

Special FC Meeting on 6 April 2017

Speaking Notes for SCED

Foreword

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

Tourism

- The Government has been pursuing balanced, healthy and long-term development towards product diversification and high value-added services in recent years. Joining hands with the tourism industry, we are striving for attracting more high-spending overnight visitors to Hong Kong. We will support the industry by allocating an additional sum of \$243 million in 2017-18 for undertaking the following five areas of work –
 - First, the Government will, in collaboration with the Hong Kong Tourism Board (HKTb), update the "A Symphony of Lights" by redesigning its lighting effects in amalgamation with creative light shows with an aim of developing Hong Kong's own brand of light attraction. We will also allocate funds to the HKTb to cultivate home-grown events as Asia's celebrated brand events, and provide support to MICE tourism;

- Second, we will further promote the diversification of tourism products by allocating funding to the HKTb to introduce a pilot scheme to provide funding support for activities with tourism appeal to showcase Hong Kong's local characteristics, and another pilot scheme to provide funding support to encourage the travel trade to develop in-depth green tourism products;
- Third, we will step up our efforts to attract more high-spending visitors by implementing a scheme targeting transit passengers and overnight visitors in Hong Kong through the HKTb. We will work with local airlines, tourist attractions, hotels and the tourism sector to provide promotional offers to transit passengers or overnight visitors to attract them to extend their stay and stimulate their spending in Hong Kong. As far as the development of cruise tourism is concerned, the Government will allocate additional funding for the HKTb to continue implementing the "fly-cruise" programme, to support the trade in developing shore excursion products and to further cultivate the source markets;
- Fourth, to enhance Hong Kong's appeal as a tourist destination, we will, through the HKTb, continue our publicity in the Mainland to promote the quality and honest image of Hong Kong's tourism and strengthen our

efforts to publicise in overseas markets the mega events to be held in Hong Kong this year; and

- Fifth, we will provide support to the travel trade, with measures such as waiving the licence fees for 1800 travel agents for one year, subsidising the training of tourism industry members through the Travel Industry Council of Hong Kong so as to enhance service quality of the industry, continuing to implement the matching fund for promoting tourist attractions, as well as waiving local traders' participation fees for overseas promotion fairs.
- In the long run, we are taking forward the Kai Tak Tourism Node project for developing it into a world-class tourist and leisure attraction.

Support for Small and Medium Enterprises

- We will continue to implement support measures for local Small and Medium Enterprises (SMEs) to render them assistance in tapping new markets and enhancing overall competitiveness. Measures include extending the application period for the Dedicated Fund on Branding, Upgrading and Domestic Sales for five years to June 2022 and extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 28 February 2018. We will brief the Legislative Council Panel on Commerce and Industry on this in due course.

- We also consider that the Hong Kong Export Credit Insurance Corporation (“ECIC”) should be provided with more underwriting capacity to continue to provide export credit insurance for Hong Kong exporters, especially SMEs. Therefore, we propose to raise the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion.

Exploring New Markets

- At present, we have 12 overseas Economic and Trade Offices (ETOs). In order to further expand the ETOs’ network, we are closely liaising with the Korean Government with a view to setting up an ETO in Seoul as early as possible. In addition, we have commenced preliminary work for the setting up of ETOs in India, Mexico, Russia, South Africa and the United Arab Emirates with a view to opening up new markets and seeking business opportunities.

CEPA

- The Hong Kong Special Administrative Region Government and the Ministry of Commerce are exploring further expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation etc. We expect to achieve some concrete results by the middle of this year.

Free Trade Agreements

- The Free Trade Agreements (FTA) negotiation between Hong

Kong and the ten member states of ASEAN is in its final stage. We will continue to drive the process with a view to concluding the negotiation soon and signing the agreement within this year, so that our businessmen and investors can reap the benefits of the FTA as soon as possible.

- We will continue our FTA negotiations with Georgia and Maldives to expand our FTA network.

Investment Promotion and Protection Agreement

- Hong Kong has so far signed 19 Investment Promotion and Protection Agreements (IPPAs). All these IPPAs, except for the one signed with Chile in November 2016, have entered into force. We will continue to negotiate IPPAs with the ASEAN, Iran, Russia and Maldives, and to expand our IPPA network to benefit both local and foreign investors.

Trade Single Window

- The Government reiterated its policy priority to establish the Trade Single Window as a one-stop electronic platform for the lodging of trade documents. To keep Hong Kong in line with the international trend, we will roll out the initiative by phases as soon as practicable.

Conclusion

- Chairman, my colleagues and I would be pleased to answer

questions from Members.