

Special FC Meeting on 30 March 2015

Speaking Notes for SCED

Foreword

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

CEPA

- In terms of CEPA, a new agreement was signed under the framework of CEPA between the Hong Kong Special Administrative Region (HKSAR) Government and the Ministry of Commerce in December last year to achieve early basic liberalization of trade in services between Guangdong and Hong Kong. The HKSAR Government will continue to seek to achieve basic liberalization of trade in services in the Mainland for Hong Kong by the end of this year.

Hong Kong – ASEAN Free Trade Agreement

- On the other hand, the free trade agreement negotiation between

Hong Kong and the ten member states of ASEAN is progressing smoothly. We target to conclude the negotiation next year.

Support for Small and Medium Enterprises (SMEs)

SMEs are the pillar of Hong Kong's economy. We will continue to provide multi-folded support for SMEs:

- First, on loan guarantee, we have extended the application period of the time-limited special concessionary measures launched by the Hong Kong Mortgage Corporation Limited under its SME Financing Guarantee Scheme for the third time on 1 March 2015.
- In addition, the Budget proposed to inject \$1.5 billion into the SME Export Marketing and Development Funds, and to expand the scope of the SME Export Marketing Fund and increase the maximum amount of funding support for each project under the SME Development Fund from \$2 million to \$5 million. We will consult the SME Committee and the LegCo Panel on Commerce and Industry, before seeking funding approval from the Finance Committee.

Support measures for promoting the sustained development of the fashion industry

- On promoting the development of the fashion industry, the Expert Group on Fashion Industry covered under the Economic Development Commission has earlier made specific recommendations. In the Budget, the Financial Secretary has expressed support and will consolidate existing resources and invest new resources, totalling \$500 million, to launch measures on a pilot basis in the next three years. We will set up an advisory body for the trade to advise on and co-ordinate the implementation of the measures.

Tourism

- Tourism is an important pillar of Hong Kong's economy. Last year, we received 60.8 million visitors in total, representing a year-on-year growth of 12%. Yet, the "Occupy Movement" last year and the series of anti-parallel trading protests in recent months have affected the desire of visitors to travel to Hong Kong.

- Surely, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. Our major premise is to strike a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. As regards the measures to fine-tune and improve the arrangements under the Individual Visit Scheme, as it is an outbound travel policy of Mainland residents which falls within the remit of the Central Government, the HKSAR Government has maintained discussions with the Central Government and will continue to relay different views of the Hong Kong community and the latest situation comprehensively.
- To rebuild Hong Kong's image as a world-class travel destination, we will allocate an additional \$80 million for the Hong Kong Tourism Board to step up its promotion efforts in the coming year.
- Together with relevant departments, CEDB will also lead the study from various perspectives on introducing Food Trucks to Hong Kong.

- On tourist facilities, the Ocean Park is pressing ahead the development of its all-weather waterpark in Tai Shue Wan and its first hotel, both of which will hopefully be completed by 2017. Hong Kong Disneyland will also launch a new Iron Man-themed area by the end of 2016 and complete a new 750-room hotel in early 2017. The Government has also commenced discussion on the Phase 2 Development of the Hong Kong Disneyland Resort with The Walt Disney Company. The Phase 2 development will cover an estimated area of 60 hectares, with attractions, hotel development and retail facilities.
- To attract more high value-added visitors, the Government will endeavour to release the first site within the “hotel belt” of the Kai Tak Runway Precinct to the market by end of this year and will consider possible means to gradually release the remaining sites within the “hotel belt” in future for development into a distinctive hotel cluster.

- The total number of hotel rooms will increase from 72 700 in 2014 to around 84 000 in end 2017.
- As regards cruise, since the commissioning of the Kai Tak Cruise Terminal, its number of ship calls has been increasing steadily. The number of ship calls for this year will be more than the double of that last year, and its passenger throughput will correspondingly increase. Furthermore, we are also committed to developing cruise tourism in Hong Kong, including the promotion of regional cooperation with neighbouring ports to enhance the attractiveness of the whole region to cruise companies.

Shopping facility in border area

- On the suggestion of setting up a shopping centre in Lok Ma Chau, we consider it worth considering from the tourism perspective. As the proposed development involves statutory planning and land administrative procedures, as well as discussion between the project proponent and relevant Government departments, the Government has been offering advice and coordinating relevant

departments.

Intellectual Property

- On the front of intellectual property (IP), the Working Group on IP Trading under my chairmanship has completed its work and released a report. We will set aside \$23 million in the coming three years for implementation of a series of new measures.
- In addition, a Bills Committee is scrutinising the Copyright (Amendment) Bill 2014.
- Furthermore, the Government is working to implement an “original grant” patent (OGP) system. Subject to the progress of implementation and future legislative work, we aim at launching the OGP system in 2016-17 at the earliest.

Competition Policy

- With regard to competition policy, since the enactment of the Competition Ordinance, we have been working on the preparation

for the full commencement of the Ordinance in collaboration with the Competition Commission and the Judiciary.

- We will bring the Competition Ordinance into full operation when all relevant preparatory work is completed.

Conclusion

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