
Policy Agenda

Introduction

Just before the last Policy Address was delivered, the credit crisis faced by financial institutions on Wall Street of the US broke out, unleashing the global financial tsunami. In view of the massive shock waves buffeting our economy, we need to clearly evaluate the situation and prepare ourselves to respond to the crisis. In response, the Chief Executive established the Task Force on Economic Challenges (TFEC) to implement immediate measures and formulate long term plans to help Hong Kong turn the crisis into opportunities.

The Government expected that the financial tsunami would have wide-ranging implications and the situation was far from optimistic. The Chief Executive put forward the overall strategy of “stabilising the financial system, supporting enterprises and preserving employment”, and introduced a series of measures to support our enterprises, create jobs and revitalise the economy. In the Budget announced in February 2009, the Government further adopted a counter-cyclical fiscal strategy to stimulate the economy. In May 2009, the Government announced a new round of relief measures to help Hong Kong people tide over the difficulties and prepare for economic recovery.

The latest economic figures indicate that both the local and external economies have started to stabilise gradually. Yet, the signs of a clear recovery have not fully emerged. We must remain cautious and do our best to boost the economy. This will be the primary focus of Government's policies in the coming year.

The pillar industries that have underpinned Hong Kong's success over the years, including financial services, trade and business, logistics and shipping, and tourism and professional services, etc., still enjoy strong advantages. But we need to innovate and enhance our competitiveness in response to competition from other cities in the region. We also need to broaden the foundation of our economy by promoting diversity and add new impetus for sustainable growth.

To this end, the TFEC has recommended the development of six industries where Hong Kong enjoys clear advantages, namely educational services, medical services, testing and certification, innovation and technology, cultural and creative industries, and environmental industry. We firmly believe that Hong Kong must evolve into a knowledge-based economy to grasp new opportunities. The six industries are all knowledge-based and to promote their development, the Government needs to adopt a new mindset and new attitudes. At the same time, we will step up co-operation with Guangdong on all fronts, and continue our endeavours in infrastructure facilities, industries co-operation, environmental protection and education, etc.

Hong Kong's experience shows that people's livelihood would only be safeguarded by economic growth. Faced with the current economic challenges, Hong Kong people are more concerned about their future and livelihood. We believe that once the economy starts to rebound, there will be more employment opportunities and wage levels will gradually pick up. Construction of major projects under planning in 2007, including the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, are planned to commence in 2009. They will provide economic benefits to all sectors of the community.

We also attach great importance to taking forward Hong Kong's constitutional development. We will consult the public, before the end of this year, on the electoral arrangements for 2012, and will strive to forge consensus within the community. Our aim is to enhance the democratic elements of the 2012 electoral methods, so as to pave the way for implementing universal suffrage in 2017 and 2020.

For Hong Kong to ride out the current economic storm, emerge from recession and chart new directions for our economy, we must rely on the hard work and dedication of every Hong Kong citizen. We must equip ourselves since opportunity only favours the prepared.