in conducting regulatory reviews and promoting a business facilitating culture, and actively explore the feasibility of various business facilitation measures.
- Preparing for the implementation of the New Basel Capital Accord (commonly known as Basel II) to enhance the risk management capability and stability of the banking sector.
- Continuing to facilitate the smooth operation of Renminbi business in Hong Kong, and to explore how the business scope can be expanded with due regard to the pace of financial reform and liberalisation in the Mainland.

- Implementing the Deposit Protection Scheme.
- Continuing our efforts to promote Hong Kong's asset management industry, with a view to enhancing Hong Kong's position as a major asset management centre in Asia.
- Continuing our efforts in promoting bond market development. Securities and Futures Commission will develop a framework proposal for legislative amendments with a view to modernising the regime for public equity and debt offerings. Hong Kong Monetary Authority will seek to enhance the arrangements related to the Exchange Fund Bills and Notes Programme, including the market-making system, the issuance programme, and the trading platform. Consideration will also be made to lengthen the benchmark yield curve to facilitate market development.
- Continuing our efforts to promote the quality of our financial markets through enhancing the regulatory regime and fostering good corporate governance practices. A Securities and Futures (Amendment) Bill is being prepared to give statutory backing to important listing requirements.
- Establishing the Financial Reporting Council to enhance oversight of auditors and quality of financial reporting.
- Preparing proposals on the setting up of an independent Insurance Authority for consultation with stakeholders.
- Conducting the rewrite of the Companies Ordinance with a view to providing Hong Kong with a modernised legal infrastructure attuned to its needs in the 21st century as an international business and financial centre.

- Pursuing measures to promote the use of Hong Kong's financial platform for Mainland's financial intermediation. Such measures include enhancing the capability of Hong Kong's financial system to handle Renminbi-denominated transactions and strengthening financial infrastructure linkages between the Mainland and Hong Kong. Actively engaging in promotional efforts to encourage enterprises from the PPRD Region to use Hong Kong as a global capital formation and investment platform.
- Providing a platform for and assisting the sports sector to engage business partners in organising international sports events.
- Further facilitating the development of creative industries, pursuant to consultation with local creative industries and organisation of various activities to arouse public interest.
- Refining the Land Titles Ordinance. We will introduce amendments to the Land Titles Ordinance and the supporting regulations to prepare for the effective implementation of the new title registration system.
- Continuing to co-ordinate the timetable for the disposal of railway property developments to ensure that there would not be adverse impact on the property market.
- Ensuring smooth implementation of the Housing Authority's programme for orderly disposal of surplus Home Ownership Scheme flats beginning from 2007.
- Appointing civil celebrants to facilitate private sector participation in the solemnisation of marriages and to provide greater flexibility and convenience to members of the public.