

**立法會**  
**Legislative Council**

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**Panel on Commerce and Industry**

**Meeting on 23 January 2013**

**Updated background brief on promotion of inward investment**

**Purpose**

This paper provides background information on the work of Invest Hong Kong (InvestHK), and the progress of its performance in promoting inward investment in 2011. It also provides a summary of views and concerns expressed by Members on the subject in the 2011-2012 session.

**Background**

2. Attracting external direct investment was one of the Government's major initiatives announced in the 2000-2001 Budget Speech to revive Hong Kong's economy after two years of recession following the Asian financial crisis. InvestHK was established in July 2000 to provide institutional support to spearhead the work of attracting inward direct investment and improve Hong Kong's investment environment for promoting, in particular, the growth of multinational business activities. InvestHK has adopted a targeted approach to promote nine priority sectors<sup>1</sup> in which Hong Kong has comparative advantages.

3. On 3 June 2003, the Finance Committee (FC) approved the creation of a commitment of \$200 million to enable InvestHK to strengthen its investment promotion efforts over a period of five years from 2003-2004 to 2007-2008. FC further approved, on 11 January 2008, an increase of \$100 million of the approved non-recurrent commitment, to be spent over three years from 2008-2009, to enable InvestHK to continue implementation of the following initiatives:

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<sup>1</sup> These nine priority sectors include business and professional services; consumer, retail and sourcing; financial services; information technology (especially electronic and biotechnology); telecommunications; media and multi-media; technology; tourism and entertainment; and transportation.

- (a) broaden the external representation of InvestHK to markets not already included;
- (b) improve coverage in markets where InvestHK is already represented;
- (c) strengthen Investment Promotion Units targeting markets in Beijing/Tianjin and East China;
- (d) increase joint marketing activities with the Pearl River Delta municipalities and strengthen the team responsible for Mainland co-ordination in InvestHK's Head Office;
- (e) strengthen the sector teams in the Head Office to generate and handle additional projects;
- (f) support the Investment Promotion Ambassador Scheme;
- (g) improve the marketing, research, information technology and knowledge management capacity of InvestHK; and
- (h) meet the additional expenditure on advertising, event sponsorship, office rental and overseas travel, etc arising from these enhanced promotional activities.

4. The annual financial provision allocated to InvestHK for investment promotion from 2005-2006 to 2012-2013 is as follows:

	Operational expenses (\$ million)	General non-recurrent expenses for enhancing investment promotion work (\$ million)	<b>Total (\$ million)</b>
2005-2006	63.7	42.5	<b>106.2</b>
2006-2007	63.6	42.4	<b>106.0</b>
2007-2008	65.6	42.5	<b>108.1</b>
2008-2009	66.5	41.6	<b>108.0</b>
2009-2010	68.8	42.5	<b>111.3</b>

	Operational expenses (\$ million)	General non-recurrent expenses for enhancing investment promotion work (\$ million)	<b>Total (\$ million)</b>
2010-2011	83.0	25.8	<b>108.8</b>
2011-2012	112.1	-	<b>112.1</b>
2012-2013	113.7	-	<b>113.7</b>

5. According to the Administration, the increase of provision in 2011-2012 over 2010-2011 is mainly due to the increased provision to regularize the non-recurrent funding for sustaining the momentum of investment promotion work as from 2011-2012 after the non-recurrent commitment was exhausted in 2010-2011.

6. A summary of the results of the work of InvestHK provided by the Administration for the period from 2000 to 2011 is in **Appendix I**.

## **Previous discussions**

### Panel on Commerce and Industry

7. The Panel on Commerce and Industry (the Panel) has followed closely issues on the promotion of inward investment since April 2003. Panel members had expressed concerns about the cost-effectiveness of the work of InvestHK, measures to attract inward investment to maintain Hong Kong's competitiveness, efforts in promoting inward investment in the information technology sector and green technology, and the Administration's plan to strengthen the work of InvestHK in the promotion of overseas investment in Hong Kong.

8. At the Panel meeting on 21 February 2012, Some Panel members raised concern about the priority areas of the InvestHK's investment promotion efforts in Taiwan. The Panel noted that InvestHK had continued to step up its promotion efforts in attracting more inward investment from Taiwan, particularly in the financial services as well as innovation and technology sectors. In this regard, a seminar was conducted in partnership with the Guangzhou Municipal Government in Taipei to promote the combined business advantages offered by the economic integration of the two places. Companies in Taiwan were generally interested in how they could raise capital in Hong Kong, partner with and leverage on the expertise of service providers in Hong Kong in tapping business opportunities in the Mainland, and use Hong Kong as a treasury centre to manage their treasury

functions for their operations in the Mainland.

9. Some Panel members considered that the problem of insufficient international school places in Hong Kong might discourage multi-national companies from investing in Hong Kong as the difficulty of finding school places for children of senior executives of large multi-national firms posted in Hong Kong was in some cases a critical factor for the corporation's decision on whether or not to set up businesses in Hong Kong. These members urged the Administration to put in place measures to address the problem. Some members suggested that a high level committee should be set up to co-ordinate the work of different departments in dealing with issues raised by the international business community in Hong Kong. The Administration advised that the International Business Committee chaired by the Chief Secretary for Administration had maintained regular dialogue with major foreign chambers of commerce in Hong Kong to facilitate exchange between the Administration and the international business community.

10. At the Panel's request, the Administration had provided supplementary information on the statistics on inward foreign direct investment related to completed projects of InvestHK, in priority sectors (in particular the financial services, innovation and technology and creative industries sectors), and by regional source market for the period from 2009 to 2011. Details are set out in **Appendix II**.

#### Special Finance Committee meeting

11. At the special FC meeting to examine the Estimates of Expenditure 2012-2013 on 7 March 2012, Members noted that the selection of overseas destinations for joint investment promotion activities with the Mainland in 2012-2013 was made in consultation with the partner cities in Guangdong Province. InvestHK would focus its investment promotion work in target emerging markets, such as Moscow and Mumbai, which were high-growth cities and were mainly located in the BRICS (Brazil, Russia, India, China and South Africa) economies. Toronto was also selected as it would bring about the benefit of attracting mining companies in Canada to list in Hong Kong and to use Hong Kong as their regional hub.

12. Some Members expressed concern about Hong Kong being marginalized in the partnership with Guangdong Province in joint investment promotion activities. The Administration advised that the purpose of organizing such activities was to promote the combined advantages offered by the economic integration of Hong Kong and the Mainland, in particular the Pearl River Delta region. In recent years, there had been record numbers of companies coming to Hong Kong and using Hong Kong as a regional base.

**Latest position**

13. The Administration will update the Panel on 23 January 2013 on the work of InvestHK in 2012 and outline the way forward for 2013.

**Relevant papers**

14. A list of relevant papers is in **Appendix III**.

Council Business Division 1  
Legislative Council Secretariat  
17 January 2013

## Summary of Results of the Work of InvestHK

	No. of projects completed*	Jobs created within the first year <sup>#</sup>	Investment amount (\$ million) <sup>#</sup>
<b>2000 (Jul – Dec)</b>	35	347	506
<b>2001</b>	99	1 504	3,500
<b>2002</b>	117	2 075	1,360
<b>2003</b>	142	2 456	2,493
<b>2004</b>	205	3 008	4,658
<b>2005</b>	232	2 517	8,895
<b>2006</b>	246	3 092	10,243
<b>2007</b>	253	3 130	8,387
<b>2008</b>	257	2 450	4,608
<b>2009</b>	265	2 711	4,360
<b>2010</b>	284	3 063	8,130
<b>2011</b>	303	2 716	5,060

\* *The figures represent companies assisted by InvestHK, and do not include companies set up in Hong Kong without such assistance.*

<sup>#</sup> *As reported by the companies assisted by InvestHK themselves. Not all are willing to disclose the data.*

**Statistics on inward foreign direct investment  
related to completed projects of InvestHK**

*Amount of inward direct investment from completed projects of InvestHK<sup>1</sup> in the financial services, innovation and technology and creative industries sectors in the past three years*

<b>Business Sector</b> \ <b>Year</b>	<b>2009</b> (amount in HK\$ million <sup>#</sup> )	<b>2010</b> (amount in HK\$ million <sup>#</sup> )	<b>2011</b> (amount in HK\$ million <sup>#</sup> )
Financial services	822.2	3,068.8	1,633.8
Innovation and technology	1,083.4	1,274.3	605.6
Creative industries	59.6	875.7	211.1

*# The figures only include data from companies assisted by InvestHK that were willing to disclose information on the amount of their investment.*

*Amount of inward direct investment from completed projects of InvestHK by region in the past three years*

<b>Region</b> \ <b>Year</b>	<b>2009</b> (Amount in HK\$ million <sup>#</sup> )	<b>2010</b> (Amount in HK\$ million <sup>#</sup> )	<b>2011</b> (Amount in HK\$ million <sup>#</sup> )
North, Central and South Americas	366.7	596.5	941.8
Europe and Middle East	593.3	3,270.7	964.4
Asia Pacific	414.6	991.2	858.3
Mainland and Taiwan	2,683.5	3,227.6	2,236.2
Others*	300.0	45.5	55.0
<b>Total</b>	<b>4,358.1</b>	<b>8,131.5</b>	<b>5,055.7</b>

*\* This includes completed projects from places such as Bahamas, Bermuda, Cayman Islands, Fiji, Samoa and South Africa.*

*# The figures only include data from companies assisted by InvestHK that were willing to disclose information on the amount of their investment.*

<sup>1</sup> A completed project refers to an investment project resulting in an overseas, Mainland or Taiwan company setting up or expanding its business in Hong Kong with the assistance of InvestHK.

*Number of completed projects of InvestHK by region in the past three years*

<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Region</b>			
North, Central and South Americas	51	68	62
Europe and Middle East	98	100	109
Asia Pacific	60	55	66
Mainland and Taiwan	54	58	63
Others*	2	3	3
<b>Total</b>	<b>265</b>	<b>284</b>	<b>303</b>

\* *This includes completed projects from places such as Bahamas, Bermuda, Cayman Islands, Fiji, Samoa and South Africa.*



## Promotion of inward investment

## List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
13/1/2009	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Updated background brief</p> <p>Minutes of meeting</p>	<p>CB(1)520/08-09(09)</p> <p><a href="http://www.legco.gov.hk/yr08-09/english/panels/ci/papers/ci0113cb1-520-9-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ci/papers/ci0113cb1-520-9-e.pdf</a></p> <p>CB(1)520/08-09(10)</p> <p><a href="http://www.legco.gov.hk/yr08-09/english/panels/ci/papers/ci0113cb1-520-10-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ci/papers/ci0113cb1-520-10-e.pdf</a></p> <p>CB(1)2176/08-09</p> <p><a href="http://www.legco.gov.hk/yr08-09/english/panels/ci/minutes/ci20090113.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ci/minutes/ci20090113.pdf</a></p>
19/1/2010	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Updated background brief</p> <p>Minutes of meeting</p> <p>Follow-up paper</p>	<p>CB(1)865/09-10(30)</p> <p><a href="http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-865-30-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-865-30-e.pdf</a></p> <p>CB(1)865/09-10(31)</p> <p><a href="http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-865-31-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-865-31-e.pdf</a></p> <p>CB(1)1570/09-10</p> <p><a href="http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20100119.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20100119.pdf</a></p> <p>CB(1)2768/09-10(01)</p> <p><a href="http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-2768-1-e.pdf">http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0119cb1-2768-1-e.pdf</a></p>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
18/1/2011	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Updated background brief</p> <p>Minutes of meeting</p> <p>Follow-up paper</p>	<p>CB(1)1050/10-11(03)</p> <p><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-1050-3-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-1050-3-e.pdf</a></p> <p>CB(1)1050/10-11(04)</p> <p><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-1050-4-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-1050-4-e.pdf</a></p> <p>CB(1)1529/10-11</p> <p><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110118.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110118.pdf</a></p> <p>CB(1)2931/10-11(01)</p> <p><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-2931-1-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0118cb1-2931-1-e.pdf</a></p>
21/2/2012	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Updated background brief</p> <p>Minutes of meeting</p> <p>Follow-up paper</p>	<p>CB(1)1077/11-12(03)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1077-3-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1077-3-e.pdf</a></p> <p>CB(1)1077/11-12(04)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1077-4-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1077-4-e.pdf</a></p> <p>CB(1)1547/11-12</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120221.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120221.pdf</a></p> <p>CB(1)1879/11-12(01)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1879-1-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0221cb1-1879-1-e.pdf</a></p>

<b>Date of meeting</b>	<b>Meeting</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
7/3/2012	Special Finance Committee meeting	Minutes of meeting	Report on the examination of the Estimates of Expenditure 2012-2013 (Chapter XIII : Commerce, Industry and Tourism)  <a href="http://www.legco.gov.hk/yr11-12/english/fc/fc/minutes/sfc_rpt.pdf">http://www.legco.gov.hk/yr11-12/english/fc/fc/minutes/sfc_rpt.pdf</a>