

(Translation)

Speaking Note for the Secretary for Commerce and Industry
at the meeting of the LegCo Panel on Trade and Industry
held at 10:15 a.m. on 16 October 2000

Due to time constraint, I would like to highlight some of the significant developments and new initiatives in relation to the two policy objectives within the purview of the Commerce and Industry Bureau.

I. The Mainland's accession to the World Trade Organization (WTO)

2. In order to grasp the business opportunities and to rise to the competition arising from the Mainland's accession to the WTO, we must make thorough preparation and good use of Hong Kong's various competitive advantages. Apart from continuing to play a middleman role for the Mainland and overseas companies, Hong Kong should strive to become a "value-added services hub", which serves as the Mainland's main supplier of various essential support and professional services.

3. During the past year, the inter-departmental group chaired by the Financial Secretary has helped strengthen our communication with the relevant departments in the Central Government and Mainland experts on the Mainland's accession to the WTO. Apart from keeping Hong Kong businessmen better informed of developments relating to the opening up of the Mainland market, the group has also reflected the views of our business sector to the Central Government.

4. Whether our businessmen can capitalise on the business opportunities brought by the Mainland's accession to the WTO will ultimately hinge on the commercial decisions and efforts made by these businessmen. Over the years, local businessmen's proactive response to competition has been a key contributing factor to Hong Kong's success. I believe that our businesses, in facing the opportunities and challenges to be brought by the Mainland's accession to the WTO, will similarly exercise a self-help entrepreneurial spirit and proactively seek to enhance their competitiveness in further tackling the Mainland markets.

II. Mainland/HKSAR Joint Commission on Commerce and Trade

5. The Mainland/HKSAR Joint Commission on Commerce and Trade (the Joint Commission), set up in 1999, provides another effective channel for liaison and communication between Hong Kong and the Mainland authorities on trade and commerce matters. We plan to hold the second meeting of the Joint Commission in Hong Kong in early December. We hope to make arrangements for our businessmen to meet with the representatives of the Ministry of Foreign Trade and Economic Cooperation to exchange views during the forthcoming meeting.

III. Support for Small and Medium Enterprises

6. Small and Medium Enterprises (SMEs) have always been the backbone of Hong Kong's economy. The Government attaches great importance to supporting the development of SMEs. Looking ahead, economic globalisation, the Mainland's accession to the WTO, and the development of a knowledge-based economy in Hong Kong will bring about

new opportunities and challenges for our SMEs. In order to help SMEs capitalise on the business opportunities and rise to the challenges, the Chief Executive has highlighted in his Policy Address that the SAR Government would strengthen its support to SMEs under the themes of “helping to start a new business”, “helping to build a new business” and “helping to expand a business”.

7. The Government will work closely with the Small and Medium Enterprises Committee in drawing up, on the basis of the three themes mentioned above, specific plans to support SMEs including a study on how to make good use of the estimated \$2 billion recouped funding under the Special Finance Scheme for Small and Medium Enterprises. In formulating our plans, we will listen to the opinions of various sectors, particularly SMEs, with a view to working out a set of comprehensive and effective measures.

IV. Innovation and technology

8. The \$5 billion Innovation and Technology Fund established in last November has been well received. In particular, the business sector has responded very favourably to the programmes that promote university-industry collaboration and encourage entrepreneur to set up technology companies.

9. It is encouraging to see that both local and overseas technology-based companies have responded favourably to the Science Park tenancy scheme. The applications received so far reveal that the demand for sites in the Science Park exceeds the space to be made available by Phase One of the Science Park. To meet the demand, we will start planning for the

development of Phase Two of the Science Park in 2001/02 two years ahead of our original schedule.

10. The Applied Science and Technology Research Institute (ASTRI) is developing its research strategy and specific programmes. Its target is to commence its first research project in 2001.

11. The Hong Kong Jockey Club has donated \$500 million to subsidize the research programme of the Hong Kong Jockey Club Institute of Chinese Medicine. This donation enables us to take a further step towards our vision of developing Hong Kong into a centre of excellence for Chinese medicine. The Institute aims to start its first research project in 2001.

V. Attract external direct investment

12. Invest Hong Kong is actively formulating measures to attract overseas companies to invest in Hong Kong, as well as encouraging foreign companies that already have a presence in Hong Kong to invest more in our economy. The department will also launch prominent image building activities with a view to widely promoting the department and Hong Kong among foreign multi-national corporations.

13. Thank you.