

## **Special FC Meeting on 18 April 2018**

### **Opening Remarks 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.

#### **Belt and Road Initiative**

- The Belt and Road Initiative (“B&RI”) is an important driver for Hong Kong’s future economic development. The current-term Government is determined to strengthen Hong Kong’s external trade and economic co-operation, which will be underpinned by our work in furthering Hong Kong’s participation in the B&RI.
- In February earlier this year, the Government organised a Belt and Road seminar in Beijing which was actively participated by relevant Mainland ministries and state-owned enterprises, and achieved satisfactory outcomes. We will continue to work with Mainland authorities to implement the measures in the Arrangement between National Development and Reform Commission and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative, which was signed in December last year. We will seek to strengthen collaboration among HKSAR Government, Mainland and Hong Kong enterprises and professional sectors, as well as providing more information and support as required by Hong Kong enterprises with a view to facilitating their participation in the B&RI. Acting as a Belt and Road investment and business matchmaking platform, we will join hands with the Hong Kong Trade Development Council again to organize the Belt and Road Summit in June this year. As well, a tourism forum on the B&RI and the Guangdong-Hong Kong-Macao Bay Area will be staged in end 2018 with a view to promoting Hong Kong as a destination for “one trip, multiple destinations” travel.

## **Hong Kong's Free Trade Agreements and Investment Promotion and Protection Agreements**

- We will continue our efforts to help Hong Kong traders and investors open up new markets, protect their overseas investments and attract foreign investors to Hong Kong, including through expanding our Free Trade Agreement (FTA) and Investment Promotion and Protection Agreement (IPPA) networks. Further to the FTA and Investment Agreement which we forged with ASEAN last year, we will sign FTA or IPPA respectively with Georgia, Bahrain and Mexico this year; continue with our negotiations with Maldives and Australia; and actively pursue additional FTAs and IPPAs with other economies, including those along the Belt and Road.

## **Measures to support SMEs (including the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund))**

- The Budget proposed to inject a total of \$2.5 billion into the BUD Fund as well as the SME Export Marketing and Development Funds, and to implement enhancement measures, including increasing the funding ceiling and extending the geographical scope etc., so as to provide strong support to enterprises in developing markets, especially the Mainland and ASEAN markets.

## **Setting up of Overseas Economic and Trade Offices**

- To further enhance the network of the overseas Economic and Trade Offices (ETOs), we plan to set up the third ETO in the Association of Southeast Asian Nations region in Bangkok, Thailand. We are in close liaison with the Thai Government to discuss the detailed arrangements. We also continue to actively follow up on the proposal to set up ETOs in India, Korea, Russia, the United Arab Emirates, etc.

## **Redevelop the Air Mail Centre**

- Consolidating Hong Kong's position as a logistics hub is also an important policy objective of the Government. We wish to redevelop the Air Mail Centre of Hongkong Post (HKP) at the Hong Kong International Airport, with a view to facilitating economic and trade as well as cargo clearance, in

order to capture the opportunity brought about by the increasing demand for air mail services arising from cross-border e-commerce. The Air Mail Centre of HKP has been operating for 20 years, and we hope to equip it with modern facilities to significantly enhance its efficiency and capacity. Assessments and deliberations will be made upon the completion of the relevant consultancy studies. For fiscal planning, the Government has set aside \$5 billion for this redevelopment project.

- Meanwhile, HKP is actively engaging with the Airport Authority and other postal authorities to explore enhancing collaboration on cross-border air mail, with a view to maximising the use of the Centre's transit mail handling capability to foster cross-border logistics and trading activities.

#### **Setting a \$200 cap on the import and export declaration (TDEC) charges**

- The Budget announced the proposal of setting a \$200 cap on the import and export declaration (TDEC) charges, so as to lower the cost of importing and exporting high-value goods to and from Hong Kong, encourage the trading and logistics industry to move up the value chain, and enhance Hong Kong's advantage as a trading hub.
- The measure is expected to save the trade \$458 million per year and benefit about 900 000 TDEC cases involving high-value goods. The Panel on Commerce and Industry has expressed support for the proposal. We will amend the law to enable early implementation of the measure.

#### **Tourism**

- Tourism is one of the four pillar industries of Hong Kong. Thanks to the co-operation and efforts among the Government, the Hong Kong Tourism Board (HKTB) and the travel trade, as well as improvement in the external environment, our tourism industry regained growth momentum in 2017.

- The Government of this term will continue to allocate resources to promote the development of tourism industry. In October last year, the Government published the “Development Blueprint for Hong Kong’s Tourism Industry” (the Development Blueprint), covering four development strategies and 13 implementation goals.
- This year’s Budget allocated additional funding of \$396 million for the development of tourism industry, including the additional funding of \$226 million for HKTb, as well as \$170 million for implementing the Development Blueprint through various new initiatives to promote tourism development.

### **Protecting the Rights of the Consumers**

- At present, the Consumer Legal Action Fund under the Consumer Council aims to provide legal assistance to consumers in cases involving significant consumer interest. We will inject \$10 million to the Fund in this financial year to maintain its operation. In addition, to support the implementation of the Competition Ordinance and having regard to the rising number of litigation cases, starting from this financial year we will provide a dedicated funding of about \$200 million to support the Competition Commission’s litigation work in the coming years. We will also increase the annual subvention to the Commission to strengthen support for its planned activities.

### **Conclusion**

- Chairman, the above is a brief summary of the key policy areas. My colleagues and I would be pleased to answer questions from Members.