
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 therefore of utmost importance. 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 stay “appropriately proactive” and, through such channels as the Economic Development Commission and the Financial Services Development Council, gather industries’ views on the on-going formulation of a holistic industrial policy and ways to further Hong Kong’s economic success. The Government will 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 and, give full play to Hong Kong’s roles and functions in the National 13th Five-Year Plan under the “One Country, Two Systems” principle.

The trading and logistics industry is a major 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.

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 adherence to and respect for the rule of law. We will continue with the development of Hong Kong as an international legal and dispute resolution services centre in the Asia Pacific region, in seeking to enhance our position in the international legal, dispute resolution and business arenas.

New Initiatives

We will:

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

- Continue with our efforts in facilitating the establishment and growth of world-class legal, arbitration and mediation institutions in Hong Kong. In this regard, the Central People’s Government and the Permanent Court of Arbitration have recently signed a host country agreement on the conduct of Permanent Court of Arbitration arbitrations and other forms of dispute settlement proceedings in Hong Kong. To implement this agreement, the Hong Kong Special Administrative Region Government and the Permanent Court of Arbitration have entered into a memorandum of administrative arrangements. (DoJ)
- Conduct a “Mediate First” Pledge reception and relevant activities to promote the use of mediation as a means of dispute resolution among small and medium enterprises before resorting to other means. (DoJ)

International Trading Centre

- Consider constructing a convention centre above the Exhibition Station of the Shatin to Central Link upon the latter’s completion in around 2020. (CEDB)

Financial Services Sector

- Amend the Bankruptcy Ordinance to reform the regulatory regime for absconders in order to ensure the integrity of the bankruptcy regime. (FSTB)
- Consult the insurance industry on the development of a risk-based capital regime which aims to align Hong Kong's regulatory regime with international standards and make capital requirements more sensitive to the level of risk borne by insurance companies. (FSTB)

Tourism Sector

- Commence discussion with The Walt Disney Company on the Phase 2 development of the Hong Kong Disneyland Resort. (CEDB)

Creative Industries

- Provide funding to support the operation of the Hong Kong Design Centre in the next four years. (CEDB)
- Implement a subsidy scheme for small-budget film productions so as to boost the volume of local film production and nurture film talent. (CEDB)
- Consider the enhanced support measures to promote the sustainable development of the fashion industry as recommended by the Economic Development Commission. (CEDB)

Innovation and Technology Industries

- Inject \$5 billion into the Innovation and Technology Fund and subsume the Research and Development (R&D) Cash Rebate Scheme under the Innovation and Technology Fund to provide sustained and comprehensive support for innovation and technology development. (CEDB)
- Implement the recommendations of the review of the Science Park and industrial estates, including strengthening the role of the Science Park in developing the innovation and technology ecosystem; suitably raising the development density of the park to optimise land use in the park for the development of new R&D facilities; and proceeding with the formulation of a new industrial estate policy to enhance the value chain of the innovation and technology industries in Hong Kong and further revitalise the industrial estates. (CEDB)

Broadcasting and Telecommunications

- Prepare for the review of the Broadcasting Ordinance and the Telecommunications Ordinance with a view to modernising the regulatory regime for the broadcasting and telecommunications sectors. (CEDB)

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 continue to recommend possible policy and other support measures for these industries for the Administration's consideration and implementation. (CEDB)

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

(a) National Five-Year Plans

- Continuing to implement the policy initiatives outlined in the Dedicated Chapter on Hong Kong and Macao of the National 12th Five-Year Plan, and maintain close communication with the National Development and Reform Commission and other relevant Mainland authorities through established liaison mechanisms to complement the preparatory work for the National 13th Five-Year Plan under the principle of "One Country, Two Systems". (CMAB)
- (b) The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)
- Seeking to further expand CEPA with a view to securing for our businesses better access to the Mainland market. (CEDB)

- Working with the 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, the Fujian Province, 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 to push forward the development of Nansha, Hengqin and Qianhai respectively. (CMAB)
- Strengthening exchanges and co-operation between Hong Kong and Taiwan in trade, tourism, culture, 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

- Supporting Hong Kong enterprises 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)
- Continuing to improve the network of the Mainland Offices by setting up more liaison units. (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 such as 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 will continue to attract global start-ups to set up business in Hong Kong and promote Hong Kong as a leading hub for start-ups and entrepreneurship. (CEDB)

Economic and Trade Relations with Overseas Countries

- Seeking to enter into trade arrangements and investment agreements with more overseas economies and continuing to participate in the Trade in Services Agreement negotiation to secure for our businesses better access to those markets. (CEDB)

- Continuing the negotiation of a free trade agreement with the Association of Southeast Asian Nations to secure for our businesses more favourable access to the relevant markets. (CEDB)
- Strengthening economic ties and co-operation with emerging economies by promoting high-level reciprocal visits and exploring trade arrangements and investment agreements. (CEDB)
- Continuing to liaise with countries and regions with which we have close relationship on tourism and economic development for implementing reciprocal use of automated immigration clearance service for visitors. We have concluded agreements in this respect with Korea, Germany and Singapore. (SB)

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

- Working with the Mainland authorities and the legal profession, arbitration and mediation institutions in Hong Kong to facilitate the provision of legal and dispute resolution services in the Mainland by Hong Kong professionals. (DoJ)

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- 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. To this end, we will continue to monitor the implementation of the Mediation Ordinance and its effectiveness. We will also monitor the operation of the Hong Kong Mediation Accreditation Association Limited as a regulatory body, review the Mediation Code and consider the need to introduce apology legislation. Moreover, we will enhance the promotion of mediation within government departments, and we plan to develop suitable mediation schemes for specific trades or fields. (DoJ)
 - Creating a favourable environment and infrastructure to make it easier for legal and dispute resolution institutions to develop services and set up presence in Hong Kong. Relevant measures include providing such institutions with certain office space in the West Wing of the former Central Government Offices and the former French Mission Building upon the relocation of the Court of Final Appeal. (DoJ)
 - Conducting a study in conjunction with the Hong Kong Trade Development Council on the development of arbitration in Hong Kong and the challenges and opportunities faced by Hong Kong as a centre for international arbitration in the Asia Pacific region. (DoJ)
 - Enhancing the promotion of legal and dispute resolution services of Hong Kong among emerging economies in the Asia Pacific region. (DoJ)

International Trading and Maritime Centre

- Implementing various initiatives and incentive schemes under the Maritime and Aviation Training Fund and continuing to promote tripartite collaboration with the industries and the academia so as to support the manpower development of the maritime and aviation industries. (THB)
- Taking forward the establishment of a new maritime body to promote the long-term development of the industry, drawing up the structural framework of and financial arrangements for the new body. We will also consult the industry and commence preparatory work. (THB)
- With the support of the Working Group on Transportation under the Economic Development Commission, conducting a study on the feasibility of establishing a civil aviation training institute. The institute aims at enhancing the skills of local and overseas practitioners of the aviation industry, thereby nurturing talent for the 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. We will follow up the results of the feasibility study and examine the detailed arrangements for the establishment of the institute. (THB)
- Joining efforts with the Hong Kong Maritime Industry Council, the Working Group on Transportation under the Economic Development Commission and other related organisations to consolidate and enhance Hong Kong's position as an international maritime centre. (THB)

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- Progressively following up and implementing improvement measures to enhance the competitiveness of Hong Kong Port. (THB)
 - Facilitating the provision of high-value-added third-party logistics services in Hong Kong by continuing to work with the departments concerned to identify suitable sites for the development of modern logistics facilities. (THB)
 - Pursuing measures to facilitate the movement of goods across the boundary, including the Authorised Economic Operator Programme, which allows cargoes handled by qualified companies to enjoy expedited customs clearance in Hong Kong and by our trading partners. (CEDB)

Financial Services Sector

(a) Financial Services Development Council

- Continuing our support for the work of the Financial Services Development Council, a high-level cross-sectoral advisory body to the Government, in collecting views from the industry and formulating strategic proposals for the development of our financial services industry. (FSTB)

(b) Promoting Market Development

- Reinforcing the status of Hong Kong as a global hub for offshore Renminbi business, advancing financial co-operation with the Mainland, deepening the mutual access between Hong Kong and Mainland financial markets, enhancing our Renminbi business links with overseas markets by strengthening our market infrastructure and financial platforms, and organising seminars and roadshows overseas to promote Hong Kong's offshore Renminbi business. (FSTB)

- Consolidating our leading role as an asset management centre in the Asia Pacific region, and promoting a more comprehensive development of Hong Kong's fund and asset management industry through –
 - preparing amendments to the Inland Revenue Ordinance to extend the profits tax exemption for offshore funds to include private equity funds;
 - formulating legal framework to introduce open-ended fund companies to facilitate the setting up of investment funds;
 - implementing the stamp duty waiver for the transfer of all exchange traded funds by amending the Stamp Duty Ordinance; and
 - promoting the strengths of our financial and professional services industry to attract multinational and Mainland enterprises to manage their global or regional treasury activities through the financial platform of Hong Kong. (FSTB)

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- Promoting the development of the bond market by implementing the issuance schedule of the Government Bond Programme. (FSTB)
- (c) Enhancing Market Quality and Investor Confidence
- Working with the Legislative Council (LegCo) in their examination of the Insurance Companies (Amendment) Bill, which aims at establishing an independent Insurance Authority to facilitate the sustainable development of the insurance industry, and preparing for the establishment of the Provisional Insurance Authority. (FSTB)
 - Preparing legislation for the establishment of a policyholders' protection fund for better protection of policyholders. (FSTB)
 - Promoting the quality of our financial markets through enhancing the regulatory regime and our financial infrastructure, including –
 - working out the details for regulating the over-the-counter derivative market;
 - working out the operational details as soon as possible upon the passage of the primary legislation by the LegCo to enable the implementation of an uncertificated securities market regime; and
 - consulting the public on specific proposals for establishing an effective resolution regime for failing financial institutions in Hong Kong. (FSTB)

- Working with the Hong Kong Monetary Authority to enhance the capital, liquidity and disclosure standards for banks in line with Basel III, thereby further enhancing 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 facilities and systems. (FSTB)
- Preparing legislation for improving Hong Kong's corporate insolvency regime; and further discussing with stakeholders on the detailed proposals of a statutory corporate rescue procedure to pave the way for introducing legislation in the future. (FSTB)
- Robustly pursuing anti-money laundering measures, enhancing risk assessment and participating actively in the Financial Action Task Force on Money Laundering. (FSTB)
- Preparing legislative proposals for improving the regulatory regime for listed entity auditors in the light of the comments received during the public consultation, so as to enhance the independence of the regime from the audit profession and to benchmark against international practices. (FSTB)

Tourism

- Continuing with the drafting of the legislation for the establishment of the Travel Industry Authority and implementation of a new regulatory framework for the tourism sector with a view to securing the passage of the bill by the end of the current term of the LegCo. (CEDB)
- Overseeing the business development and operation of the Kai Tak Cruise Terminal. Continuing to support the Hong Kong Tourism Board's promotion of cruise tourism and to work 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 in its continued promotion work in target source markets, particularly the markets relating to meetings, conventions and exhibitions, and incentive travels. (CEDB)
- Facilitating the Ocean Park to implement its waterpark and hotel projects. (CEDB)
- Overseeing the expansion project of the Hong Kong Disneyland to ensure the completion of a new themed area based on Marvel's Iron Man franchise and a new hotel with a theme dedicated to the spirit of exploration by the end of 2016 and early 2017 respectively. (CEDB)

Creative Industries

- Supporting the development of the film industry through the Film Development Fund. (CEDB)
- Reviewing the First Feature Film Initiative and formulating enhanced measures to continue grooming new filmmakers and their production teams. (CEDB)
- Supporting and encouraging the trade to organise programmes at the Comix Home Base and PMQ for promoting the development of creative industries. (CEDB/DEVB)
- Implementing 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

(a) Promoting R&D

- Promoting applied R&D, and supporting commercialisation of R&D outcomes and R&D in the private sector through financial support under the Innovation and Technology Fund and R&D Cash Rebate Scheme as well as the work of the R&D Centres. (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 outcomes. (CEDB)

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- Working closely with the Hong Kong Science and Technology Parks Corporation on the development of Science Park Phase 3 and the further revitalisation of industrial estates through various measures. (CEDB)
 - Organising a wide range of promotional activities in 2015, including the InnoTech Month, to enhance the community's awareness of innovation and technology. (CEDB)
- (b) Promoting Information and Communications Technology (ICT)
- Facilitating the development of the local ICT industry by –
 - using international practices and frameworks of other economies as reference in establishing a framework for ICT professional recognition in Hong Kong so as to raise the professional profile of local ICT professionals;
 - 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 talent. (CEDB)
 - Working with our technology partners and the ICT industry to organise the International IT Fest in 2015 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 in setting 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)
- Fostering 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, including the proper use of ICT facilities and ways to protect ICT resources and information assets. (CEDB)
- Continuing to promote city-wide Wi-Fi to make it easier for citizens and visitors to use Wi-Fi service. (CEDB)

Testing and Certification Industry

- Working closely with the Hong Kong Council for Testing and Certification to continue –
 - implementing its market-oriented development plan; and
 - 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)
- Continuing efforts in timely reviewing and enhancing the current procurement system for public works and promoting manpower development with a view to building up the overall capacity and capability, facilitating healthy growth and encouraging innovation and creativity for the construction industry. (DEVB)
- Continuing the preparatory work for introducing a new piece of legislation to enhance the security of payment in construction-related contracts to improve cash flow of the supply chain in the construction industry. (DEVB)
- Enhancing our capability to resolve cross-bureau and cross-departmental issues relating to the delivery of major infrastructure projects, and addressing strategic issues which might impede the progress in such projects. (DEVB)

Enhancing Wine Trading

- Supporting wine trading and distribution businesses in Hong Kong, riding on growing demand across Asia. (CEDB)

Broadcasting and Mobile Telecommunications

- 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, including the licensing relating to the spectrum. (CEDB)
- Reviewing the effectiveness of the industry's Customer Complaint Settlement Scheme in helping resolve, through mediation, billing disputes in deadlock between telecommunications service providers and their customers over the two-year pilot period with a view to deciding on the way forward. (CEDB)
- Overseeing the development plans for Radio Television Hong Kong as a public service broadcaster. (CEDB)

Assessing Future Demand and Supply of Economic Land Use

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

Improving Regulatory Infrastructure

- Updating our tax information exchange regime to meet international standard for enhancing tax transparency and preventing fiscal evasion. (FSTB)

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- Preparing for the full implementation of the Competition Ordinance in collaboration with the Competition Commission and the Judiciary. (CEDB)
 - Continuing with the full implementation of the amended 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 a feasible proposal to improve the existing mechanism following the completion of a second round of consultation on the Control of Obscene and Indecent Articles Ordinance 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)
- Amending the Copyright Ordinance to update Hong Kong's copyright regime and ensure that it keeps pace with technological and overseas developments. (CEDB)

Agricultural and Fisheries Development

- Conducting public consultation on the new agricultural policy and proposed support measures for proactively promoting the modernisation and sustainable development of the local agricultural sector. (FHB)
- Sustaining and upgrading the development of the local fisheries sector by measures such as making optimal use of the Sustainable Fisheries Development Fund and issuing new marine fish culture licences for fish culture zones. (FHB)