

Special FC Meeting on 10 April 2013
Speaking Notes for SCED

Foreword

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism.

Industry Policy

- Echoing the direction for formulating a holistic industry policy as outlined in the Policy Address, the Budget points out that we must take advantage of the development of the Mainland market; expand and strengthen the competitiveness of our pillar industries; and support the development of new industries for a more diversified and solid economic base.
- The Economic Development Commission (EDC) led by the Chief Executive held its first meeting on 13 March. The four working groups underpinning the EDC will commence work accordingly.

Intellectual Property

- On intellectual property (IP), I am leading the Working Group on IP Trading which has just convened its first meeting. The Working Group would examine the overall strategies to promote the development of Hong Kong as an IP trading hub and the policy measures needed.
- In addition, the Government has conducted a comprehensive review on the positioning of Hong Kong's patent system, and is planning to introduce an "original grant" patent system to complement the efforts to develop Hong Kong into an innovation and technology hub and IP trading hub.

Support for SMEs

- SMEs are the important pillar of Hong Kong's economy. This year, the Government will continue to provide support to SMEs in various aspects.

Extending the application period of the special concessionary measures under SME Financing Guarantee Scheme (SFGS)

- First of all, the Hong Kong Mortgage Corporation Limited

launched the special concessionary measures under its SFGS in May last year to provide 80% loan guarantee to enterprises at a concessionary fee rate. The Government has provided a total loan guarantee commitment of \$100 billion. The 2013-14 Budget has announced the extension of the application period of the special concessionary measures from end of February this year for one year up to end of February 2014 to continue to assist enterprises in obtaining loans in the commercial lending market.

Raising the cumulative grant ceiling of SME Export Marketing Fund (EMF)

- In order to encourage SMEs to actively explore business opportunities in the export markets, we propose to raise the cumulative grant ceiling for each SME under the EMF from \$150,000 to \$200,000, subject to the meeting of relevant additional conditions. We will consult the Commerce and Industry Panel of Legislative Council (LegCo) and seek approval from the Finance Committee, with a view to implementing the proposal in June 2013.

Strengthening support to SMEs on export credit insurance

- In addition, the Hong Kong Export Credit Insurance Corporation has introduced since 1 March 2013 a "Small Business Policy" scheme for Hong Kong enterprises with an annual business

turnover of less than \$50 million to provide more flexibility for exporters in taking out insurance cover. Within a period of two years from 1 March 2013, SBP holders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount.

Dedicated Fund on Branding, Upgrading and Domestic Sales

- To assist Hong Kong enterprises in upgrading and restructuring their business and promoting domestic sales in the Mainland, we have launched a dedicated fund of \$1 billion in June 2012. 54 applications and 17 applications have been approved under the Enterprise Support Programme and Organisation Support Programme respectively and the total amount of funding approved is about \$81.9 million. In 2013-14, we will continue to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland through the dedicated fund.

Setting up more Design Galleries

- To further assist Hong Kong enterprises particularly SMEs in exploring the Mainland market, Hong Kong Trade Development Council will set up more Design Galleries in Mainland cities other than Beijing and Guangzhou to offer platforms for Hong Kong enterprises to showcase their products.

Development of Tourism Infrastructure

- On tourism, we will continue to invest in tourism infrastructure to sustain Hong Kong's position as an important tourism hub of Asia.
- Construction works of the Kai Tak Cruise Terminal are going ahead smoothly. The terminal building and the first berth will commence operation in June 2013. We will introduce the commissioning arrangements of the terminal to the Panel on Economic Development of LegCo in April.
- To support the commissioning of the terminal, we have provided additional resources for the Hong Kong Tourism Board (HKTB) to step up the promotion of cruise tourism in Hong Kong and the new terminal. The HKTB will encourage the travel trade to provide different shore excursion programmes and facilitate the development of new cruise itineraries.
- We will also continue to develop the two theme parks. The current expansion of the Hong Kong Disneyland (HKD) is nearing completion, with the opening of the last new themed area, Mystic Point, later this year. The HKD will launch a new night-time parade and put in place a themed area featuring "Marvel heroes". Meanwhile, the HKD is actively pursuing new hotel project. On the other hand, the Ocean Park will develop the Tai Shue Wan

area into a new integrated theme zone with the main focus on an all-weather waterpark (the Project). The estimated capital cost of the Project is about \$2.3 billion and it is scheduled for completion in the second half of 2017. The Government will offer a \$2.3 billion loan to Ocean Park. Last month we briefed the Panel on Economic Development of LegCo about the project and the financing arrangement. We are planning to submit a funding proposal to the Finance Committee in May.

- Meanwhile, the re-tender of the Ocean Hotel is on-going. We will continue to work closely with the Ocean Park to ensure the smooth implementation of its hotel development.
- On the overall hotel supply, at the end of 2012, there were around 67 000 rooms. It is estimated that some 10 000 new hotel rooms will be provided in the coming two years. We also estimate that the total number of hotel rooms will reach 84 000 by the end of 2017.

Manpower of the Retail Industry

- The retail industry is one of the main pillars of the Hong Kong's economy. As manpower of the industry has become tighter, we have set up the Task Force on Manpower Development of the Retail Industry. The aim is to study the business outlook of the

retail industry and review its manpower needs.

Authorised Economic Operator Programme

- We attach great importance to efficient customs clearance of Hong Kong's imports, exports and re-exports at home and outside Hong Kong. Beginning from 2013-14, the Customs and Excise Department will earmark dedicated resources to enhance the promotion of the Authorised Economic Operator Programme. It will encourage industry participation, and seek mutual recognition of similar programmes with other customs authorities. This will allow credible and competent local companies to enjoy prioritised clearance and less inspection both in Hong Kong and abroad.

Competition Ordinance

- As regards the Competition Ordinance (the Ordinance), we are making preparations for the phased implementation of the Ordinance. Our first and foremost work is to establish the Competition Commission and the Competition Tribunal.

Conclusion

- Chairman, I would be pleased to answer questions from Members.