

Chapter IV

Diversified Economy

My Belief

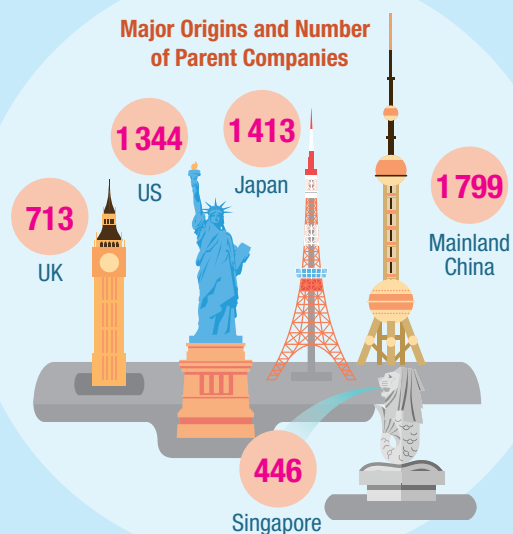
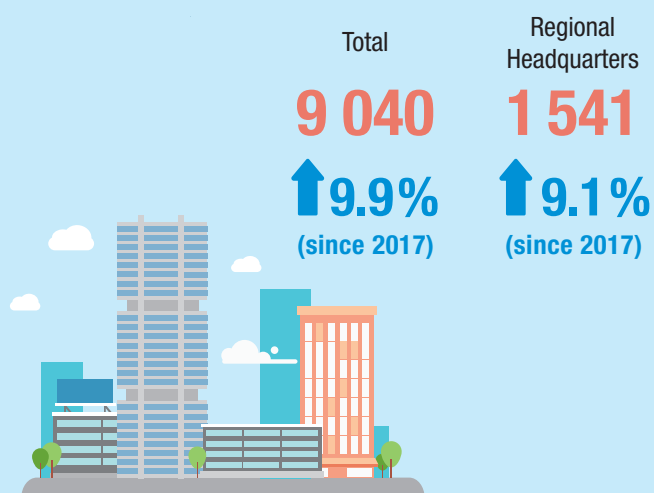
“To maintain a city’s competitiveness is like sailing a boat against the current and it must forge ahead in order not to be driven back. Hence, Hong Kong must keep consolidating its existing strengths, exploring new advantages, expanding economic and trade ties with the world, and fostering closer exchange and co-operation with the Mainland.”

“The HKSAR Government is determined to boost the development of new and emerging industries in addition to our traditional industries, and considers that both innovation and technology and the creative industries have a competitive edge and much potential. They will not only promote a diversified economy, but also create more quality employment opportunities for our young people.”

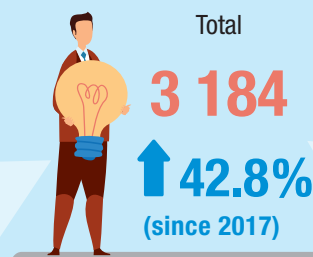
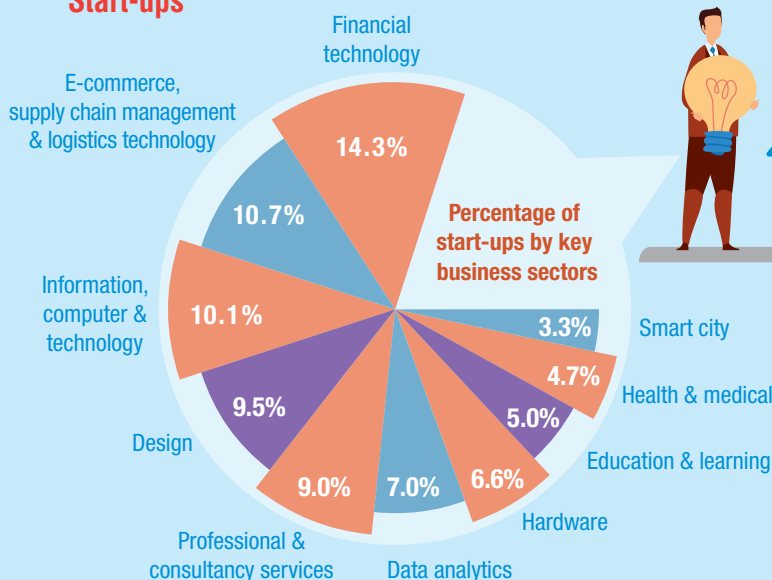
Hong Kong has been acclaimed as the world’s most open, freest and most competitive city by many international organisations. Leveraging our unique strengths under “One Country, Two Systems”, we will continue to provide a business-friendly environment, uphold operation of the market and promote free trade. We will also strive to develop new areas of economic growth.

Trade and Investment

Companies Establishing Presence in HK



Start-ups



Telecommunications



Opened up **1 000** government premises for mobile operators to install base stations



Subsidise extension of fibre-based networks to villages in remote areas, benefitting some **110 000** villagers



Assigned **1 200** MHz of high-band **5G** spectrum
Operators expecting to launch services in around **2020**

Chapter IV Diversified Economy



Devoting over \$100 Billion to Promote Innovation and Technology

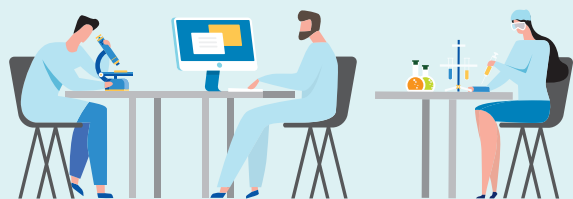
Encourage R&D

Enhanced tax deduction



\$33 billion

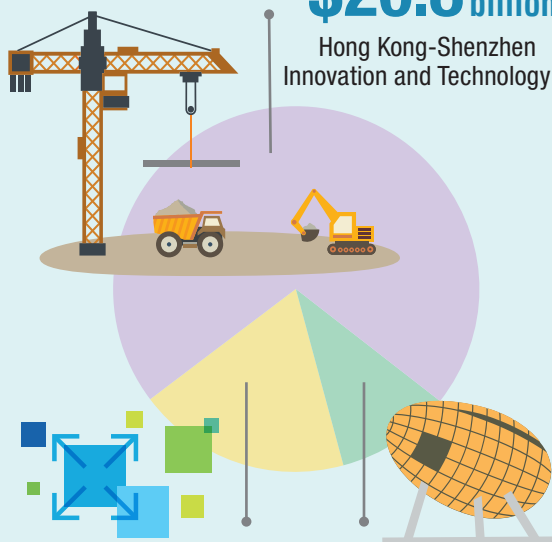
Funds and matching grants



I&T infrastructure

\$20.8 billion

Hong Kong-Shenzhen
Innovation and Technology Park



\$5.5 billion

Cyberport

\$3 billion

Hong Kong Science and
Technology Parks Corporation

Promote “re-industrialisation”

\$2 billion

Funding support

\$2 billion

Microelectronics
Centre



Pool technology talent

\$16 billion

Strengthen campus
facilities at universities

\$10 billion

InnoHK research clusters

\$500 million

IT Innovation Lab in
Secondary Schools Programme

\$500 million

Technology Talent Scheme

Technology Talent
Admission Scheme



Support technology companies and start-ups



\$7.3 billion

Support start-ups of Hong Kong
Science Park and Cyberport

I&T popularisation

Smart Government
Innovation Lab



\$500 million

Wider use of technology
by the government

\$500 million

City I&T Grand Challenge

Technology
Voucher
Programme



Creative Industries



CreateSmart Initiative

SMEs benefitted

2 050

International awards

180

Job opportunities

23 200

Nurturing opportunities

57 300

2009-2017

Total

\$1
billion

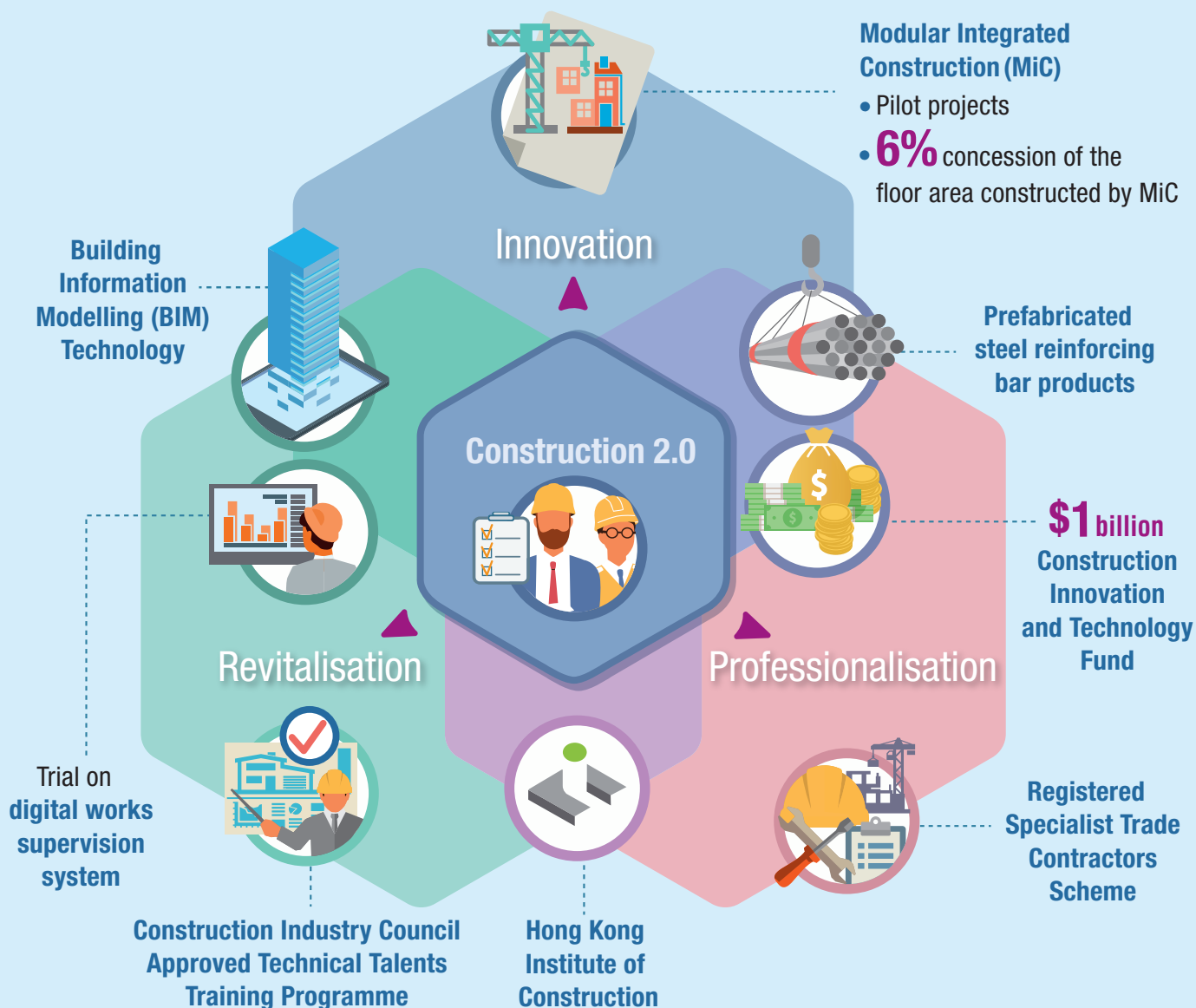
2018

New injection

\$1
billion



Construction Industry



Maritime Industry

Maritime and Aviation Training Fund

Number of beneficiaries increased from

around **2 500**

in 2016 to more than

7 300

by July 2019



World's **4th**
Largest Shipping
Register



Hong Kong Shipping Register

Number

2 448 → **2 613**

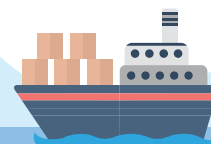
↑ 6.7%



Gross
Tonnage

100 million → **128 million**

↑ 27%



Cumulative growth
(2015-2019)

Maritime Services

Shipping Finance



↑ 9.3%

Average growth
per annum

Loans and Advances
\$49.7 → \$121.2
billion billion
(2008-2018)

Marine Insurance



↑ 8.2%

Average growth
per annum

Gross Premium
\$1.1 → \$2.4
billion billion
(2008-2018)



Hong Kong as an
international aviation hub

World's **busiest** cargo airport
since **2010**



World's **3rd**
busiest international
passenger airport



Passengers handled

in million trips

68.5 → **74.7**

↑ 9.0%

Cargo handled

in million tonnes

4.38 → **5.02**

↑ 14.5%



Cumulative growth
(2015-2018)

Progress Made

A total of 129 new initiatives were announced in the 2017 and 2018 Policy Addresses and Policy Agendas, of which 127 have been completed or are progressing on schedule.

Key initiatives completed or major progress made by the current-term Government are as follows:

Human Resources

- The Human Resources Planning Commission, established in April 2018 under the chairmanship of the Chief Secretary for Administration, has tendered advice on various issues related to human resources planning, including future human resources demand to support Hong Kong's economic development, the manpower situation of different professional sectors and industries, and policy initiatives to attract talent. (CSO)
- The first Talent List of Hong Kong, which contains 11 professions, was promulgated in August 2018. Publicity efforts under the theme of "Hong Kong · Talent Hub - Unlimited Opportunities" have been made to attract targeted quality talent from around the world. (LWB)

Government-to-Government Business

- Signed a free trade agreement (FTA) and an investment agreement (IA) with Australia in March 2019, and an IA with the United Arab Emirates in June 2019. The FTA between Hong Kong and Georgia, which was signed in June 2018, came into effect in February 2019, while the FTA and IA forged between Hong Kong and the ten member states of the Association of Southeast Asian Nations (ASEAN) in November 2017 have come into effect gradually since June 2019. (CEDB)
- The new Economic and Trade Office (ETO) in Bangkok commenced operation in February 2019. It is the 13th overseas ETO of Hong Kong and the third one established in the ASEAN region. (CEDB)

Enhanced Co-operation with the Mainland

- Signed the Agreement on Trade in Goods with the Mainland on 14 December 2018 under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). The Agreement fully implements zero tariff on goods of Hong Kong origin imported into the Mainland through the introduction of a general rule of origin. CEPA becomes a comprehensive free trade agreement framework, covering the four major areas of trade in goods, trade in services, investment, and economic and technical co-operation. (CEDB)

- The Mainland and Hong Kong have reached a consensus on the working targets for the next phase of liberalisation on trade in services under CEPA, including further opening up the Mainland market to Hong Kong in trade in services, promoting pilot implementation under CEPA of policies and measures on further services liberalisation in various sectors in the GBA, and advancing the full liberalisation of trade in services in the GBA. (CEDB)
- Extended the Single E-lock Scheme to 52 clearance points in Guangdong Province, of which 43 cover all nine Mainland municipalities in the GBA. (CEDB)
- Established a high-level co-operation mechanism with Sichuan and deepened co-operation with various provinces and municipalities in areas such as trade, finance, I&T, creative industries and youth exchanges, with a view to creating more business and development opportunities for Hong Kong people and enterprises. (CMAB)
- As a member of the Leading Group for the development of the GBA set up by the Central Government, the Chief Executive attended two meetings and secured policy initiatives that are beneficial to Hong Kong's participation in the GBA development. (CMAB)
- Set up a high-level Steering Committee for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area chaired by the Chief Executive, with membership comprising all Secretaries of Departments and Directors of Bureaux, to more efficiently steer, co-ordinate and take forward the development of the GBA. (CMAB)

Belt and Road Initiative

- The “Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative” (the Arrangement) was signed in December 2017 and a Joint Conference mechanism was set up for regular and direct communication between Hong Kong and the relevant Mainland authorities on the implementation of the Arrangement. Two Joint Conference meetings were held in June 2018 and July 2019 respectively. (CEDB)
- The Commerce and Economic Development Bureau leads and co-ordinates the HKSAR Government’s participation in and contribution to the B&R Initiative. We have formulated a five-pronged B&R key strategy (viz. enhancing policy co-ordination; fully leveraging Hong Kong’s unique advantages; making the best use of Hong Kong’s position as a professional services hub; promoting project participation; and establishing partnership and collaboration) and adopted a whole-government approach in taking forward the work. (CEDB)
- Co-organised with the Hong Kong Trade Development Council (HKTDC) the annual B&R Summit, which is now renowned as the largest and most important B&R business and investment platform for the Mainland, overseas and Hong Kong enterprises. (CEDB)
- The enhanced HKTDC B&R Portal, which is a more comprehensive and up-to-date one-stop B&R platform, came into operation in July 2019. (CEDB)

- The composition and terms of reference of the Trade and Industry Advisory Board were expanded in September 2017 with a view to gauging a wider spectrum of views from different sectors on Hong Kong's economic development and related policies, including the B&R Initiative. (CEDB)
- After reviewing the visa requirements of B&R countries, the Government has relaxed the visa requirements for nationals of Belarus, Vietnam, Panama and Armenia visiting Hong Kong. The mutual visa-free access period for Belarus has also been extended. (SB)
- On promoting the adoption of technology and e-commerce by SMEs, the Government has further subsidised enterprises in using technology to improve productivity or upgrade/transform their business processes through regularising the Technology Voucher Programme in February 2019 and increasing the funding ceiling for each applicant from \$200,000 to \$400,000, and provided training relating to e-commerce through the Hong Kong Productivity Council and the HKTDC. (ITB)

New Directions for Taxation

- The two-tiered profits tax rates regime has been implemented and is applicable to the years of assessment commencing on or after 1 April 2018. It reduces the tax burden on enterprises, especially small and medium-sized enterprises (SMEs). (FSTB)

Innovation and Technology

- Established the Steering Committee on I&T chaired by the Chief Executive in December 2017 to steer Hong Kong's I&T and smart city development. (ITB)
- The new pro-innovation government procurement policy has taken effect since April 2019. (FSTB)

Increased Resources for Research and Development

- Introduced the enhanced tax deduction for qualifying research and development (R&D) expenditure incurred by enterprises from 1 April 2018 to encourage enterprises to increase their investment in technological R&D activities. (ITB)
- Doubled the ceilings of the annual funding provided by the I&T Fund to each State Key Laboratory and Hong Kong branch of Chinese National Engineering Research Centre, the technology transfer office of each designated university, and each of the six universities under the Technology Start-up Support Scheme for Universities from 1 April 2019 to promote technology transfer as well as realisation of R&D outcomes. (ITB)

Pooling Technology Talent

- Launched the Technology Talent Scheme, which comprises the Postdoctoral Hub and the Re-industrialisation and Technology Training Programme, in August 2018 to nurture and bring together more technology talent. (ITB)
- Launched the Technology Talent Admission Scheme in June 2018 to fast-track the admission of technology talent. (ITB)

- Allocated \$10 billion for establishing the InnoHK research clusters at the Hong Kong Science Park, and received proposals from a number of world-leading universities and research institutes. The first batch of R&D centres for Health@InnoHK (focusing on healthcare technologies) and AIR@InnoHK (focusing on artificial intelligence/robotics technologies) will be set up progressively in the next few months. (ITB)
- Injected \$100 million into Cyberport in 2018 to promote the development of the e-sports industry, including the setting up of a dedicated e-sports competition venue in the Cyberport Arcade, talent development and community promotion. The new e-sports venue was opened in July 2019. The E-sports Industry Facilitation Scheme and the E-sports Internship Scheme were introduced in April 2019. (ITB)

Providing Venture Funding

- Started co-investing in local I&T start-ups with partner venture capital funds through the Innovation and Technology Venture Fund in 2019. (ITB)
- The Legislative Council (LegCo) approved in 2018 for injecting \$7 billion into the Hong Kong Science and Technology Parks Corporation (HKSTPC) for enhancing support for its tenants. The HKSTPC has launched a number of new/enhanced initiatives, including expansion of its incubation programmes and Corporate Venture Fund, development of the Smart Campus and introduction of the Accommodation Support Scheme. (ITB)

- Injected \$200 million into Cyberport in 2018 for enhancing existing measures and introducing new ones to support its start-ups and tenants. These include increasing the financial subsidy under the Cyberport Incubation Programme from \$330,000 to a maximum of \$500,000, and launching the Easy Landing Scheme and the Overseas/Mainland Market Development Support Scheme in the fourth quarter of 2018. (ITB)

Providing Technological Research Infrastructure

- Completed the works of Stage 1 of the Science Park Expansion Programme in April 2019. (ITB)
- The Cyberport Smart-Space 8 co-working space in Tsuen Wan came into operation in July 2018. The occupancy rate was 98% as at end-August 2019. (ITB)
- The LegCo approved in 2018 for injecting \$3 billion into the HKSTPC for developing research-related infrastructure and facilities. The development of some facilities, such as the first phase of the Biobank and the expansion of the Robotics Catalysing Centre, has commenced. (ITB)

Opening Up Government Data

- Promulgated the open data policy in October 2018. About 700 new datasets in machine-readable formats will be opened up by government departments in 2019. (ITB)

Popular Science Education

- Allocated \$500 million for organising the annual City I&T Grand Challenge, which will invite people from all walks of life to put forward solutions with I&T elements on issues that are closely related to our daily lives. The first Grand Challenge is expected to be launched in the first half of 2020. (ITB)

Smart City

- Published the Smart City Blueprint for Hong Kong in December 2017, with over 70 initiatives under six smart areas. (ITB)
- Set up a Smart Government Innovation Lab in April 2019 to facilitate government departments to make wider use of the solutions offered by the local IT sector to improve public services. (ITB)
- Provided funding to support about 70 technology projects proposed by 28 departments through the TechConnect (block vote) to promote the use of technology by government departments for enhancing operational efficiency and improving public services. (ITB)
- Launched in July 2018, the all-in-one “HKeMobility” mobile application allows the public to acquire real-time traffic and transport information (e.g. public transport information, driving routes, parking vacancy information and walking routes) anytime and anywhere. As at mid-2019, the number of downloads of “HKeMobility” has exceeded 2 million. (THB)
- The real-time parking vacancy information of about 70% of the hourly parking spaces in Kowloon East has been disseminated to the public for reference. (DEVB)

Transportation and Logistics

- The Air Accident Investigation Authority (AAIA) was established under the Transport and Housing Bureau (THB) on 10 September 2018. The operation of the AAIA is independent from the Civil Aviation Department. (THB)
- Injected \$200 million into the Maritime and Aviation Training Fund in May 2019. (THB)

Finance

- Since its establishment in August 2017, the Financial Leaders Forum, chaired by the Financial Secretary, has been discussing and providing policy steer on strategic and forward-looking proposals to develop and strengthen Hong Kong’s position as an international financial centre. (FSTB)

International Asset Management Centre

- The open-ended fund company regime has been in operation since 30 July 2018. (FSTB)
- With effect from 1 April 2019, different types of onshore and offshore privately offered funds can enjoy profits tax exemption under the Inland Revenue Ordinance (Cap. 112). (FSTB)
- As at mid-June 2019, Hong Kong has entered into mutual recognition of funds arrangements with the Mainland, Switzerland, France, the United Kingdom, Luxembourg and the Netherlands. (FSTB)

Fostering Development of the Financial Services Industry

- The Financial Services Development Council has been incorporated as a company limited by guarantee with effect from September 2018, and is being supported by Government subvention to strengthen its capacity to conduct strategic studies, provide advice, foster market development and nurture talent. (FSTB)
- A new listing regime has been launched in Hong Kong since April 2018 for three types of issuers, including pre-revenue/pre-profit biotech issuers; issuers from emerging and innovative sectors with weighted voting rights structures; and qualifying issuers seeking secondary listing through a new concessionary route. (FSTB)

Financial Innovation

- The inaugural green bond under the Government Green Bond Programme was issued in May 2019. (FSTB)
- A Green Bond Grant Scheme was launched in June 2018 to subsidise eligible green bond issuers in obtaining certification under the Green Finance Certification Scheme. (FSTB)
- The Faster Payment System (FPS) was launched in September 2018. As at the end-August 2019, the FPS has recorded 3.4 million registrations. In August 2019, the FPS processed 3.5 million transactions (worth HK\$58 billion and Renminbi 1 billion), more than double of that in the first month of its launch. To provide the public with greater convenience, the Government is planning to accept payments of taxes, rates and water charges through the FPS by end-2019. The Government is also examining the feasibility of accepting FPS payments at the shroff counters of various departments. (FSTB)
- The Hong Kong Monetary Authority (HKMA) has granted licences to eight virtual banks as at May 2019. The banks concerned aimed to launch their services in about six to nine months upon the granting of the licence. (FSTB)
- The HKMA published the Open Application Programming Interface (API) Framework in July 2018. The first phase Open APIs were launched in January 2019 as scheduled. Twenty retail banks have launched over 500 APIs, covering information of deposits, loans, insurance, investments and other banking products and services. The second phase Open APIs will be launched in October 2019 and will cover applications for bank products. (FSTB)
- In December 2018, the Insurance Authority granted the first authorisation of a virtual insurer under the Fast Track. (FSTB)

Financial Safety

- Following the passage of the Financial Reporting Council (Amendment) Ordinance 2019 in January 2019, the new auditor regulatory regime was implemented with effect from 1 October 2019. The Government has provided a seed capital of \$400 million to help the Financial Reporting Council migrate to the new regime, and exempt the new levies under the Ordinance for the first two years. (FSTB)
- The new regulatory regime for insurance intermediaries, which replaced the previous self-regulatory regime, commenced operation on 23 September 2019. (FSTB)
- The Banking (Amendment) Ordinance 2018 has commenced operation. It empowers the Monetary Authority to prescribe rules on recovery planning and financial exposure limits for authorised institutions so as to enhance the resilience of our banking system in accordance with the latest international standards on banking regulation. (FSTB)
- The Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance 2018 was enacted on 24 January 2018 to prescribe statutory customer due diligence and record-keeping requirements applicable to designated non-financial businesses and professions. The Companies (Amendment) Ordinance 2018 was also enacted on the same date, requiring companies incorporated in Hong Kong to maintain beneficial ownership information. Both amended ordinances commenced operation on 1 March 2018, ensuring that the regulatory framework of Hong Kong is in line with the international standards set by the Financial Action Task Force. (FSTB)

Tourism

- The Financial Secretary has convened the high-level tourism co-ordinating meetings, directing bureaux and departments to drive the implementation of various tourism-related measures in the areas of tourist support and management, planning of tourism facilities and transport support, and tourism diversification through enhanced co-operation and co-ordination. (CEDB)

Protection of Consumer Interests

- Provided a dedicated funding of \$238 million since 2018-19 to support the Competition Commission's litigation work. (CEDB)

Trade and Investment

- Introduced three enhancement measures to the special concessionary measures under the SME Financing Guarantee Scheme in November 2018, including reducing the guarantee fee rates by 50%; increasing the maximum facility amount from \$12 million to \$15 million; and lengthening the maximum loan guarantee period from five years to seven years. Since the implementation of the enhancement measures, the number of applications approved in the first eight months of 2019 and the amount of loans involved increased by 71% and 110% respectively year-on-year. (CEDB)

Legal Services

- The Mediation Mechanism for Investment Disputes was established in accordance with the Investment Agreement signed under the CEPA framework. The lists of designated mediation institutions and mediators for the Mediation Mechanism as mutually agreed by the two sides were announced on 14 December 2018. Mediation rules drafted by the Department of Justice and adopted by designated mediation institutions and mediators in Hong Kong were also published. (DoJ)

Telecommunications

- Launched a pilot scheme in March 2019 to open up over 1 000 suitable government premises for mobile service operators to choose to install base stations. (CEDB)
- Administratively assigned a total of 1 200 MHz of high-band 5G spectrum in April 2019, expecting operators to launch commercial 5G services in around 2020. (CEDB)
- Commenced tender exercise in June 2019 for a subsidy scheme to extend fibre-based networks to villages in remote areas, benefitting some 110 000 villagers. (CEDB)

Creative Industries

- Injected \$1 billion into the CreateSmart Initiative in May 2018 to promote further development of the design sector and other non-film creative industries. (CEDB)
- Set aside \$300 million for the Hong Kong Design Centre (HKDC) to implement various initiatives to reinforce Hong Kong's status as a city of design excellence in Asia. (CEDB)

- Actively promote design thinking within the Government, including provision of training to about 4 000 civil servants in the past two years, and promulgating guidelines in April 2019 to encourage departments to apply design thinking in the procurement process. (CEDB)
- Provided funding support for the HKDC to set up an event space at No. 7 Mallory Street in Wan Chai to promote design and design thinking to the public. (CEDB)
- Implemented the Design and Fashion Project in Sham Shui Po to nurture young designers and support start-ups, promote fashion design, as well as boost district economy and tourism. Construction works of the project commenced in early 2019 and is expected to complete in 2023-24. (CEDB)
- Completed the review on the operation of the Film Development Fund, and injected \$1 billion into the Fund in May 2019 to promote further development of the local film industry through nurturing talent, enhancing local production, expanding markets and building audience. (CEDB)
- Secured support from relevant Central authorities in April 2019 to implement five measures to facilitate the entry of Hong Kong's film industry into the Mainland market, thereby expanding the market space for local films and film practitioners in the Mainland. (CEDB)

Construction Industry

- Launched specific initiatives to promote Construction 2.0, including setting up a working group to oversee the implementation of pilot projects under Construction 2.0, piloting Construction 2.0 in public projects, implementing the Registered Specialist Trade Contractors Scheme and conducting trial run of the digital works supervision system. (DEVB)

- With the joint efforts of the Development Bureau (DEVB) and the Construction Industry Council (CIC), the first Modular Integrated Construction (MiC) demonstration project in Hong Kong, namely the MiC Display Centre, was opened in November 2018. (DEVB)
- Taking forward MiC pilot projects, including the Disciplined Services Quarters for the Fire Services Department at Pak Shing Kok, the InnoCell of the Hong Kong Science Park and a student hostel of the University of Hong Kong. The Buildings Department has set up a pre-acceptance mechanism for MiC systems and granted a 6% concession of the floor area constructed by MiC for new buildings. (DEVB)
- Public works projects are required to adopt Building Information Modelling (BIM) technology from January 2018 onwards. As at end-August 2019, the estimated total contract value of public works projects which have adopted such technology has exceeded \$100 billion. (DEVB)
- Up to 2019, four steel reinforcing bar (rebar) prefabrication yards have been included in the Civil Engineering and Development Department's List of Approved Steel Reinforcing Bar Prefabrication Yards to supply prefabricated rebar products for construction projects. (DEVB)
- Launched the \$1 billion Construction Innovation and Technology Fund in October 2018 to provide funding for the construction industry to adopt MiC, BIM technology or other innovative construction technology in local projects. So far, more than 500 applications amounting to over \$110 million have been approved. (DEVB)
- The Hong Kong Institute of Construction was established in February 2018. (DEVB)
- The CIC introduced the CIC Approved Technical Talents Training Programme to provide trainees with systematic and holistic training and clear career advancement pathways. The Government will also encourage contractors to employ these trainees through public works contracts, thereby attracting more young people to join the construction industry. (DEVB)

Agriculture and Fisheries Industry

- Resume issuance of new marine fish culture licences starting from early-2020. (FHB)

Challenges Ahead

Hong Kong's Current Economic Situation and Outlook

- In the first half of 2019, the Hong Kong economy slowed visibly amid softening global economic momentum and the United States (US)-China trade and technology tensions, expanding only modestly by 0.5% over a year earlier. This was the worst economic performance since the recession in 2009. While external demand contracted, domestic demand stayed sluggish due to the weak economic sentiment. (FSO and relevant bureaux)
- Entering the third quarter of 2019, the continued social disputes have dealt a further blow to the already subdued economy. Inbound tourism, the local consumption market and overall business sentiment were all hard hit. The sharp falls in visitor arrivals and retail sales in recent months, together with a continued decline in merchandise exports, suggest that a technical recession seems inevitable. (FSO and relevant bureaux)
- The economic downturn inevitably affects the labour market. The unemployment rates of the more affected sectors, such as retail and accommodation and food services, have gone up from the low levels since the beginning of this year, whereas labour demand of the import/export trade sector also weakened visibly. (FSO and relevant bureaux)

- Hong Kong's economic situation is rather austere in the face of various external and domestic headwinds. Our exports will remain under pressure as uncertainties stemming from the US-China trade tensions continue to weigh on the global economy and heighten volatility in the financial markets. The local social incidents happened in recent months have caused significant disruptions to the consumption- and tourism-related segments as well as the damage to Hong Kong's reputation as an international financial and commercial centre. It could take some time to recover Hong Kong's economy. (FSO and relevant bureaux)
- Taking into account the much worse-than-expected economic performance in the first half of 2019, and considering the substantial downside risks, the Government revised the economic growth forecast of Hong Kong for 2019 as a whole downwards to 0-1% in mid-August. (FSO and relevant bureaux)

Human Resources

- Hong Kong is facing the challenges of an ageing population and a dwindling labour force. According to the latest Manpower Projection to 2027, an overall manpower shortfall of about 170 000 is projected. (CSO)

Enhanced Co-operation with the Mainland

- Hong Kong has been participating in and contributing to the country's steady implementation of the B&R Initiative, while facing fierce competition from various countries and regions in seizing opportunities arising from the Initiative. (CEDB)

Innovation and Technology

- The uncertainties regarding international trade may affect the business environment of local enterprises, which is unfavourable to I&T development. (ITB)
- There is strong local demand for technology talent. There are signs that the recent social situation in Hong Kong has affected the desire of overseas I&T talent to come to Hong Kong. (ITB)
- There is a keen demand for R&D facilities and relevant supporting services by I&T enterprises and institutions. As the Hong Kong Science Park and Cyberport have reached near-full occupancy, the development of the local I&T ecosystem may be restricted. (ITB)
- We need various stakeholders (e.g. government departments, public transport operators and operators of commercial public car parks) to provide data for our consolidation and dissemination to the public for greater convenience. (THB)

Transportation and Logistics

- There has been robust growth in air traffic movements at the Hong Kong International Airport (HKIA) in recent years. However, prior to the full commissioning of the Three-Runway System at the HKIA, we can only marginally increase the capacity of the HKIA with the latest air traffic management technologies to meet imminent air traffic demand. (THB)

- In formulating policies for the maritime industry, the Government faces various challenges, including a highly uncertain global trading and economic environment, keen regional competition arising from rapid development of ports in neighbouring cities, as well as manpower shortage and an ageing workforce in the shipping sector. (THB)

Tourism

- The growth in visitor arrivals to Hong Kong over the past few years, fostered by the commissioning of large-scale cross-boundary transport infrastructure such as the Hong Kong-Zhuhai-Macao Bridge, has heightened public concern about the impact of the tourism industry on the local life. Nevertheless, the tourism industry has been hit by, among other things, the continued escalation of the US-China trade tensions and the recent social unrest in Hong Kong. The number of visitor arrivals has reversed from a year-on-year positive growth in the first six months of 2019 to a rapidly worsening decline starting from July. (CEDB)

Telecommunications

- As the installation of 5G base stations will take some time, the commercial 5G services may only be initially provided in areas with high population-flow and high usage. Additionally, regarding 5G spectrum suitable for outdoor use, both the industry and operators expect a long-term solution for lifting the restriction on the use of 3.5 GHz band spectrum in Tai Po district. (CEDB)

Legal Services

- In the face of keen competition from other centres for international legal and dispute resolution services in the region, Hong Kong must enhance its presence, reputation and influence in a systematic manner through closer collaboration with various international and inter-governmental organisations and institutions. (DoJ)

Construction Industry

- The construction industry is facing manpower shortage due to increasing construction volumes and an ageing workforce. (DEVB)

New Initiatives

Human Resources

- Launch a one-stop integrated portal on human resources planning and industry development information by end-2019 for providing more information to the public to facilitate decision-making in respect of their career, training and development pathways. (CSO)

Government-to-Government Business

- The overseas ETOs will launch key promotion campaigns to strengthen our overseas promotion on the unique status of Hong Kong under “One Country, Two Systems” and our strengths on many fronts. (CEDB)
- It is expected that the Dubai ETO would commence operation in end-2019/early 2020 as the second new ETO established by the current-term Government after the Bangkok ETO. (CEDB)

Enhanced Co-operation with the Mainland

- Reach consensus with the Mainland on specific proposals for further services liberalisation under CEPA (including measures concerning professional services) through the established CEPA mechanism, in order to create more favourable conditions for Hong Kong enterprises and professionals in accessing the Mainland market, including the GBA. (CEDB)

Belt and Road Initiative

- Strengthen co-operation and professional exchanges in areas including capacity building with relevant Mainland authorities through the Joint Conference established under the “Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative” and the “Mainland and Hong Kong Belt and Road Task Group”, a new platform formed with the Ministry of Commerce, with a view to realising the goal of open, clean, green and sustainable B&R development. (CEDB)
- Encourage the MTR Academy and the China International Development Cooperation Agency to explore collaboration opportunities in human resources development under the B&R Initiative. (CEDB)
- Support the HKTDC to explore business opportunities arising from B&R overseas Economic and Trade Co-operation Zones (ETCZs) for Hong Kong enterprises, with a view to facilitating interested Hong Kong enterprises to identify suitable ETCZs in light of the changing dynamics of the international trade landscape, and at the same time exploring new markets abroad. (CEDB)

Guangdong-Hong Kong-Macao Greater Bay Area

- Explore measures with relevant Mainland authorities to support the development of the GBA, including further expanding the scale and scope of cross-boundary use of Renminbi and enhancing the connectivity among the financial markets in the GBA, including considering measures to facilitate cross-boundary wealth management. (FSTB)
- Plan to extend the operating hours of the Shenzhen Bay Port to 24 hours. (SB)
- Abolish the embarkation fee for cross-boundary ferry passengers. (THB)
- Launch major media and social media campaigns to deepen investors' understanding of Hong Kong, and organise joint promotion events in Australia on the development of the GBA with the governments of the Guangdong Province and the Macao Special Administrative Region. (CEDB/CMAB)
- Further to the initiative in the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area concerning the steady development of cross-boundary helicopter services, THB and the Civil Aviation Administration of China have agreed to expand the scope of flight destinations to be served by cross-boundary helicopter services to and from Hong Kong to cover the whole Guangdong Province. (THB)
- Actively explore with the relevant Mainland authorities measures to attract overseas visitors to visit the GBA on a multi-destination basis, which include pursuing the optimisation of the existing 144-hour Facilitation Visa measure to facilitate overseas visitors' travel to the Guangdong Province via Hong Kong. (CEDB)

- Sponsor the industry to implement incubation programmes and exchange projects in Qianhai, Shenzhen, and support young creative talent and start-ups from Hong Kong to develop their businesses in the GBA. (CEDB)

Innovation and Technology

- Extend the coverage of the Technology Talent Admission Scheme to companies outside the HKSTPC and Cyberport and to cover new technology areas. (ITB)
- Extend the coverage of the Researcher Programme and Postdoctoral Hub to all technology companies conducting R&D activities in Hong Kong. (ITB)
- Extend the coverage of the Public Sector Trial Scheme to all technology companies conducting R&D activities in Hong Kong. (ITB)
- The HKSTPC will kick-start its Phase II expansion programme to explore both on-site and off-site development options with a view to sustaining the momentum in building Hong Kong's I&T ecosystem. (ITB)
- Examine the setting up of the third InnoHK research cluster to further promote global research collaboration in Hong Kong. (ITB)
- Explore the adoption of robotics technologies, so as to enhance public services and city management. (ITB)
- Introduce the Streamlining of Government Services Programme to identify and implement measures to streamline government services involving applications and approvals with a view to improving their convenience, efficiency and transparency. (ITB)

- Inject \$500 million through the Lotteries Fund into the Social Innovation and Entrepreneurship Development Fund to further promote social innovation and cultivate social entrepreneurship, and to address social needs through innovative ideas, products and services, thereby alleviating poverty and social exclusion in Hong Kong. (ITB)

Smart City

- Release the Smart City Blueprint for Hong Kong 2.0, which will include the latest progress of various smart city initiatives and new proposals. (ITB)
- Introduce an “iAM Smart” platform to provide one-stop personalised digital government services. (ITB)
- Adopt technologies to improve traffic management and enhance transport efficiency for effective assessment of traffic conditions, better incident response by departments and provision of more real-time traffic information to the public. (ITB/THB)
- Prepare for the setting up of a Smart Traffic Fund to promote research and application of vehicle-related I&T for enhancing convenience and efficiency of motorists as well as improving their driving safety, etc. (THB)
- Consider legislative amendments to stipulate the conditions and supporting measures required for trials of autonomous vehicles so as to foster a suitable and safe road environment for such trials and promote the development and application of autonomous vehicles. The Transport Department will actively work with the industry and R&D institutions involved in automated driving systems to examine the feasibility of conducting joint trials of new autonomous vehicles and related technology on public roads. (THB)

Transportation and Logistics

- Explore the introduction of a pilot subsidy scheme for providing subsidy to qualified third party logistics service providers, with a view to encouraging the logistics industry to enhance productivity through the application of technology. (THB)
- Release by phases two port back-up sites through public tender for developing multi-storey port back-up and modern logistics facilities. (THB)
- Plan to introduce a bill into the LegCo to amend the Inland Revenue Ordinance (Cap. 112) in 2020 to provide tax concession for qualified ship lessors and qualified ship leasing managers so as to attract companies to develop ship leasing business in Hong Kong. (THB)
- Plan to introduce tax concessionary measures to encourage more commercial principals of the maritime industry (such as ship managers, ship brokers and ship agents) to set up presence in Hong Kong. (THB)

Finance

- Establish a limited partnership regime for private equity funds. (FSTB)
- Foster the establishment of an uncertificated securities market regime with a view to enhancing and modernising our financial market infrastructure. (FSTB)
- Cyberport will enhance Fintech-specific training for in-service financial practitioners to enrich the Fintech talent pool and promote Fintech applications in the traditional financial industries. (FSTB)

- Collaborate with Cyberport to establish “Fintech@Gloucester”, a new Fintech event space for stakeholders including Fintech companies, traditional financial industries, innovation laboratories and accelerators, venture capital firms and Fintech training institutions, to engage and exchange ideas, with a view to driving demand for Fintech and creating business opportunities. (FSTB)

Tourism

- Make arrangements for the new tenancy of the Kai Tak Cruise Terminal in light of the expiry of the existing tenancy in mid-2023, with a view to enhancing the facilities at the Terminal and the ancillary commercial area as well as the service standard of the terminal operator. (CEDB)
- Enhance the appeal of the Wong Nai Chung Gap Trail as a heritage and green tourism attraction by upgrading its facilities to offer better visitors’ experience. (CEDB)
- Study the feasibility of developing Pak Tam Chung as a green tourism hub and a gateway to the Sai Kung Country Park and the Hong Kong UNESCO Global Geopark in order to further promote green tourism. (CEDB)

Protection of Consumer Interests

- Publish the public consultation report on the proposal to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts and introduce the relevant bill into the LegCo in early 2020. (CEDB)

Trade and Investment

- Inject another \$1 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales and double the funding ceiling per enterprise under its Mainland Programme to \$2 million. (CEDB)
- Inject \$1 billion into the Export Marketing and Trade and Industrial Organisation Support Fund to double the cumulative funding ceiling for each enterprise under the SME Export Marketing Fund (EMF) to \$800,000, and enhance the operation of the EMF to provide more comprehensive support to SMEs for participating in business missions organised by the Government and related organisations. (CEDB)
- Introduce a new loan guarantee product under the SME Financing Guarantee Scheme, under which the Government will provide a 90% guarantee for approved loans to help individuals looking to set up new businesses, enterprises with relatively less operating experience, as well as professionals seeking to set up their own practices, to obtain financing. (CEDB)
- Extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme (i.e. the Government to provide a 80% guarantee for approved loans) and the validity period of the three enhancement measures introduced in 2018 to 30 June 2022. (CEDB)
- Introduce a new relief measure under the SME Financing Guarantee Scheme and the SME Loan Guarantee Scheme where enterprises may apply for principal moratorium of up to 6 months, during which repayments have to be made only for the interest. (CEDB)

- Through the HKTDC, identify platforms in the Mainland for organising promotional activities to assist Hong Kong enterprises in developing the Mainland market; explore new trade platforms in developed markets outside the US to open up more channels for Hong Kong enterprises to get in touch with overseas buyers; and strengthen promotion activities in emerging markets, including organising trade missions to such markets to explore business opportunities. (CEDB)
- Integrate the services of the Support and Consultation Centre for SMEs under the Trade and Industry Department, the SME Centre under the HKTDC, the SME One under the Hong Kong Productivity Council and the TecONE under the HKSTPC by adopting design thinking and user-oriented principles, redesign the workflow of SME support services, standardise and enhance the scope of integrated services, and strengthen value-added services to provide SMEs with more convenient and tailored one-stop services and support. To enhance promotion, a dedicated service team will also be established to reach out to SMEs by visiting local trade and industrial associations to provide support service on funding applications. (CEDB)
- Step up the effort to provide start-ups with business information and opportunities to develop business connections and explore new markets, while doubling the quota under the “Start-up Express” programme from 10 to 20. (CEDB)

Convention and Exhibition

- Take forward the Phase 2 expansion plan of AsiaWorld-Expo to maintain and enhance Hong Kong’s role as a premier international convention, exhibition and sourcing centre. (CEDB)

Legal Services

- Explore the feasibility of establishing a regional arbitration centre of the Asian-African Legal Consultative Organisation (AALCO) in Hong Kong. (DoJ)
- Explore the possibility of hosting the 59th Annual Session of AALCO in 2020 and inviting international legal bodies such as the United Nations Commission on International Trade Law (UNCITRAL) to host inter-sessional meetings in Hong Kong. (DoJ)
- Plan to consult the public on a mechanism with the Mainland for mutual recognition of and assistance in corporate insolvency matters, so as to offer better legal protection to stakeholders in Hong Kong and on the Mainland and further optimise the business and investment environment of both places. (DoJ)
- Provide training and support for Hong Kong legal talent to participate in international organisations, including international legal bodies such as the Hague Conference on Private International Law and UNCITRAL, and encourage and support local legal talent to take up leading positions in international organisations which Hong Kong participates as a member such as taking up the position of Chair of the Economic Committee of the Asia-Pacific Economic Co-operation. (DoJ)

- Launch a Pilot Professional Exchange Programme to facilitate cross-fertilisation of knowledge and experience among lawyers in the private sector and the Government to enhance mutual understanding, co-operation and collaboration, with a view to widening the experiences and horizons of the industry and consolidating Hong Kong's status as a legal hub, a leading centre for international legal and dispute resolution services in the Asia-Pacific region and a legal platform for deal-making and dispute resolution. (DoJ)
- Discuss with the Hague Academy of International Law the proposal to organise annual capacity building courses in Hong Kong for the GBA and the neighbouring jurisdictions, and actively explore collaboration opportunities with international bodies to promote rule-based trading system, such as co-organising a conference on the 40th anniversary of the United Nations Convention on Contracts for the International Sale of Goods with the UNCITRAL, and to enhance the promotion of the rule of law and anti-corruption education in the neighbouring regions. We also propose to conclude a co-operation arrangement with the Ministry of Commerce and the State-owned Assets Supervision and Administration Commission of the State Council for establishing a permanent communication platform between Mainland enterprises and the Hong Kong legal profession. (DoJ)
- Launch an initiative in 2020, namely, "Vision 2030 for Rule of Law" for the promotion and education of the rule of law. As a long term commitment towards 2030, a dedicated inclusive platform will be established for stakeholders, including youth, practitioners and experts, to take forward the initiative through academic and professional exchanges, research, capacity building and activities to promote and reinforce the rule of law. (DoJ)

Telecommunications and Broadcasting

- Provide suitable land lots in Chung Hom Kok Teleport for external telecommunications infrastructure, with a view to further enhancing the overall capacity and diversion capability of Hong Kong's external telecommunications network. (CEDB)
- Explore with satellite operators the feasibility of relocating satellite earth stations in Tai Po so as to completely resolve the problems of using 5G spectrum in the 3.5 GHz band in the restriction zone in the long run. (CEDB)
- Open up suitable sheltered bus stops and public payphone kiosks, and further assist operators under a "demand-led" model to make use of suitable government premises to extend 5G network coverage. (CEDB)
- Facilitate the implementation of Full Digital TV Broadcast in December 2020 by partnering with the Hong Kong Council of Social Service to launch a Community Care Fund programme to assist needy households to procure digital TV sets or set-top boxes so that they can continue to access free TV services. (CEDB)

Creative Industries

- Support and sponsor, through the CreateSmart Initiative, non-profit making organisations and government departments in applying design thinking to improve and enhance the quality of public services and facilities. Pilot projects include enhancing support and services for SMEs. (CEDB)

- Examine ways to further remove barriers in making applications for the two funds for promoting sustainable development of agriculture and fisheries industry, with a view to making good use of the funds to improve the operating environment for the trade. (FHB)

Construction Industry

- Adopt MiC for designated government buildings such as schools, quarters and offices buildings tendered from 2020 onwards as far as practicable, and encourage or mandate other statutory bodies or non-governmental organisations to adopt MiC for their building projects. DEVB has set up a steering committee to take forward this new construction technology. (DEVB)

Agriculture and Fisheries Industry

- Strive to promote high value-added and sustainable development of the agriculture and fisheries industry. The works of the Agricultural Park Phase 1 will commence as soon as possible after obtaining funding approval of the LegCo, and is expected to be completed in stages starting from 2021. (FHB)
- Commence environmental impact assessment for designating new fish culture zones in 2019, and establish a modern demonstration farm in 2020 to facilitate the mariculture sector to switch to deep water mariculture. (FHB)