

IET Hong Kong's view on Innovation and technology development and re-industrialization policy

IET Hong Kong strongly support the direction of promoting “re-industrialisation” to develop advanced manufacturing industries that are based on new technologies and smart production, such as semiconductors and integrated circuit R&D, so as to identify new growth points for Hong Kong's economic development. For the re-industrialization to be successful, holistic planning of the supply chain and ecosystem are the most critical factors. The lack of local mask production capability during the coronavirus outbreak urges Hong Kong people and officials to rethink whether the existing policies are really supporting industry and education sections for innovation. Even if Hong Kong were given the advanced manufacturing production lines to produce the surgical masks very early, we still lack professional supports, such as the engineers and technical talents for setting up those mask production machines.

Some measures from the Government have been existed for quite some time but we don't see significant results in re-industrialization as we think that those measures are simply adding on existing ones but are not brave enough to mark radical changes.

Education

The HKSTP Start-up supporting program launched a few years ago should be strengthened and expanded as it is really crucial for start-ups to learn the basic knowledge and experience. HKSTP should also consider to work with education institutions to see whether professional diploma program, similar to iDM-2, can be offered for the start-ups.

While it is very difficult for tertiary education institutions to run academic programs with a title ‘manufacturing’, pilot programs focusing on chips design and ‘local’ advanced production technologies with more aggressive or full subsidies may be able to attract students to get into the industries. Programs with the ‘earn and learn’ nature may be attractive to students to study and work in the AMC or HKSTP, for instance. But Government must take the lead to promote this kind of programs, as such high-end industry is yet to come.

Infrastructure

We agree that Hong Kong should not return to traditional land and labour intensive manufacturing industries, as there are Vietnam and other countries already, but rather to develop advanced manufacturing industries that are based on new technologies and smart production and do not require much land and labour, so as to identify new growth points for Hong Kong's economic development.

It has been encouraging to notice the establishment of the AMC at HKSTP as one of the measures to support re-industrialization, however, there are concerns on the entire supply chain availability especially the surface finishing, electro plating, heat treatment and high-end material etc. which are essential for industry but HK does not have this kind of support anymore.

It should be understood that huge investment is needed for the early stage of smart production setup, including both hardware and software design, and are not affordable for SMEs. Government should also think out of the box for more innovative business models and should increase its involvement and investment. If the advanced manufacturing and supporting facilities can be managed by the Government as a hub and can be shared among companies, it may increase the feasibility of establishing intelligent production in SMEs. Innovation funding scheme similar to some European countries can be set up in which the research results can be shared within a certain extent.

HKSTP has done a very good job to promote new technologies and smart production. However, HKSTP should also invite industrialists who have proven experiences in those targeted areas, such as chips design, to join force, establishing practical measures for enterprises.

Rent and finance support

The biggest challenge for Hong Kong's SMEs is the rental cost and the rent in the HKSTP has already exceeded the affordable level. If the rental cost of HKSTP, Cyberport, or the future AMC remains the current level, there is no incentives for the large and small enterprises to return to re-establish the ecological chain in Hong Kong. The depreciation of production lines and equipment are also the most important overhead for SMEs. More vigorous tax concession should be given to companies for their R&D investment.

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