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# Chapter 1

## Ten Major Infrastructure Projects to Boost Our Economy

### Preamble

To keep pace with the latest developments in the region, Hong Kong needs to accelerate our infrastructure development. To boost our economy in the next five years, we will accord higher priority to the development of industries that already enjoy a competitive advantage. Our aim is to maintain Hong Kong's status as an international centre of financial services, trade and shipping, as well as to develop on fronts such as financial services, logistics, tourism and information services.

The economic benefits brought about by accelerated infrastructure development are apparent. In the 1970s and 1990s, various large-scale infrastructure projects provided the momentum for Hong Kong to develop into a cosmopolitan city. Cross-boundary projects which strengthen our linkage with the Mainland and the region will further enhance Hong Kong's competitiveness on a global scale. Embarking on major infrastructure developments also creates ample employment opportunities and boosts our Gross Domestic Product.

In promoting economic development, our top priority is to consolidate Hong Kong's status as an international centre of financial services, trade and shipping. With the ardent support of the Mainland, we are confident of achieving this goal. The commencement of various infrastructure projects will also reinforce Hong Kong's leading position in tourism, creative industries, logistics as well as aviation and maritime services.

## New Initiatives

*We will:*

- Strengthen support for Hong Kong enterprises on the development and promotion of Hong Kong brands to enable them to better compete in the Mainland and overseas markets.
- Strengthen support for small and medium enterprises (SMEs) including those operating in the Mainland by enhancing the SME Funding Schemes.
- Work closely with the trade to facilitate the latter's adjustment to changes in the Mainland's policy on processing trade, including assisting them to upgrade, relocate their operation and develop new markets.
- Step up our economic ties with the emerging markets in Russia, India and the Middle East and help our enterprises tap the growing business opportunities in these markets.
- Issue a consultation paper on detailed legislative proposals on a Competition Bill so that stakeholders can better understand the proposed statutory framework for regulating competition and express their views before we formally introduce the Bill into the Legislative Council.
- Review the front-end electronic services (known as the Government Electronic Trading Services) for submission of six commonly used trade documents by traders or carriers to the Government with a

view to improving the mode of service delivery. Our target is to commence the process of selecting service providers in early 2008.

- Promote honest tourism together with the travel industry, relevant organisations and Mainland tourism authorities, with a view to maintaining Hong Kong's reputation as a quality tourist destination.
- Invite the Hong Kong Tourism Board to strengthen its promotion of multi-destination itineraries in key source markets and marketing efforts in non-Guangdong provinces.
- Advocate measures to further facilitate visitors' entry into Hong Kong, especially enhancing the visitor-friendliness of entry facilities.
- Review and formulate strategies on the development of Hong Kong's convention, exhibition and related tourism industries by a cross-sector steering committee.
- Closely monitor demand for convention and exhibition infrastructure, plan for additional facilities and actively attract large-scale international conferences and exhibitions to Hong Kong.
- Provide radio frequency spectrum for the introduction of Broadband Wireless Access service.
- Establish a community-wide anti-spamming task force.
- Examine the feasibility of early release of radio frequency spectrum for the provision of more TV and multimedia programming choices.

- Embark on planning and engineering studies on two New Development Area (NDA) Schemes, namely the “Three-in-One” NDA comprising Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling, and the Hung Shui Kiu NDA with a view to providing housing land and meeting other land use requirements in the future.
- Strengthen our partnership with Shenzhen and jointly explore the feasibility of developing Lok Ma Chau Loop to the mutual benefits of both sides, and steer further research and planning work on other cross-boundary issues like border crossings and the development of the boundary areas.
- Press ahead with mega projects essential to Hong Kong’s economic progress, such as Kai Tak Development through close supervision at a high level.
- Proceed in full swing with the development of the West Kowloon Cultural District as soon as possible taking into account public views, and strengthen cultural software mainly through a series of measures to enhance support for arts groups, artists, arts education and audience building, so as to facilitate the long-term development of culture and the arts.
- Plan actively for the proposed Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link.
- Study the engineering and environmental feasibility of building a new runway at the Hong Kong International Airport.

- Improve air traffic management through the establishment of a new air route to cater for flights between Hong Kong and the eastern part of the Mainland, and a study on options to improve the existing infrastructure of the Hong Kong International Airport, air traffic control and flight procedures with a view to increasing our runway capacity.
- Foster closer co-operation between the Hong Kong International Airport and Shenzhen Airport and study the feasibility of direct rail link between them.
- Launch a training programme for the freight forwarding sector.
- Facilitate ship finance in Hong Kong.
- Advance financial co-operation with the Mainland and develop a mutually-assisting, complementary and interactive relationship between the financial systems of the two places, which include seeking for Hong Kong financial institutions to expand their presence on the Mainland; encouraging Mainland funds, investors and financial institutions to go overseas through Hong Kong; strengthening the links of the financial markets in Hong Kong and the Mainland, including for Hong Kong financial instruments to be traded on the Mainland; continuing to expand the Renminbi business in Hong Kong; and strengthening the financial infrastructural links between Hong Kong and the Mainland.
- Work with the industry to study the market potential of Islamic bonds and make recommendations to develop a platform for the development of an Islamic bond market in Hong Kong.

- Review the provisions in the Trustee Ordinance with a view to strengthening the competitiveness of Hong Kong's trust services industry and enhancing Hong Kong's position as an international financial centre.
- Lead financial services delegations to selected cities in the Mainland and in Asia to showcase Hong Kong's position as an international financial centre in general and to promote Hong Kong as a preferred listing venue in particular.

## On-going Initiatives

*We are:*

- 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.
- Encouraging more Mainland and overseas enterprises to invest and set up regional headquarters or offices in Hong Kong, and undertaking joint promotional efforts with the Mainland authorities to promote the combined competitive advantages offered by Hong Kong and the Mainland.



- Continuing to promote awareness of and respect for intellectual property rights in the business sector, and to assist business, in particular SMEs, to achieve compliance with intellectual property rules.
- Taking forward the preparation of related subsidiary legislation for the recently enacted Copyright (Amendment) Ordinance 2007 as well as rolling out publicity and public education programmes targeted at relevant sectors before the new liability provisions in the Ordinance are brought into operation.
- Taking forward the review on copyright protection in the digital environment having regard to views received in the public consultation exercise ending April 2007, with a view to releasing preliminary proposals in early 2008 for building up a consensus.
- Publishing the 2007 Digital 21 Strategy and pursuing programmes and initiatives therein, so as to harness the benefits of IT for business and citizens and to strengthen Hong Kong's position as a leading digital city in the world.
- 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 arrangement 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.
- Implementing a pilot e-procurement programme to handle low-value, high-volume purchases to improve internal efficiency and encourage external suppliers to adopt e-commerce.
- Strengthening support for information industries, including facilitating market access.
- Maintaining government information security policies and practices at very high standards and ensuring their compliance. Advising public organisations and regulated sectors to do the same. Further enhancing public awareness of information security threats and mitigation measures.
- 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 a digital coverage for at least 75% of Hong Kong within 2008.
- Studying the report of the Committee on Review of Public Service Broadcasting, and planning to extensively consult the public, before deciding on the policy and arrangements for future public service broadcasting of Hong Kong.
- Assessing the impact of technological and market convergence in order to facilitate the development of the electronic communications industry and services.

- Preparing for the introduction of legislation to establish a new Communications Authority to enhance regulatory co-ordination and efficiency and facilitate further development of the electronic communications industry.
- Positioning Cyberport as the one-stop hub by providing a variety of infrastructure, resources and support services to the digital entertainment industry in Hong Kong.
- Promoting applied research and development and technology transfer to the industry through implementing the strategic framework for innovation and technology development.
- Enhancing collaboration in science and technology with the Mainland at different levels and promoting interflow of technology talents with Mainland cities such as Beijing, Shanghai, Chongqing and Pan-Pearl River Delta (PRD) Region.
- Ensuring the commencement of operation of a world-class new cruise terminal at Kai Tak in 2012.
- 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 efforts of Government and the tourism industry to facilitate the smooth operation of various major tourism infrastructure facilities, e.g. Hong Kong Disneyland and Hong Kong Wetland Park, and help re-establish Ngong Ping 360 as a popular tourist attraction after its re-opening.

- 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.
- Encouraging the Hong Kong Tourism Board, the Hong Kong Trade Development Council and the Economic and Trade Offices of the HKSAR to jointly promote Hong Kong as an international city.
- Commencing construction works for the Central Government Complex, Legislative Council Complex and open space development at the Tamar site by the end of 2007.
- Conducting a joint study with the Shenzhen Municipal Government to establish the need, function and benefits of developing the Liantang/Heung Yuen Wai Control Point, and in parallel proceeding with an internal study on the connecting roads on the Hong Kong side. We aim to complete the necessary evaluation and planning studies in early 2008.
- Undertaking the necessary legislative and administrative measures with a view to reducing the coverage of the Frontier Closed Area and examining the potential uses of the land to be released from the Area.

- Seeing through the amalgamation of the newly established Construction Industry Council (CIC) with the Construction Industry Training Authority scheduled for early 2008.
- Working closely with CIC to pursue initiatives for improving the standards of the construction industry, in particular on promoting construction site safety for repair and maintenance works and developing a policy framework on sustainable construction.
- Conducting a comprehensive review of the manpower situation in individual sectors of the construction industry in collaboration with CIC.
- Working closely with the Construction Workers Registration Authority to facilitate registration of construction workers and commencing implementation of prohibition in phases, with phase one coming into effect on 1 September 2007.
- Strengthening collaboration with the Mainland authorities to assist the local construction industry in exploring business prospects and pursuing mutual recognition of professional qualifications under the CEPA, and with Mainland cities in the secondment of graduate trainees to encourage exchange of talents and enhance co-operation.
- Refining the Land Titles Ordinance in consultation with stakeholders with an aim to introduce amendments to the Ordinance and the supporting regulations into the next term of the Legislative Council as early as possible.
- Co-ordinating the timetable for the disposal of railway property developments to ensure that there would not be adverse impact on the property market.

- Ensuring that our planning, land use and urban design are in line with our stated mission to protect the Victoria Harbour and enhance it for the enjoyment of our residents and visitors alike, with the participation of the community.
- Taking steps to implement the strategy recommended by the Hong Kong 2030 Study which has been completed, to guide the long-term development of Hong Kong.
- Progressively implementing the proposals in the Revised Concept Plan for Lantau to realise the vision for balanced and co-ordinated development of Lantau.
- Continuing to pursue measures to facilitate the movement of people and goods across the boundary, with a view to maintaining Hong Kong's competitiveness. These include the extension of self-service immigration clearance to frequent visitors, and developing a "Road Cargo System" that provides the electronic infrastructure for facilitating customs clearance of road cargoes as well as the movement of transshipment cargoes that involve inter-modal transfer (e.g. from land to air).
- 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 inter-modal connections to strengthen the links between the Hong Kong International Airport and the PRD Region.

- Replacing the Civil Aviation Department's (CAD) air traffic control system and developing a new CAD Headquarters on the Airport Island to support the long-term growth of the aviation industry.
- Continuing to implement the measures recommended by the Hong Kong Port-Master Plan 2020 Study to enhance the competitiveness of the Hong Kong Port.
- Finalising the Port Cargo Forecast Study and based on the findings, reviewing the port expansion strategy and the optimal option for the development of Container Terminal 10.
- Finalising the Ecology Study on Northwest Lantau and based on findings, reviewing the optimal option 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.
- Finalising the 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.

- Continuing to press ahead with the preparatory work for the Hong Kong-Zhuhai-Macao Bridge, including following up with the site selection study for the Hong Kong boundary-crossing facilities and the financing arrangements of the project, 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.
- Examining rigorously the project proposals submitted by the Kowloon-Canton Railway Corporation on the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Dedicated Corridor Option), and on the Northern Link.
- Finalising the detailed design of the widening of the town centre section and improvement of the expressway section of Tuen Mun Road in the light of comments received during consultation, with a view to commencing construction in 2008.
- Implementing the merger of the Mass Transit Railway and the Kowloon-Canton Railway systems. If the merger proposal is approved by the independent shareholders of the MTR Corporation Limited, the MTR Corporation Limited and the Kowloon-Canton Railway Corporation will make final preparations for implementing the merger as soon as possible.
- Continuing to actively pursue the planning of various proposed railway projects including the West Island Line, the Shatin to Central Link and the South Island Line.
- Continuing to monitor the progress of the Kowloon Southern Link for timely commissioning in late 2009.



- Disposing of surplus Home Ownership Scheme flats in a smooth and orderly manner.
- Seeking the enactment of the Mainland Judgments (Reciprocal Enforcement) Bill to implement the arrangement for the reciprocal enforcement of judgments in specific commercial matters with the Mainland.
- Encouraging greater exchanges between Hong Kong and Mainland legal professions for the purpose of assisting local service providers to explore further opportunities to access the Mainland legal services markets and to strengthen co-operation with their Mainland counterparts under the CEPA.
- Assisting in the development of Hong Kong as a regional centre for legal services and dispute resolution.
- Going to consult the public on a draft Arbitration Bill which will provide for the unification of legal regimes for domestic and international arbitration and make both the law and the process more user-friendly.
- Overseeing the completion of the socio-legal research being conducted by consultants into the supply of, and demand for, legal services in the community and considering the way forward in the light of the recommendations made therein.
- Promoting Hong Kong's asset management industry with a view to enhancing Hong Kong's position as a major asset management centre in Asia.

- 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 continue to enhance the Exchange Fund Bills and Notes Programme by lengthening the benchmark yield curve to 15 years and developing an electronic trading platform for the Exchange Fund Bills and Notes.
- Promoting 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.
- Seeking to broaden the source of corporations using Hong Kong as a platform for listing with a view to facilitating and attracting listings of quality overseas companies.
- Strengthening HK-Shenzhen financial services co-operative relationships under the framework of Pan-Pearl River Delta Regional Cooperation and Development Forum.
- 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.

- Promoting the use of Hong Kong's financial platform for financial intermediation originated from, or destined for, the Mainland and other economies in the region. 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 and between Hong Kong and the rest of the region. Actively engaging in promotional efforts to encourage enterprises from the Pan-PRD Region to use Hong Kong as a global capital formation and investment platform.