

**Special FC Meeting on 10 April 2019**  
**Speaking Notes for**  
**Secretary for Commerce and Economic Development**

**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.

**Trade Conflict between China and United States (US)**

- The Government has been closely monitoring the developments of the China-US trade conflict and their impact on Hong Kong economy, maintaining close communication and exchanging information with the trade, and jointly assessing the impact and discussing with the trade on how to respond. The Government has implemented short-, medium- and long-term support measures in a timely manner, having due regard to the trade's situation and needs.
- Negotiations between China and the US are ongoing, and reportedly there is substantive progress. This positive development is welcome by all. We hope that both sides will continue the constructive dialogue and reach agreement as soon as possible.

## **Free Trade Agreements (FTA) and Investment Promotion and Protection Agreements (IPPA)**

- 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.
- Late last month, I represented the HKSAR Government to sign an FTA and Investment Agreement with Australia. Since taking office, this term of Government has signed four FTAs with our trading partners, i.e. Australia, the ten ASEAN member states, Georgia and Macao. We will continue to actively pursue signing FTAs and investment agreements with other economies.
- I will attend the Commerce and Industry Panel meeting next Tuesday (16 April) to introduce the details of our FTA with Australia and our future work priority.

## **Setting up of the new Overseas Economic and Trade Offices (ETOs)**

- The Government is committed to enhancing its Economic and Trade Office (ETO) network. With the Bangkok ETO commencing operation in end February, we will forge stronger economic and trade ties with ASEAN. Moreover, our discussion with the United Arab Emirates Government on setting up the

Dubai ETO is in good progress. It is expected that the Dubai ETO will be the second new ETO to be established after the Bangkok ETO by the current-term Government. We have also continued with the discussion and preparatory work for setting up the new ETOs in India, Korea and Russia respectively.

## **Belt and Road**

- The Belt and Road Initiative (B&RI) carries profound implications for the future development of Hong Kong. Coupled with the development of the Guangdong-Hong Kong-Macao Greater Bay Area, fuller support will be provided in the pursuit of the Initiative. To capitalise on the opportunities brought by the B&RI, we are committed to enhancing policy co-ordination with the Mainland authorities, building different collaboration platforms, promoting project participation, facilitating enterprises and professional services sector to establish partnership, and strengthening external exchanges. We would fully leverage Hong Kong's unique advantages, and make the best use of Hong Kong's position as the professional services hub, so as to promote Hong Kong's full participation in the B&RI.

## **The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and the development of the Guangdong-Hong Kong-Macao Greater Bay Area**

- The Mainland and Hong Kong signed the Agreement on Trade in Goods in December last year on the basis of 15 years of implementation of CEPA. This marked the advanced completion of the objective of promoting the CEPA Upgrade under the National 13th Five-Year Plan, thus enabling CEPA to become a comprehensive free trade agreement framework, covering the four major areas of trade in goods, trade in services, investment protection, and economic and technical cooperation. The pace of developing CEPA will not stop, and we will continue to enrich and enhance the content of CEPA.
- The Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) was just promulgated in February. The Greater Bay Area has great development potential and the community is looking forward to participating in it. CEDB will take forward the development of the Greater Bay Area on various fronts and identify new areas of growth for Hong Kong.
- To assist Hong Kong enterprises in gaining greater access to the Mainland market, we will consider and seek more liberalisation measures under CEPA for early and pilot implementation in the

Greater Bay Area with the Ministry of Commerce of the Central People's Government, so that Hong Kong professionals and enterprises practising, investing and doing business on the Mainland may be able to enjoy national treatment in more sectors.

- Also, after the second plenary meeting of Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area on 1 March 2019, the Chief Executive announced that the Central Government would introduce eight policy measures to take forward the development of the Greater Bay Area. The expansion of the applicability of the Single E-lock Scheme to all nine Mainland municipalities within the Greater Bay Area is one of such measures. The Single E-lock Scheme, by way of using E-lock technology, reduces the number of repeated inspections on shipments. With the progressive expansion in the network of clearance points under the Scheme, cargo clearance efficiency can be enhanced.

### **Measures to Support Small and Medium Enterprises (SMEs)**

- Since the implementation of enhancement measures to various SME support schemes last year, we have seen a marked increase in the number of applications of various funding schemes. I am glad to see that the support measures could offer practical assistance to enterprises.

- This year's Budget proposes a new round of enhancement measures, including further injecting \$1 billion to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), extending the geographical scope to include all economies which have signed Free Trade Agreements with Hong Kong, as well as increasing the funding ceiling for each enterprise from \$2 million to \$3 million.
- We will also extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme and the validity of the three enhancement measures launched last year to the end of June 2020.

## **Tourism**

- Tourism is one of the four pillar industries of Hong Kong. To promote healthy development of the tourism industry and attract more high-spending overnight visitors from different source markets, the Government will continue to work with the Hong Kong Tourism Board (HKTB) and the travel trade for implementing the "Development Blueprint for Hong Kong's Tourism Industry" (the Development Blueprint) announced in 2017 and bringing the edges of local tourism resources into full play, while paying due regard to the receiving capacity of Hong Kong.

- This year's Budget allocated additional funding of \$353 million for the tourism industry to continue to implement the four development strategies under the Development Blueprint, including the additional funding of \$326.2 million for HKTB, as well as \$26.8 million for the Tourism Commission to take forward various new tourism initiatives.

## **Conclusion**

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

(1,073 words in total)