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Panel on Commerce and Industry

**Minutes of policy briefing
held on Tuesday, 19 October 2021, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon CHUNG Kwok-pan (Chairman)
Hon YIU Si-wing, SBS
Hon MA Fung-kwok, GBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
- Member attending** : Hon Holden CHOW Ho-ding
- Members absent** : Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAU Kwok-fan, MH, JP
- Public officers attending** : Agenda item I
Commerce and Economic Development Bureau
Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Miss Eliza LEE, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Ms Maggie WONG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)1

Mr Eric CHAN, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)2

Ms Betty HO, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)3

Mr Kesson LEE
Deputy Commissioner for Belt and Road

Mr Brian LO, JP
Director-General of Trade and Industry

Mr Stephen PHILLIPS
Director-General of Investment Promotion

Mr David WONG, JP
Director of Intellectual Property

Innovation and Technology Bureau

Mr Alfred SIT, JP
Secretary for Innovation and Technology

Ms Annie CHOI, JP
Permanent Secretary for Innovation and Technology

Ms Rebecca PUN, JP
Commissioner for Innovation and Technology

Mr Arthur AU
Deputy Commissioner for Innovation and Technology

Mr Alan LO
Deputy Secretary for Innovation and Technology (1)

Constitutional and Mainland Affairs Bureau

Mr Erick TSANG, IDSM, JP
Secretary for Constitutional and Mainland Affairs

Mr Tommy YUEN, JP
Commissioner for the Development of the
Guangdong-Hong Kong-Macao Greater Bay Area

Ms Katharine CHOI
Deputy Secretary for Constitutional and Mainland
Affairs (2)

Mr Benjamin MOK
Deputy Commissioner for the Development of the
Guangdong-Hong Kong-Macao Greater Bay Area

Attendance by invitation : Agenda item I

Related Organization

Ms Margaret FONG
Executive Director of Hong Kong Trade Development
Council

Mr Terence CHIU
Commissioner of Hong Kong Export Credit Insurance
Corporation

Clerk in attendance : Mr Boris LAM
Chief Council Secretary (1)3

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Miss Gloria WONG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

I. Briefings by the Secretary for Commerce and Economic Development, the Secretary for Innovation and Technology and the Secretary for Constitutional and Mainland Affairs on the Chief Executive's 2021 Policy Address

(LC Paper No. CB(1)1405/20-21(01) -- Administration's paper on 2021 Policy Address — Policy initiatives of Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau

LC Paper No. CB(1)1405/20-21(02) -- Administration's paper on 2021 Policy Address — Policy initiatives of Innovation and Technology Bureau

LC Paper No. CB(1)1405/20-21(03) -- Administration's paper on 2021 Policy Address — Policy initiatives of Constitutional and Mainland Affairs Bureau in relation to Mainland co-operation

LC Paper Nos. CB(1)1428/20-21(01) - and (02) Speaking notes of the Secretary for Innovation and Technology and Secretary for Constitutional and Mainland Affairs (Chinese version only)

Relevant papers

The Chief Executive's 2021 Policy Address and Supplement (*published on 6 October 2021*)

Presentation by the Administration

At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed the Panel on the policy initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau featured in the 2021 Policy Address ("PA"). Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)1405/20-21(01)).

2. Secretary for Innovation and Technology ("S for IT") was then invited to brief members on the policy initiatives of the Innovation and Technology Bureau ("ITB") with regard to promoting innovation and technology ("I&T") featured in PA. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)1405/20-21(02)) and S for IT's speaking note (LC Paper No. CB(1)1428/20-21(01)).

3. Lastly, Secretary for Constitutional and Mainland Affairs ("SCMA") was invited to brief the Panel on the policy initiatives of the Constitutional and Mainland Affairs Bureau ("CMAB") in relation to Mainland co-operation featured in PA. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)1405/20-21(03)) and SCMA's speaking note (LC Paper No. CB(1)1428/20-21(02)).

Discussion

Enlarging the innovation and technology talent pool

4. Mr CHAN Chun-ying welcomed the various initiatives related to I&T in PA, and the satisfactory growth in a number of I&T-related figures in Hong Kong in recent years. Nevertheless, he expressed concern that Hong Kong's achievement in attracting I&T talent had lagged behind Shenzhen, as reflected in the small number of scholars having been supported so far under the Global STEM Professorship Scheme to pool international talent in research and development ("R&D") in Hong Kong. Noting that the number of employees in the I&T sector had grown by about 26% from around 35 500 in 2014 to around 44 600 in 2019, he enquired whether the Administration had set any target on the number of I&T employees in the next five to 10 years.

5. S for IT advised that nominations from local universities under the Global STEM Professorship Scheme were vetted and selected by an Assessment Panel formed by individuals from the technology sector, academics and professionals. In the first tranche, 119 nominations were received, and the Scheme had supported over 40 scholars who were considered most outstanding or having strong potential to ensure the optimal use of resources. The Administration would continue to implement the Scheme in tranches in order to enlarge the pool of R&D talent.

6. S for IT added that in parallel with the growth in the number of employees in the I&T sector, the number of start-ups rose from around 1 070 in 2014 to around 3 800 in 2021. Venture capital investment in Hong Kong also increased substantially from around \$1.2 billion in 2014 to around \$10 billion in 2020. The upward trend was expected to continue, having regard to the development of new

I&T infrastructures. The Administration anticipated that some 150 000 I&T-related jobs would be created under the Northern Metropolis Development Strategy ("Development Strategy").

7. Mr Martin LIAO said that the most important element for I&T development was education. He enquired what new measures the Administration would take to enlarge the I&T talent pool. In this regard, the Chairman asked about the measures to enhance local students' interest in I&T and boost universities' intake of local students in the I&T disciplines. He also raised enquiries about the Administration's policy in the promotion of I&T development as against the rapidly ageing population of Hong Kong.

8. S for IT advised that the Administration had been adopting a two-pronged approach in enlarging the local talent pool, namely nurturing local talent and attracting non-local ones. Various policy initiatives such as the Global STEM Professorship Scheme and the Technology Talent Admission Scheme had been implemented and would continue to be enhanced to support universities/enterprises in recruiting non-local talent. The IT Innovation Lab in Secondary Schools Programme, Research Talent Hub and STEM Internship Scheme were also in place to nurture the interest of the younger generation in I&T. The Administration was also committed to developing the local I&T industry to offer more career opportunities for local graduates. S for IT considered it important for Hong Kong to position itself as an I&T hub with its unique competitive advantages in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA"). In this connection, the authorities of the Hong Kong Special Administrative Region ("HKSAR") and Shenzhen had launched a "Joint Policy Package" to implement measures conducive to the flow of talent, scientific research resources and business development, etc. between Hong Kong and Shenzhen, with a view to enhancing the attraction to I&T talent, and adding momentum to the I&T synergistic development between the two places.

9. S for IT added that confronted with the challenges of a rapidly ageing population and declining fertility rate, Hong Kong needed to seize the opportunities created by the 14th Five-Year Plan and in GBA to attract non-local talent more proactively and inject new impetus to the economy. One of the new strategies would be to attract graduates from local universities' affiliated campuses in other GBA cities to come to work in Hong Kong.

10. Ir Dr LO Wai-kiwok said that the Business and Professionals Alliance for Hong Kong fully supported the Development Strategy announced by the Chief Executive in PA, and enquired about the Administration's macro planning on Hong Kong's I&T development in terms of the employment opportunities generated therefrom.

11. S for IT advised that the Administration would continue to provide I&T infrastructure under the Development Strategy. Moreover, attention would be paid to ensuring adequate employment opportunities for the population in the Northern Metropolis. For example, by leveraging the proximity to the I&T infrastructures in Shenzhen, the San Tin Technopole and landmark I&T facilities in Lau Fau Shan in the Northern Metropolis upon full completion were anticipated to provide 150 000 I&T-related jobs. S for IT added that PA had also put forward clear strategies on attracting I&T talent.

12. SCMA advised that to enhance the two-way flow of talents within GBA, the HKSAR Government had put forward proposals to the Central Government which would not only facilitate the flow and exchanges of talents among the GBA cities, but also enhance Hong Kong's attractiveness to overseas talents.

Providing land and infrastructure for the development of innovation and technology

13. Mr CHAN Chun-ying noted that Hong Kong's existing and future infrastructures for I&T development were scattered in different areas, including the Science Park in Tai Po, the Cyberport in Pok Fu Lam and San Tin Technopole in San Tin. He enquired what measures the Administration would take to achieve synergy among the various sites.

14. S for IT advised that the foci of the various I&T infrastructures were different based on factors such as their respective historical background and geographical locations. For example, Cyberport focused on financial technology, as well as digital entertainment and e-sports. The focus of the Science Park was on deep technology, artificial intelligence, health science and green technology, etc. The future San Tin Technopole would leverage its proximity to Shenzhen by combining the relative strengths of the two cities, such as Shenzhen's strong manufacturing capabilities.

15. Dr CHIANG Lai-wan noted that the Hong Kong-Shenzhen Innovation and Technology Park ("HSITP") would be retitled San Tin Technopole upon its consolidation with the areas around Lok Man Chau/San Tin. Dr CHIANG opined that the new title seemed unable to reflect the enlarged scale and importance of the project as well as its synergistic effect with Shenzhen for the development of Hong Kong as an international I&T hub in GBA. Dr CHAING also stressed the importance of attracting R&D companies to invest, and I&T talent to work, in the San Tin Technopole.

Development of life and health sciences

16. Mr SHIU Ka-fai said that the Guangdong authorities had recently streamlined the approval procedures for Hong Kong traditional proprietary Chinese medicines to be registered and sold in GBA. He urged the HKSAR Government to continue to strive for similar arrangements to enable Hong Kong's health technology manufacturers to expand their markets in the Mainland.

17. S for IT advised that with the emphasis of the 14th Five-Year Plan on frontier fields such as life and health disciplines, Hong Kong would better leverage its strength in these disciplines to meet the country's needs. In this regard, the Administration had formulated strategies to develop life and health sciences to cover a wide range of R&D areas such as biomedicine, chemistry, physics, artificial intelligence and surgical micro-robots, etc.

18. Mr Martin LIAO expressed support for the Administration's proposal to set up an InnoLife Healthtech Hub in HSITP in the Lok Ma Chau Loop in concert with national development. Noting that the first batch of buildings in HSITP would not be completed until end of 2024, Mr LIAO enquired whether certain preparation work could be done in advance with the Mainland authorities in aspects such as drug registration, application of medical data and simplification of procedures for the transfer of medical samples.

19. S for IT advised that although the first batch of buildings in HSITP would not be completed until end of 2024, there were already 16 life and health-related laboratories in the InnoHK research clusters and eight State Key Laboratories in life and health disciplines, which had laid the foundation in the development of health-related research in Hong Kong. The Administration would continue to promote the flow of talent, capital, equipment and data among cities within GBA.

Support for trade and industries

20. Mr SHIU Ka-fai said that although Hong Kong's export trade volume had seen strong growth in 2021, the cost of shipping containers and raw materials from the destination regions to Hong Kong had risen as COVID-19 had dampened export volume in these regions. Noting that the tourism as well as convention and exhibition ("C&E") industries remained affected by Hong Kong's stringent COVID-19 travel restrictions as compared to other overseas cities, Mr SHIU enquired about the Administration's measures to pave way for the revival of these industries when the pandemic subsided. Besides, Mr YIU Si-wing expressed concern that the present challenges faced by the C&E industry might cause talents

in the fields of exhibition planning, preparation and design to change profession, causing Hong Kong to lose out to its competitors in the C&E industry in future. Mr YIU enquired about the Administration's measures to retain talent in the C&E industry.

21. SCED advised that the Administration was implementing the Convention and Exhibition Industry Subsidy Scheme with a total commitment of \$1.07 billion to provide impetus for the C&E industry through financial assistance. So far, the Scheme had provided a total subsidy of over \$140 million, involving over 60 exhibitions. The Scheme had supported some international exhibitions, including Art Basel, and helped secure the return of major events like RISE. Part of the Scheme's funding would also be allocated to provide a one-off immediate relief to private organizers of recurrent exhibitions being held in Hong Kong to help them cope with the impact of prolonged postponement or cancellation of exhibitions under the pandemic. Private organizers of exhibitions which were held at the Hong Kong Convention and Exhibition Centre or AsiaWorld-Expo in at least any five calendar years from 2015 to 2021 might apply for the one-off immediate relief, the amount of which would be equivalent to 20% of the average annual rental of the relevant exhibitions, subject to a cap of \$1 million.

22. Mr YIU Si-wing noted that Hong Kong's total merchandise trade value reached a record high of \$6,509.9 billion during the first eight months of 2021, benefitting from the stable supply chains maintained through effective control of the pandemic in the Mainland. However, in view of the gradual resumption of normal cross-border travel and rebound of merchandise trade volume worldwide, Mr YIU expressed concern that Hong Kong might not be able to maintain its competitive advantage in international trade.

23. SCED advised that in the face of multiple challenges in the international trade and economic environment, the Administration had been exploring new markets overseas while leveraging the numerous development opportunities in the Mainland. The Administration also implemented measures to ease the pressure on local small and medium enterprises ("SMEs") and traders. For example, to strengthen support to exporters in view of rising credit risks brought about by the pandemic, the Administration introduced through the Hong Kong Export Credit Insurance Corporation ("ECIC") the time-limited "100% Credit Limit Top-Up Scheme" in June 2020 to enhance the export credit insurance protection for exporters. As the uncertainty arising from the pandemic and geopolitical tension lingered, ECIC would introduce a series of long-term measures to continue its support to SME in their market expansion, including the launching of the "Export Credit Guarantee Programme", under which ECIC would guarantee up to 70% of the export financing of their policyholders, at a maximum guarantee limit of \$50

million.

24. SCED added that with trade in services (including business and professional services) being affected by the restrictions on international travel flow due to the pandemic, it was hoped that more market access opportunities would be provided by the development of GBA as well as the Mainland and Hong Kong Closer Economic Partnership Arrangement. Notwithstanding that trade protectionism was still expected to linger on in the foreseeable future, the Administration's continuing effort in forging bilateral and plurilateral free trade agreements with overseas economies would facilitate the development of Hong Kong's trade.

Development of the cultural and creative industries

25. Noting that the Economic and Trade Offices ("ETOs") would, under the leadership of relevant bureaux, promote externally policies of the HKSAR Government, including promotion of the cultural and creative industries, Mr MA Fung-kwok enquired about the Administration's measures to implement the 14th Five-Year Plan's vision of developing Hong Kong into an East-meets-West centre for international cultural exchange, and the role of ETOs therein.

26. SCED advised that to tie in with the 14th Five-Year Plan's cultural vision for Hong Kong, new measures would be introduced, including the commissioning of new arts and cultural facilities in West Kowloon Cultural District, as well as the development of art trading and arts technology in Hong Kong. ETOs, being the official representatives of the HKSAR Government overseas, had all along been promoting various aspects of Hong Kong's strengths, including the organization of arts and culture events, and these efforts would continue and be strengthened as new measures were rolled out.

27. Mr MA Fung-kwok enquired about the Administration's plan to revive the Copyright Ordinance amendment exercise, and whether it had studied the latest international developments in copyright protection legislation.

28. SCED advised that intellectual property ("IP") trading had enormous development potentials in Hong Kong, but was a policy area that Hong Kong was lagging behind international developments. The Government's two previous attempts to amend the Copyright Ordinance were both met with ill fate. In particular, while the Legislative Council ("LegCo") Bills Committees of the Copyright (Amendment) Bill 2014 ("2014 Bill") supported the passage of the bill in 2016, the legislative process could not be completed before the expiry of the LegCo term concerned due to filibustering by some LegCo Members. The 2014 Bill represented a consensus of society and should act as a starting point for the resurrection of the Administration's work to update the copyright regime. In this

connection, the Administration would launch a public consultation exercise in November 2021. Priority would be accorded to addressing those issues on which broad consensus had already been reached in the context of the 2014 Bill. The final legislative proposal would take into account the outcome of the public consultation.

Resumption of cross-boundary people flow between Hong Kong and the Mainland

29. Mr SHIU Ka-fai, Dr CHIANG Lai-wan and Mr YIU Si-wing urged the Administration to strive for the early resumption of cross-boundary people flow between Hong Kong and the Mainland, and enquired about the progress in this regard. Dr CHIANG Lai-wan further urged the Administration to expedite the development the relevant cross-boundary health code system as part of the arrangements for the resumption of quarantine-free travel between Hong Kong and the Mainland.

30. SCMA advised that the swift economic and trade rebound of the Mainland was largely attributable to its stringent pandemic control and quarantine measures. Under the Joint Prevention and Control Mechanism of the State Council, risks posed to public health in the Mainland and Hong Kong had been minimized. While the Mainland authorities recognized the effectiveness of Hong Kong's pandemic prevention and control measures, it would help facilitate the resumption of quarantine-free travel between Hong Kong and the Mainland if the pandemic prevention and control measures of the two places could be aligned as far as practicable.

31. SCMA added that a meeting on the anti-epidemic work of the Mainland and Hong Kong was held on 26 September in Shenzhen. The Chief Secretary for Administration led representatives of the HKSAR Government to attend the meeting to exchange views with Mainland experts on strategies relating to virus prevention and control, and on the resumption of quarantine-free travel between the Mainland and Hong Kong in a gradual and orderly manner. The meeting built a solid foundation for creating favorable conditions to take forward the resumption of quarantine-free travel. In response to the Chairman's enquiry, SCMA advised that the two sides would strive to hold a second meeting as soon as possible.

32. Noting that the HKSAR Government had submitted a number of proposals on the health code system to the Mainland authorities in striving for the resumption of quarantine-free travel between the Mainland and Hong Kong, the Chairman enquired about the progress in this regard. He suggested that the Administration consider resuming cross-border travel between Hong Kong and

overseas countries, should the discussion with the Mainland authorities on the subject lingered on.

33. SCED advised that in considering the resumption of quarantine-free cross-boundary/border travel, the HKSAR Government had to adhere to the principle of "preventing the importation of cases and the spreading of the virus in the community", based on scientific data and the need for public health protection. According to the COVID-19 risk levels in the Mainland and overseas places, the HKSAR Government considered that the Mainland ranked first among all places with which Hong Kong should resume quarantine-free travel in view of its effectiveness in pandemic containment and socio-economic ties with Hong Kong.

34. S for IT advised that the Administration would continue to explore options and enhance the functionality of the "Hong Kong Health Code" to support the latest anti-epidemic requirements for cross-boundary travels among Guangdong, Hong Kong and Macao. Detailed arrangements would be confirmed subject to the discussions of the experts of the Mainland and Hong Kong.

II. Any other business

35. There being no other business, the meeting ended at 4:01 pm.