

**Legislative Council Panel on Commerce and Industry**

**2021 Policy Address**

**Policy Initiatives of**

**Commerce, Industry and Tourism Branch,**

**Commerce and Economic Development Bureau**

**Our Vision**

In the past two years, the COVID-19 pandemic has brought challenges to all sectors. Our economy contracted by 6.1% in 2020, the largest annual decline on record. In 2021, the Hong Kong economy was on track for recovery along the improving global economic conditions and receding local epidemic. Real Gross Domestic Product grew 8.0% in the first quarter, followed by a notable year-on-year 7.6% increase in the second quarter. In particular, total merchandise trade grew robustly, overall investment expenditure accelerated, and unemployment rate fell notably. However, some industries, such as inbound tourism, convention and exhibition (C&E) industry, etc., remained affected by the global pandemic and travel restrictions.

2. Facing the uncertainties brought by the pandemic and geopolitical tensions, as well as the unreasonable suppression by the United States and other Western countries, the Government of the Hong Kong Special Administration (HKSAR) will continue to make good use of the HKSAR's unique advantages under "One Country, Two

Systems”, and, amidst the “dual circulation” development strategy of our nation and the support of the 14th Five-Year Plan, better integrate Hong Kong into the national development. Taking the opportunities brought about by dual growth engines of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and the Belt and Road Initiative (B&RI), Hong Kong will proactively become a participant in domestic circulation and a facilitator in international circulation, and enhance our strategic position in global and regional economy and trade.

3. The ensuing paragraphs brief Members on the progress of the policy initiatives related to the Commerce and Industry Panel in the 2021 Policy Address.

### **Enhancing Hong Kong’s position as International Trade Centre**

4. Having the advantages of a highly internationalised city, Hong Kong plays an important role in international trade. In 2020, our global ranking in terms of total merchandise trade rose to the sixth place. Hong Kong’s total merchandise trade has rebounded since the fourth quarter of 2020. For the first eight months of 2021 as a whole, total merchandise trade value amounted to \$6,509.9 billion, a record high in history, surpassing the peak in the same period in 2018 by 12.8%. The rebound in merchandise trade reflects Hong Kong’s institutional strengths in trade and our strategic location, benefitting in particular from the stable supply chains maintained through effective control of the pandemic in the Mainland, thereby driving regional and

international trade.

5. The National 14th Five-Year Plan continues to support Hong Kong to enhance its status as an international trade centre, better integrate into the overall development of our nation, and foster complementary and co-ordinated development with the Mainland. At the same time, the 14th Five-Year Plan supports Hong Kong's participation in and contribution to the nation's comprehensive opening up and development of a modern economic system, establishment of a functional platform for the B&RI, and fostering co-operation and exchanges with countries and regions around the world. The HKSAR Government will continue to proactively develop a more stable, open, inclusive, and mutually beneficial international economic and trade environment based on multilateral trade standards, strengthen our role as a connecting platform between our nation and the rest of the world under the "dual circulation" and as a key link of the Belt and Road (B&R), in particular, in connecting the GBA and the Association of Southeast Asian Nations (ASEAN), promoting the economic and trade flows of the Mainland and other participating economies of the Regional Comprehensive Economic Partnership Agreement (RCEP), and contributing to the further opening up and internationalisation of the nation's trade activities.

### **Expansion of Economic and Trade Network**

6. To help Hong Kong enterprises and investors expand their

markets and promote the long-term economic development of Hong Kong, we have been actively seeking to set up Economic and Trade Offices (ETOs) and forge free trade agreements (FTAs) and investment agreements (IAs) with our trading partners, including economies with strong economic and trade connections with Hong Kong as well as markets with development potentials or at strategic locations, so as to further establish Hong Kong's worldwide network of economic and trade connections.

7. Currently, the HKSAR Government has set up 16 offices / liaison units in the Mainland and 13 ETOs overseas. Together with the offices of the Hong Kong Trade Development Council (HKTDC) and Invest Hong Kong (InvestHK) worldwide, Hong Kong has set up offices in 65 cities around the world, covering 128 countries. The 14th ETO, i.e. the Dubai ETO<sup>1</sup>, will commence operation by the end of this month. It is the second new ETO established by the current-term Government after the Bangkok ETO, and our first ETO in the Middle East region. We will continue exploring the feasibility of setting up new ETOs in other economies with development potentials with a view to strengthening Hong Kong's global trade network.

8. In the past four years, Hong Kong has signed four FTAs with 13 economies, thereby doubling the number of FTAs signed to eight,

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<sup>1</sup> The Dubai ETO will be responsible for promoting bilateral trade and economic relations with the member states of the Cooperation Council for the Arab States of the Gulf, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

involving a total of 20 economies<sup>2</sup>. During the same period, Hong Kong has signed four IAs with 13 economies. Hong Kong has so far signed 22 IAs with 31 overseas economies<sup>3</sup>.

9. At present, Hong Kong is actively seeking accession to RCEP. Hong Kong has much to offer to RCEP, in particular in establishing connections with the Mainland through the GBA and the B&RI, thereby bringing more business opportunities for Hong Kong businesses and enterprises. We have, since 2018, expressed to RCEP participating economies at different levels our keen interest in joining RCEP and received positive responses. At the ASEAN Economic Ministers-Hong Kong, China Consultations in September this year, Economic Ministers of ASEAN Member States welcomed Hong Kong's interest in seeking accession to RCEP and considered that Hong Kong is well placed to add value to RCEP. We will continue to liaise with member economies with a view to acceding to RCEP as soon as possible after its entry into force.

10. The HKSAR Government will continue to seek to forge FTAs and IAs with other economies in order to further strengthen Hong Kong's role as a trade and investment hub. Among them, leveraging the opening of the Dubai ETO and its investment promotion unit, we

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<sup>2</sup> The economies are the Mainland, Macao SAR, the ten ASEAN Member States, Australia, Chile, the Member States of the European Free Trade Association (which comprises Iceland, Liechtenstein, Norway and Switzerland), Georgia and New Zealand. All FTAs have entered into force.

<sup>3</sup> The economies are the ten ASEAN Member States, Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Sweden, Switzerland, the United Arab Emirates and the United Kingdom. All IAs have entered into force.

will strengthen the economic and trade ties with the Middle East, including seeking to forge FTAs and IAs and attracting inward investment and business presence from the region. In conjunction with policy bureaux and departments, as well as various overseas organisations, the HKSAR Government will organise promotional activities around the world through the ETO network to publicise the successful implementation of “One Country, Two Systems” and Hong Kong’s unique role under the 14th Five-Year Plan, and encourage companies to seize the opportunities brought by B&RI and GBA development, and use Hong Kong as a platform to explore business opportunities in the Mainland and Asia. ETOs will also, under the leadership of relevant bureaux, promote externally various important policies of the HKSAR Government. Examples include promotion of cultural industries of Hong Kong and attraction of talents to work in Hong Kong.

### **Fostering Multilateral and Regional Co-operation**

11. As a founding Member of the World Trade Organization (WTO), Hong Kong firmly supports the rules-based multilateral trading system, and strives to maintain the WTO’s credibility and efficiency.

12. With the 12th WTO Ministerial Conference scheduled to be held in end-November 2021 in Geneva, Switzerland, we have been actively participating in the on-going negotiations and discussions on various subjects of the WTO, including fisheries subsidies, Services Domestic Regulation, Investment Facilitation for Development, E-

commerce, and Micro, Small and Medium-sized Enterprises in order to broaden the market for Hong Kong products and services, promote trade liberalisation, and advance Hong Kong's economic and trade interests.

13. Besides, we have also been actively participating in the affairs of the Asia-Pacific Economic Cooperation (APEC) in order to promote Hong Kong as an international trade and financial centre. APEC provides an excellent platform for Hong Kong to co-operate with other member economies on economic and trade issues in the region.

14. This year's overarching theme of APEC is "Join, Work, Grow. Together." with a view to enabling member economies to strengthen cooperation in different areas to deal with the pandemic and to promote post-pandemic economic recovery. Meanwhile, New Zealand, the host for APEC this year, is spearheading the development of an implementation plan for the APEC Putrajaya Vision 2040, the APEC vision endorsed last year. In the past year, senior officials from the HKSAR Government attended a number of APEC virtual meetings, including the Ministers Responsible for Trade Meeting and the Structural Reform Ministerial Meeting held respectively in June. We will continue to participate actively in APEC affairs, including the annual APEC Economic Leaders' Meeting to be held in November as well as the APEC meetings to be hosted by Thailand in 2022, with a view to promoting regional economic co-operation and growth.

## **Strengthening Investment Promotion**

15. In 2020, Hong Kong is the third largest foreign direct investment (FDI) recipient in the world, after the United States and the Mainland. Hong Kong and the Mainland together attracted the most FDIs in the world.

16. According to the latest surveys in 2021, the number of overseas and Mainland companies in Hong Kong and the number of startups both reached all-time highs. There are a total of 9 049 overseas and Mainland companies in Hong Kong, up 10% compared to about 8 200 companies in 2017, covering companies across different sectors, sizes and origins of parent companies. In 2021, the number of startups rose by 70% to 3 755 from 2 229 in 2017. These startups employ approximately 13 800 staff, significantly increased by 118% over 2017.

17. The record high figures demonstrate fully that Hong Kong's business environment remains favourable, which makes Hong Kong an ideal place for companies to set up or expand their businesses. InvestHK will step up collaboration with relevant Mainland agencies to attract overseas companies to invest in the Mainland via Hong Kong, and to encourage Mainland enterprises to make good use of Hong Kong to go global, with a view to attracting more overseas and Mainland companies which are well-established or with good development potential to set up or expand their businesses in Hong Kong. InvestHK will also host a series of promotional and recruitment events



such as webinars, virtual booths, focus groups, etc. with particular focus on the innovation and technology sector, with a view to tapping talents' considerations and aspirations about coming to Hong Kong to assist relevant bureaux/departments to devise suitable measures to attract more talents to further their development in Hong Kong.

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

18. We will continue to leverage Hong Kong's advantages under the principles of "One Country, Two Systems", capitalise on Hong Kong's position as the functional platform and a key link for the B&RI, and give full play to its unique roles as a gateway, a springboard, and an intermediary, thereby powering the Hong Kong's economy forward.

#### *Seizing Belt and Road Opportunities*

19. Further to the co-operation with Thailand, Indonesia and Malaysia in June to September last year, the Commerce and Economic Development Bureau (CEDB) jointly organised webinars in June and September this year respectively with the governments of the Philippines and Vietnam. At the webinars, participants shared their experiences and insights in such areas as economic and trade as well as innovation and technology, and explored new opportunities and challenges. We will continue to conduct similar exchange with the government of Cambodia within this year. Ministerial level officials joined the aforementioned six webinars, which was conducive to enhancing our relations with the concerned member states of the

ASEAN.

20. We will continue to support Hong Kong enterprises and professional services in making use of the Mainland's overseas Economic and Trade Co-operation Zones (ETCZs) in developing business. On 1 September this year, the HKSAR Government and the Ministry of Commerce signed a Memorandum of Understanding (MoU) on enhancing exchanges and co-operation in promoting high-quality development of overseas ETCZs. According to the MoU, pursuant to the principle of "government providing guidance, enterprises taking the lead, and market-oriented operation", we will encourage Hong Kong enterprises to invest and set up businesses at the ETCZs, and strengthen interfacing and collaboration between Hong Kong enterprises and professional services sectors and the ETCZs. Besides, we will organise Hong Kong enterprises to visit these ETCZs when the situation permits.

#### *The Belt and Road Summit*

21. The annual B&R Summit (the Summit), co-organised by the Government and HKTDC, is renowned as the largest and most important B&R business and investment platform for the Mainland, overseas and Hong Kong enterprises. The 6th Summit, themed "Driving Growth through Fostering Regional and International Trade", was held online on 1 and 2 September with a GBA track. Over 6 000 government officials, entrepreneurs and professionals from more than 80 countries and regions signed up to participate and many political and

business leaders shared their insights there. Furthermore, more than 770 one-on-one business matching sessions were arranged for some 260 projects at the Summit, and this helped participants identifying potential business collaboration and partnership.

*Leveraging Hong Kong's Professional Strengths and Strengthening Interfacing and Co-operation amongst Enterprises*

22. To bring the soft power of our professional services continuously into play in B&R projects, and encourage Mainland and Hong Kong enterprises and professional services to leverage the international experience and professional strengths of Hong Kong, the CEDB, together with the State-owned Assets Supervision and Administration Commission of the State Council, launched the Mainland Enterprises Partnership Exchange and Interface Programme and held its first sharing session in 2021. The sharing session provided an opportunity for state-owned enterprises and the Mainland's B&R-related enterprises in forging connections with our major professional services and industry bodies as well as their members, and facilitated them in identifying professional service partners for B&R projects. Going forward, we will continue to encourage Hong Kong enterprises and professional services to tap on B&R opportunities.

**Assisting Hong Kong Enterprises in Tapping into the Mainland Domestic Market**

23. The demand of the Mainland market is expected to continue

to grow under the nation's dual circulation strategy. The Government will endeavour to assist Hong Kong enterprises in tapping into the Mainland domestic market, taking the GBA as the best entry point, and to better integrate into the overall development of our nation and leverage the enormous business opportunities in the Mainland. In June 2021, HKTDC launched a one-stop "GoGBA" digital platform and established the "HKTDC GBA Centre" in Shenzhen to provide multi-faceted support for Hong Kong enterprises.

24. In keeping with the nation's dual circulation strategy, HKTDC has signed memorandums of understanding with Guangdong, Shanghai and Sichuan between May and September 2021, to strengthen the economic and trade co-operation and assist Hong Kong enterprises in tapping into the Mainland domestic market. Through our offices in the Mainland and HKTDC, the Government will continue to strengthen the cooperation with provinces and municipalities outside the GBA and organise promotional and business matching activities to assist Hong Kong enterprises in expanding into a greater variety of domestic sales channels and promoting Hong Kong brands to the enormous Mainland market.

25. Furthermore, the current-term Government has been actively participating in the annual China International Import Expo (CIIE) in Shanghai to promote Hong Kong's quality products and services, and to reinforce and demonstrate Hong Kong's unique strengths as the connecting platform under the dual circulation strategy. The third CIIE was held in early November 2020, with about 240 Hong Kong

enterprises participating, up by about 20% over 2019, reflecting the keen interest of Hong Kong enterprises in developing the Mainland market and network through CIIE. We will encourage and organise Hong Kong enterprises to participate in the fourth CIIE scheduled for November 2021, and co-organise a seminar on “Channelling Global Business through Hong Kong” with the Ministry of Commerce and HKTDC to present Hong Kong’s role in the 14th Five-Year Plan and the dual circulation strategy. In addition, we will continue to organise various activities through other Mainland exhibitions and platforms that will assist Hong Kong enterprises in tapping into the Mainland domestic market.

26. The Government will also continue to strive for more liberalisation measures under the framework of Mainland and Hong Kong Closer Economic Partnership Arrangement, in particular for strategic key locations such as the GBA and Hainan, to allow Hong Kong enterprises and professionals to enjoy greater preferential access over other foreign investors in entering the Mainland market.

### **Convention and Exhibition Industry**

27. The C&E industry is crucial to Hong Kong as an international trade centre. Hong Kong hosts a number of large-scale international conventions and exhibitions every year, reflecting our role as an international trade centre by serving as a connecting platform between the Mainland and the rest of the world.

28. The pandemic brings challenges to the C&E industry around the world. Since February last year, over 200 exhibitions in Hong Kong have been postponed or cancelled, while some large-scale international conferences were organised online. As the pandemic situation in Hong Kong eases, some of the local public exhibitions were successfully held during summer. The Government has been maintaining close liaison with the C&E industry and understands their needs. The Government is promoting the development of Hong Kong's C&E industry in the short, medium and long terms.

29. In the short term, the Government is implementing the Convention and Exhibition Industry Subsidy Scheme with a total commitment of \$1.07 billion to provide impetus for the C&E industry through financial assistance. As of 30 September, the Scheme provided total subsidy of around \$140.45 million to 63 exhibitions, which involved around 8 800 exhibitors. The Government will further extend the validity of the Scheme to end 2022. Part of the Scheme's funding will also be allocated to provide a one-off immediate relief to private organisers of recurrent exhibitions being held in Hong Kong to help them cope with the impact of prolonged postponement or cancellation of exhibitions under the pandemic. Private organisers of exhibitions which were held at the Hong Kong Convention and Exhibition Centre (HKCEC) or AsiaWorld-Expo (AWE) in at least any five calendar years from 2015 to 2021 may apply for the one-off immediate relief, the amount of which will be equivalent to 20% of the average annual rental of the relevant exhibitions, subject to a cap of \$1 million.

30. In the medium term, the Government is promoting online exhibitions through HKTDC. HKTDC organised a number of online exhibitions last year with good response. Starting from the current financial year, the Government will allocate a total of \$301 million to HKTDC in three years to develop virtual platforms and proceed with digitalisation, providing small and medium enterprises (SMEs) with services that are more effective, more diversified and better suit their needs.

31. In the long run, there is still a substantial demand for additional C&E facilities. Despite the changes brought by the pandemic, physical C&E events, especially those emphasising on personal experience and establishing business connections, are indispensable. We must prepare for the future. In this regard, we are proceeding with the expansion of C&E facilities in Wan Chai North and on the Airport Island. In Wan Chai North, the Government will redevelop the sites of the three government towers and Kong Wan Fire Station into C&E facilities, hotel and grade A office, providing over 30 000 square metres of additional rentable C&E space. There will be synergy between the new C&E facilities and the HKCEC, allowing greater flexibility for C&E events. On the Airport Island, the Airport Authority will invest in the expansion of the AWE, providing over 36 000 square metres of additional rentable C&E space. There will be synergy between the AWE and the neighbouring SKYCITY, allowing the Hong Kong International Airport to develop into an Airport City which connects with the GBA and the whole world. The two expansion projects will increase the large-scale C&E space in Hong

Kong by more than 40% to over 220 000 square metres.

## **Developing into a Regional Intellectual Property (IP) Trading Centre**

32. IP has always been high on the agenda of our nation's economic development. The 14th Five-Year Plan states for the first time the support for Hong Kong to develop into a regional IP trading centre. This fully reflects the firm support of the Central People's Government for Hong Kong to protect IP rights and develop IP commercialisation. In line with the 14th Five-Year Plan, the HKSAR Government will implement a series of initiatives to promote the development of IP trading in Hong Kong. The key measures include –

### **(a) strengthening our IP regime**

- revive the Copyright Ordinance amendment exercise by consulting the public on the modernisation of the copyright regime in the light of the digital environment, with the target of introducing a bill to amend the Copyright Ordinance in the next term of the Legislative Council (LegCo);
- further promote and develop the “original grant patent” (OGP) system by building up the substantive examination capability of the Intellectual Property Department;
- complete the preparatory work to implement the international registration system under the Protocol



Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong; and

- explore with the Mainland authorities on broadening the scope of application of the Patent Cooperation Treaty to cover the OGP system and extending other major international IP treaties to Hong Kong;

**(b) promoting IP exploitation and fostering manpower building**

- explore with the Mainland authorities on facilitation measures for cross-boundary IP protection;
- enhance the free IP Consultation Service, IP Manager Scheme PLUS and other training programmes and work with HKTDC to promote its Asia IP Exchange portal; and
- collaborate with the Department of Justice and other stakeholders to promote IP arbitration and mediation;

**(c) enhancing promotion and external collaboration efforts**

- work with HKTDC and relevant stakeholders to promote Hong Kong's competitive advantages in IP trading and our IP professional services to Mainland and overseas enterprises through trade missions, seminars, publicity programmes and the annual Business of IP Asia Forum;
- intensify collaboration with IP authorities of the Mainland and Macao on IP trading, protection, management and

commercialisation in the GBA and beyond; and collaborate with overseas IP offices to promote IP commercialisation; and

- organise local campaigns to promote IP literacy in society.

### **Strengthen Support for Export Financing**

33. To strengthen support to exporters in view of rising credit risks brought about by the pandemic, the Government has, through the Hong Kong Export Credit Insurance Corporation (ECIC), introduced the “100% Credit Limit Top-Up Scheme” (the Scheme) in June 2020 to enhance the export credit insurance protection for exporters. To continue providing enhanced support to exporters, the Scheme has been extended until 31 December 2021. Under the Scheme, ECIC would automatically double the buyers’ credit limits of existing policyholders or uplift the limits to the amount applied for by the policyholders, whichever is smaller, subject to a cap of \$100 million. New credit limit applications would also be topped up in a similar manner. As at end-August 2021, over 10 700 credit limits had been uplifted, giving around \$13,500 million of additional coverage to over 1 600 policyholders, involving a cumulative total of \$11,500 million of shipments made since the launch of the Scheme.

34. We are seeing gradual improvement in the local economy, but the global economy still faces uncertainty with the pandemic and geopolitical tension. To continue its support to SME in their market

expansion, ECIC will introduce a series of measures, including the launching of the “Export Credit Guarantee Programme” on a pilot basis. Under the Programme, ECIC will guarantee up to 70% of the export financing of their policyholders, at a maximum guarantee limit of \$50 million. ECIC will consult relevant sectors and work out the details of the Programme for implementation in early 2022.

35. In addition, ECIC will also introduce the “Flexible Indemnity Ratio” arrangements. Policyholders may, according to their needs, automatically increase credit limits of or below 5 million, followed by corresponding indemnity ratio adjustment. ECIC will share the risks together with its policyholders who will receive coverage not less than their existing insurance protection. Such arrangements aim to enhance insurance coverage to exporters commensurate with the risk levels, enabling them to fulfill larger orders from overseas buyers with greater confidence.

36. ECIC will also launch, by the end of 2021, a new Self-Underwritten Policy for SME through a new self-service digital platform, “EC Reach 2.0” , enabling eligible policyholders to set their own credit limits online to up to \$0.8 million, without the need for separate approval and also offer fast-track credit limit approval for SME policyholders.

## **Enhance Support for Small and Medium Enterprises**

37. We also endeavour to support SMEs in market development. The current-term Government has made two injections totalling \$2 billion into the SME Export Marketing Fund (EMF) to encourage SMEs to organise more publicity and promotional activities. To support enterprises in conducting “local market” promotion activities through both online and offline exhibitions and exploring new avenues for business promotion amidst the pandemic, since 30 April 2021, the Government has extended the funding scope of the EMF, from specifically targeting markets outside Hong Kong to also covering large-scale exhibitions held by organisations with good track records targeting the “local market”, as well as online trade exhibitions organised by HKTDC and reputable exhibition organisers with good track records, for a period of two years. At the same time, the eligibility has been relaxed to cover non-SMEs. From July 2017 to end August 2021, over \$970 million funding has been approved for over 43 800 applications, benefitting over 13 600 enterprises and 100 000 employees and showing that the measures are able to address the needs of enterprises.

38. In addition, for the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), the current-term Government has made three injections totaling \$5 billion and launched multiple rounds of enhancement measures, with a view to strengthening the assistance to enterprises in enhancing competitiveness and developing diversified markets. These include raising the cumulative funding ceiling per

enterprise to \$6 million and extending the geographical coverage of the BUD Fund in phases to all economies with which Hong Kong has signed FTAs and/or Investment Promotion and Protection Agreements<sup>4</sup> in the latest round of enhancements implemented since July 2021. From July 2017 to end August 2021, a total of over \$1.6 billion funding has been approved under the BUD Fund, benefitting over 2 300 enterprises and over 26 300 employees.

39. To assist SMEs in obtaining financing, the current-term Government has introduced successive enhancements to the SME Financing Guarantee Scheme (SFGS) since November 2018, and has launched in December 2019 and April 2020 respectively the 90% Guarantee Product and the Special 100% Guarantee Product under the SFGS. The Special 100% Guarantee Product has already been enhanced twice in the past year, including increasing the maximum loan amount, extending the repayment period and principal moratorium, to ensure it could meet the needs of SMEs during the economic downturn. The SFGS has been well-received by businesses. From July 2017 to end August 2021, over \$120 billion of loans has been approved, benefitting over 34 000 enterprises and over 429 000 employees.

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<sup>4</sup> The 20 FTA economies already covered prior to the enhancement include the Mainland, New Zealand, the four member states of the European Free Trade Association (i.e. Iceland, Liechtenstein, Norway and Switzerland), Chile, Macao, the ten member states of the ASEAN (comprising Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), Georgia and Australia.

Since 30 July 2021, the geographical coverage is being extended by phases to the following 17 newly added economies –

- Phase 1 (30 July 2021) covering Japan and the Republic of Korea;
- Phase 2 (Q1 2022) covering 13 European and American economies (including Austria, Belgium, Luxembourg Economic Union, Canada, Denmark, Finland, France, Germany, Italy, Mexico, the Netherlands, Sweden and the United Kingdom); and
- Phase 3 (Q2 2022) covering Kuwait and the United Arab Emirates.

40. To continue helping businesses affected by the pandemic address liquidity problems, the Government obtained the approval of the Finance Committee (FC) of the LegCo earlier this month to provide the SFGS an additional \$35 billion of financial commitment, in order to extend the application period of the Special 100% Guarantee Product from 31 December 2021 to 30 June 2022, giving enterprises an extra window of six months to obtain commercial financing. The current-term Government's commitment under the SFGS has in total increased by \$118 billion, to \$218 billion.

41. To enhance SMEs' understanding of the Government's various support measures with a view to facilitating better utilisation of the funding schemes, we have since October 2019 consolidated the services of four existing SME centres, including the "Support and Consultation Centre for SMEs" under Trade and Industry Department, the "SME Centre" under HKTDC, the "SME One" under Hong Kong Productivity Council, and the "TecONE" under Hong Kong Science and Technology Parks Corporation, to provide "four-in-one" integrated services so that enterprises can obtain information of all funding schemes at any service points. A one-stop consultation and referral system has also been set up. The four SME centres continued to provide support to SMEs amid the epidemic through online channels, including providing information on various relief measures under the Anti-epidemic Fund and the latest enhancement measures of various government funding schemes through webinars, websites and emails to major trade and industrial organisations. Since October 2019, the four SME centres have handled over 110 000 enquiries.

42. The “SME ReachOut” service team, in operation since January 2020, helps enhance SMEs’ understanding of the Government’s funding schemes and assists SMEs in identifying suitable funding schemes and in their applications. So far, “SME ReachOut” has organised 25 seminars/webinars and around 80 outreach activities (including visits to various chambers, co-working spaces and industrial buildings). “2021 Fund Fair PLUS”, held from 11 to 13 August 2021 by “SME ReachOut”, also provided SMEs with information on the Government’s funding schemes and support measures. “SME ReachOut” has handled over 9 000 enquiries so far.

### **Supporting the Professional Services Sector**

43. To encourage the Hong Kong professional services sectors to step up promotion of Hong Kong’s competitive edges and professional services to the Mainland cities of the GBA and overseas markets after the pandemic has stabilised, \$50 million has been set aside under the Professional Services Advancement Support Scheme (PASS) to set up a new funding programme named the Professionals Participation Subsidy Programme (PSP). PSP will subsidise the participation of Hong Kong’s major professional bodies in relevant exchanges, promotion and professional standard enhancement activities organised by the Government, HKTDC and overseas ETOs.

44. Currently, several activities have been approved in principle as tentative activities under the PSP. However, due to the evolving pandemic developments, the exact timing, programme, number of

beneficiaries and cost details of the relevant activities under the PSP are still pending at the present stage. Other activities are under planning by HKTDC and ETOs and the details concerned can only be worked out after the pandemic has stabilised and overseas and cross-boundary travel have resumed.

45. As at end August 2021, the PASS has provided funding support for various professional services sectors in organising 75 exchanges, promotion and professional standard enhancement projects, with a total funding of \$54 million.

### **Taking forward the Trade Single Window Project and Enhancing Cargo Clearance Efficiency**

46. On the other hand, we have been pressing ahead with the development of the Trade Single Window (TSW) to provide a one-stop electronic platform for the lodging of over 40 types of import and export trade documents with the Government for trade declaration and customs clearance purposes. The TSW is being rolled out in three phases. Phase 1 has been fully implemented and currently provides e-services for 14 types of trade documents. The trade's feedback has been positive. They generally considered that TSW helped save time and cost. The average monthly usage rate is now over 85% and the usage rates of some documents have even reached 100%. Furthermore, upon approval from the FC of the LegCo the funding for implementing the information technology (IT) system for Phase 2, we have awarded the contract for the IT system in July this year, with a view to further



extending the TSW to cover another 28 types of trade documents from 2023 onwards by batches. We will further consult the trade to finalise the implementation details of Phase 3 and plans to submit the funding application for the relevant IT system to LegCo in 2022-23.

47. In addition, the Customs and Excise Department (C&ED) will also continue to take forward various cargo customs facilitation measures, including the Single E-Lock Scheme (SELS) and the Authorized Economic Operators (AEO) Programme. There are now 63 clearance points in the Guangdong Province under the SELS<sup>5</sup>, including 50 which cover all nine Mainland municipalities in the GBA. In respect of the AEO Programme, Hong Kong has concluded Mutual Recognition Agreements (MRAs) with 12 economies. Our accredited traders may enjoy customs facilitation (such as reduced or prioritised customs clearance) in Hong Kong as well as economies with MRAs signed with Hong Kong. C&ED will continue to extend Hong Kong's MRA network and encourage the trade to make good use of the schemes to seize business opportunities and open new markets.

## **Closing Remarks**

48. Hong Kong is a free, open and diversified economy and a metropolis that attracts talents, organisations and enterprises of different scales from all over the world. It has been proven that, with

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<sup>5</sup> By means of electronic lock and Global Positioning System equipment, SELS reduces repeated inspection by the customs authorities of Guangdong and Hong Kong on the same shipment of inter-modal cargoes between the two places, thereby expediting cross-boundary cargo flow and enhancing cargo clearance efficiency.

our advantages under “One Country, Two Systems” and by leveraging the support from our nation while engaging the world, Hong Kong can overcome challenges. Under the “dual circulation” development strategy of our nation, there will be substantial opportunities in Hong Kong, providing room for international investors to enjoy more vibrant and diverse development.

49. The Policy Address sets out in detail many other proposals on promoting economic development and developing tourism. CEDB will also brief other Panels of the LegCo (including the Economic Development Panel and the Information Technology and Broadcasting Panel) on proposals of relevance to them. We will not repeat such proposals here.

Commerce, Industry and Tourism Branch

Commerce and Economic Development Bureau

October 2021