

**Legislative Council Panel on
Commerce, Industry, Innovation and Technology**

**2024 Policy Address
Policy Initiatives of
Commerce and Economic Development Bureau**

Foreword

Hong Kong enjoys the advantage of being a highly internationalised business centre, and also the unique advantages of the motherland's strong support and our close connections to the world under "One Country, Two Systems". Hong Kong has been playing an important role in international trade. Last year, it was the world's tenth largest merchandise trading entity and the fourth largest foreign direct investment destination in the world. Also, in the Business Ready 2024 Report recently published by the World Bank Group and other recent reports issued by various international organisations, Hong Kong's scores have been rated among the top in "International trade". In the Economic Freedom of the World 2024 Annual Report published by the Fraser Institute, Hong Kong was ranked again as the world's freest economy and also ranked top in the assessment area of "Freedom to trade internationally".

2. Notwithstanding the various challenges facing the global economy over the past year and the intensifying geopolitical tension, Hong Kong's overall economic performance is steady. Supported by the

sustained external demands for goods, the total exports of goods for the first two quarters recorded year-on-year growth. The value of Hong Kong's total imports and exports in August as recently announced also increased over the previous year, up 6.4% and 7.9% respectively. The gross domestic product has risen for the six consecutive quarters. It is expected that the economy will record further steady growth in the remainder of the year, with the forecast growth for the year at 2.5% to 3.5%. These figures have reflected the solid foundation, adaptability and resilience of Hong Kong's economy and market.

2024 Policy Address

3. The 2024 Policy Address puts forward an array of initiatives to further consolidate and enhance Hong Kong's positions as international trade centre and regional intellectual property trading centre under the National 14th Five-Year Plan. Hong Kong also continues to proactively integrate into the overall development of our nation, fully leveraging its important role of facilitating the domestic and international circulation, and fully participating in and facilitating national strategic developments including the Guangdong-Hong Kong Macao Greater Bay Area (GBA) development and the Belt & Road (B&R) Initiative.

4. This note briefs Members on the initiatives relating to the **Commerce and Economic Development Bureau (CEDB)** and this Panel as set out in the 2024 Policy Address. The relevant indicators are listed at **Annex**.

I. International Trade Centre

5. In 2023, Hong Kong's total merchandise trade value reached \$8,822.4 billion. Apart from the Mainland of China, the Association of Southeast Asian Nations (ASEAN) is among Hong Kong's major trading partners. As set out in the Resolution of the Central Committee of the Communist Party of China (CPC Central Committee) on Further Deepening Reform Comprehensively to Advance Chinese Modernization adopted by the Third Plenary Session of the 20th CPC Central Committee, Hong Kong should harness the institutional strengths of "One Country, Two Systems" to reinforce and enhance Hong Kong's status as an international trade, financial and shipping centre. The HKSAR Government will work with innovative mindset and the spirit of the CPC Central Committee, so that Hong Kong can actively contribute to the nation's development of a great country and advancing toward national rejuvenation through Chinese modernisation, while striving for better development for Hong Kong.

Strengthening Economic and Trade Network and Promoting Multilateral and Regional Co-operation

6. We have been actively seeking to further establish Hong Kong's worldwide network of economic and trade connections, through setting up offices in and forging free trade agreements (FTAs) as well as investment agreements (IAs) with our trading partners, including economies with strong economic and trade connections with Hong Kong as well as markets with development potential or at strategic locations,

with a view to facilitating Hong Kong enterprises and investors in market expansion and promoting the long-term economic development of Hong Kong.

7. A couple of months ago, the Chief Executive visited three ASEAN countries, including Laos, Cambodia and Vietnam, to strengthen the co-operation between Hong Kong and ASEAN. Other principal officials of the HKSAR Government will continue to conduct overseas visits to strengthen the economic and trade network of Hong Kong. Currently, the HKSAR Government has 16 offices/liaison units on the Mainland and 14 overseas Hong Kong Economic and Trade Offices (ETOs). Together with the offices of Invest Hong Kong (InvestHK) and Hong Kong Trade Development Council (HKTDC) worldwide, Hong Kong has set up offices in 66 cities around the world, covering 129 countries. Further to the earlier announcement, the HKSAR Government is following up on the establishment of ETOs in Kuala Lumpur, Malaysia and Riyadh, Saudi Arabia. In addition, InvestHK set up consultant offices in Nairobi, Kenya and Almaty, Kazakhstan in 2022, and also in Cairo, Egypt in July 2024. As for the department's consultant office in Izmir, the third largest city in Türkiye, it is expected to commence operations in the first quarter of 2025. HKTDC will also set up additional consultant offices along the B&R. In addition, we will continue to examine how to expand the global office network of the HKSAR Government, and strengthen Hong Kong's global economic and trade network in particular with emerging markets.

8. Besides, Hong Kong has, all along, been proactively seeking

early accession to the Regional Comprehensive Economic Partnership (RCEP). The HKSAR Government has, upon the coming into force of RCEP on 1 January 2022, promptly submitted Hong Kong's formal request to join RCEP. At the Eighth ASEAN Economic Ministers (AEM) – Hong Kong, China Consultation held in September 2024, Hong Kong once again received positive responses from AEM in support for Hong Kong's early accession to RCEP. We welcome the adoption of the Procedures for Accession to the RCEP Agreement by the RCEP Joint Committee in September 2024. Hong Kong will proactively follow up on the relevant requirements in the accession procedures, and continue to maintain close liaison with RCEP members and seek to commence early discussions with them.

9. Apart from RCEP, so far Hong Kong has signed eight FTAs with 20 economies¹. The HKSAR Government will continue to seek to forge FTAs with other economies. In particular, we concluded in July this year the negotiations for the first FTA of the current-term Government, i.e. the FTA with Peru. Both sides are planning to sign the FTA within this year.

10. Hong Kong has also signed 24 IAs with 33 overseas economies², including the latest IA signed in March this year with

¹ The economies are the Mainland, New Zealand, the Member States of the European Free Trade Association (i.e. Iceland, Liechtenstein, Norway and Switzerland), Chile, Macao SAR, the ten ASEAN Member States (i.e. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Georgia and Australia. All FTAs have entered into force.

² The economies are the ten ASEAN Member States, Australia, Austria, Bahrain, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Sweden, Switzerland, Türkiye, the United Arab Emirates (UAE) and the United Kingdom. Except for the IAs signed with Türkiye and Bahrain, all IAs have entered into force.

Bahrain, which is the second IA signed by the current-term Government. The HKSAR Government is negotiating IAs with Bangladesh and Saudi Arabia with a view to concluding the negotiations as soon as possible. We also plan to commence negotiations with Egypt and Peru.

11. As for the Middle East, we have signed IAs with the UAE, Kuwait and Bahrain. Going forward, apart from taking forward the aforementioned IA negotiations with Saudi Arabia, we will continue to proactively explore bilateral FTAs with economies in the Middle East (including the Cooperation Council for the Arab States of the Gulf and its members).

12. As a founding Member of the World Trade Organization (WTO), Hong Kong all along supports the rules-based multilateral trading system, and strives to maintain the WTO's credibility and efficiency. We welcome the outcomes of the 13th WTO Ministerial Conference (MC13) held in February this year and will continue to work actively with other WTO Members to follow up on the decisions and declarations adopted at MC13, take forward ongoing negotiations and discussions, including various trade initiatives and proposals, as well as work to reform the WTO (including the dispute settlement mechanism), in order to advance Hong Kong's economic and trade interests and promote trade liberalisation.

13. In addition, we have been actively participating in the affairs of the Asia-Pacific Economic Cooperation (APEC) in order to champion Hong Kong as an international trade and financial centre, as well as

co-operate with other member economies on economic and trade issues in the region. In April this year, the Second 2024 APEC Business Advisory Council (ABAC) Meeting was held in Hong Kong. The Meeting was attended by over 200 business leaders and guests from all 21 APEC member economies. Taking this opportunity, we provided participating business leaders and guests with a multi-faceted experience of Hong Kong through other cultural activities. In addition, the CE and the Secretary for Commerce and Economic Development plan to respectively attend the APEC Economics Leaders' Meeting and the APEC Ministerial Meeting to be held in Lima, Peru this November. Hong Kong will continue its active participation in the work of APEC, so as to demonstrate to international trading partners our commitment to regional economic co-operation, and to tell the good stories of Hong Kong.

14. With the robust development in digital trade and electronic commerce (e-commerce) in recent years, various international trade organisations have intensified relevant discussions, in which we have been actively participating. At the multilateral level, HKC has been actively participating in the discussions and work on e-commerce under the WTO and the Organisation for Economic Co-operation and Development (OECD), including the plurilateral trade negotiation on the Agreement on Electronic Commerce³ under the WTO as well as advocating continuation of the current practice of not imposing customs duties on electronic transmissions. Dedicated rules or chapters on e-commerce have also been included in the recently concluded bilateral

³ The plurilateral trade negotiation on the Agreement on Electronic Commerce under the WTO has entered its final stage. Ninety-one Participants (including HKC) are looking forward to the timely conclusion of the negotiation and incorporating the Agreement into the WTO legal framework.

FTA negotiations with Peru to implement the above practice. Looking ahead, Hong Kong will engage more proactively in international discussions on developing digital economy, and deliberate on incorporating relevant provisions when negotiating bilateral trade agreements to promote the development of digital trade and cross-border e-commerce.

Building a High Value-added Supply Chain Service Centre, and Attracting Enterprises and Investment

15. The global trade landscape is undergoing constant changes, with parts of the supply chains shifting to the Global South and B&R countries, while Mainland enterprises are also actively establishing their presence abroad. Following this trend, our goal is to build a high value-added supply chain service centre. Leveraging Hong Kong's advantages, including its deep pool of talents and extensive networks in offshore trading and supply chain management, a highly open environment and a sophisticated system of professional services, etc., we could attract Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain.

16. As announced in the 2024 Policy Address, InvestHK and HKTDC will commence work by end-2024 to set up a high value-added supply chain services mechanism and enhance their interfaces for attracting Mainland enterprises to set up international or regional headquarters in Hong Kong, providing one-stop diversified professional advisory high value-added supply chain services for enterprises in Hong

Kong to help them “go global”.

17. On one hand, InvestHK will step up its engagement with Mainland enterprises through various kinds of investment promotion activities with a view to identifying suitable enterprises that wish to “go global”, thereby attracting them to set up business in Hong Kong. On the other hand, HKTDC will offer professional advisory services regarding offshore trading and supply chain management to those Mainland enterprises that plan to set up their supply chain operations, and provide one-stop assistance to the enterprises in leveraging Hong Kong’s advantages and various value-added services for managing their regional businesses, thereby supporting them to “go global”. In addition, HKTDC will also render on-site support services to those enterprises looking to “go global” through the former’s overseas offices.

18. The current-term Government attaches great importance to attracting enterprises and investment. According to the performance indicator set out in the 2022 Policy Address, the Government will increase inward investment by attracting at least a total of 1 130 enterprises to set up or expand their operations in Hong Kong from 2023 to 2025. In the past 21 months (i.e. from January 2023 to September 2024), InvestHK assisted 852 Mainland and overseas enterprises in establishing or expanding their operations in Hong Kong, and such work was in good progress. The figure has already exceeded the performance indicator as set out in the 2022 Policy Address on a pro-rata basis. Notably, the number of enterprises assisted by InvestHK in the first nine months of the year (i.e. 470) is already higher than its full-year achievement in 2023

(i.e. 382). Riding on the good performance, InvestHK will make every effort in attracting Mainland and overseas enterprises to invest in Hong Kong and continue to implement the aforesaid performance indicator.

Deepening the Trade and Economic Co-operation with the Mainland

19. The Ministry of Commerce and the HKSAR Government signed a new agreement⁴ on 9 October 2024 under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) to further amend the CEPA Agreement on Trade in Services. The new agreement fully responds to the aspirations of the trade by introducing further liberalisation measures on trade in services in a number of sectors which Hong Kong enjoys competitive advantages, such as construction and related engineering services, financial services, testing and certification, telecommunications, television, motion pictures and tourism services. The liberalisation measures include removing or relaxing restrictions on equity shareholding and business scope in the establishment of enterprises, relaxing qualification requirements for provision of services on the Mainland by Hong Kong professionals and enterprises in various sectors, etc. Most of the liberalisation measures are applicable to the whole Mainland, while some are meant for pilot implementation in the nine Pearl River Delta municipalities in the Guangdong-Hong Kong-Macao Greater Bay Area. The new agreement also brings along institutional innovation and collaboration enhancements, including addition of “allowing Hong Kong-invested

⁴ The new agreement is the Second Agreement Concerning Amendment to the Agreement on Trade in Services of the Mainland and Hong Kong Closer Economic Partnership Arrangement (the Amendment Agreement II).

enterprises to adopt Hong Kong law” and “allowing Hong Kong-invested enterprises to choose for arbitration to be seated in Hong Kong” as facilitation measures for Hong Kong investors; addition of commitments in domestic regulation to ensure the transparency, predictability and efficiency of regulations affecting trade in services; and removal of the period requirement on Hong Kong service suppliers to engage in substantive business operations in Hong Kong for three years in most services sectors. These measures will create more favourable conditions for Hong Kong enterprises and professionals to explore the Mainland market, allowing them to better tap into the business opportunities brought about by the rapid development of the country as well as the national and international dual circulation strategy, and at the same time attracting more start-ups, overseas enterprises and talents to establish their presence in Hong Kong to tap into the Mainland market. The new agreement will be implemented on 1 March 2025.

20. The HKSAR Government will deepen the implementation of the outcomes of the new agreement, assist the trade in making good use of the CEPA measures and continue to seek to enhance the level of trade and investment liberalisation and facilitation between the Mainland and Hong Kong, with a view to promoting closer economic and trade cooperation with the Mainland and striving for deeper and wider room for development for different sectors and professionals of Hong Kong.

Expanding Our Reach to Belt and Road Markets

21. We are committed to consolidating our role as a functional

platform for the Belt and Road (B&R) and giving full play to our role as a “super connector” and “super value-adder”, thereby making our contribution to the latest national strategy (including the eight major steps taken by our country to support the joint pursuit of high-quality B&R co-operation⁵). The Belt and Road Summit (Summit) has been recognised by our country as a case of significance for the implementation of the B&RI in building a global community of shared future. The ninth Summit was held on 11-12 September 2024, with the theme of “Building a connected, innovative and green Belt and Road”. The Summit attracted around 6 000 government officials, business leaders and representatives of enterprises (including senior officials from 10 countries and the President of the New Development Bank) from over 70 B&R-related countries and regions, as well as more than 100 delegations and 38 state-owned enterprises from the Mainland. A record-high 25 memoranda of understanding were signed during the Summit period.

Visits to Priority Markets

22. In May 2024, the BRO and the Ministry of Commerce co-led a Hong Kong cum Mainland business delegation to visit Hungary and Kazakhstan, and returned via Xinjiang, encouraging Hong Kong and Mainland enterprises as well as Hong Kong professional services in jointly exploring the B&R markets and bringing back fruitful outcomes. We will continue to organise outbound missions through leading

⁵ These eight major steps are namely (1) building a multidimensional B&R connectivity network; (2) supporting an open world economy; (3) carrying out practical co-operation; (4) promoting green development; (5) advancing scientific and technological innovation; (6) supporting people-to-people exchanges; (7) promoting integrity-based B&R co-operation; and (8) strengthening institutional building for B&R international co-operation.

delegations of business sector and professional services to the B&R countries, and will also deepen relevant collaborations and exchanges arising from co-operation along the Silk Road Economic Belt, so as to assist Hong Kong enterprises and professional services to further expand business opportunities and build long-lasting collaborative relationship with relevant local enterprises and organisations.

Strengthening Promotion of Hong Kong Professional Services

23. We will continue to organise outbound missions, project matching events, exchange and interface on B&R capacity building, and exchange sessions and seminars, etc., to capitalise on our role as a B&R functional platform and showcase the strengths of our professional services, thereby helping Hong Kong enterprises and professional services explore business opportunities. BRO plans to organise a B&R cross-professional forum in 2025, inviting enterprises of B&R countries and the Mainland in Hong Kong to engage in high-level exchanges with Hong Kong professionals on exploring opportunities in new fields of co-operation. In addition, BRO will also explore the feasibility to establish a B&R capacity building centre to link up with a series of other B&R platforms created by Hong Kong, with a view to forging ties with the B&R countries and regions using our soft power in a range of professional services, thereby paving early the way for pursuing opportunities in economic development and co-operation in future.

Assisting Hong Kong Enterprises in Tapping into the Mainland Domestic Market

24. The demand of the Mainland market continues to grow under the nation's dual circulation strategy. The HKSAR Government endeavours to assist Hong Kong enterprises in tapping into the Mainland domestic market, with GBA as the best entry point, with a view to better integrating into the overall development of our nation and seizing the enormous business opportunities on the Mainland. The HKTDC will continue to provide business advisory services through the "GoGBA one-stop platform" as well as the "GoGBA Business Support Centres" jointly set up with its Mainland partners in the Mainland GBA cities.

25. Furthermore, the HKTDC organised SmartHK in Nanjing in August 2024 to promote Hong Kong-Jiangsu collaboration in areas such as financial and professional services, green development, innovation and technology, as well as culture and creativity. We will also continue to participate actively in the Seventh China International Import Expo to be held in Shanghai in November 2024, and promote Hong Kong's quality products and services and strengthen Hong Kong's role as an important channel connecting our nation and the world through other Mainland exhibitions and platforms.

Developing E-commerce Business and Promoting Hong Kong Brands

26. In view of the rapid growth of e-commerce business worldwide, the Government has established the interdepartmental E-commerce

Development Task Force this year with a view to coordinating and formulating policies and measures on the development of e-commerce. We will continue to implement measures to assist SMEs in developing cross-border e-commerce business. To develop Hong Kong into a cross-border e-commerce logistics and distribution centre, we will also review existing procedures to enhance the efficiency of cross-border goods' distribution, strengthening the competitiveness of Hong Kong.

27. The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding on a matching basis to encourage SMEs to implement projects on brand building and enhancement of enterprise competitiveness, thereby developing more diversified markets and expanding businesses. Its funding scope covers 39 economies with which Hong Kong has signed FTAs and/or IAs. As at end September 2024, around \$5.5 billion funding has been approved under the BUD Fund, benefitting over 6 000 enterprises and over 65 000 employees. To assist SMEs in grasping the enormous business opportunities brought about by the rapid development of the ASEAN market, the CE announced in the 2024 Policy Address the injection of \$1 billion into the BUD Fund to help SMEs upgrade their business operation and develop new markets, including expanding the geographical coverage of "E-commerce Easy" to the 10 ASEAN countries. The Trade and Industry Department (TID) and the HKTDC will enhance support for SMEs in developing brands and expanding the sales network of e-commerce through organising mentorship programmes and providing consultation services. The Support and Consultation Centre for SMEs under the TID will also take lead and co-operate with the other three SME centres (i.e. the "SME

Centre” under the HKTDC, the “SME One” under the Hong Kong Productivity Council, and the “TecONE” under the Hong Kong Science and Technology Parks Corporation) to strengthen the provision of information to SMEs on conducting e-commerce on the Mainland and ASEAN market and enhance enterprises’ capability in expanding the sales network of e-commerce.

28. In August this year, we launched the inaugural Hong Kong Shopping Festival (HKSF) on Mainland e-commerce platforms, attracting the participation of more than 230 brands. It enables SMEs to leverage the extensive visitor traffic and diverse customer base of these platforms to raise brand awareness and develop businesses in the Mainland market. The event was well-received, with more than 90 million impressions on e-commerce discussion forums and official website. We will continue to organise the HKSF in the next two years to help SMEs tap into the Mainland e-commerce sales market. To tie in with the initiative of expanding the geographical coverage of “E-commerce Easy”, we will also launch HKSF for the ASEAN market in due course. Besides, the HKTDC will formulate plans for setting up more Hong Kong Pavilions or brand showcases in Mainland and overseas exhibitions, with a view to further promoting the awareness and competitiveness of Hong Kong brands in non-local markets.

Enhancing Support for SMEs

29. Apart from the BUD Fund, we will continue to implement the SME Export Marketing Fund and the Trade and Industrial Organisation

Support Fund to help SMEs develop diversified markets and enhance competitiveness.

30. We are aware that, under the ongoing trend of sustainable development, non-local markets are gradually introducing green elements into their trade policies, and regulating and controlling carbon emissions of imported goods. In view of this, to help enterprises with green transformation, we will specify that they could apply for funding under the BUD Fund for projects on carbon audit, carbon certification, and reduction in carbon emissions through upgrading production lines, etc. The TID will also set up a one-stop thematic webpage under the “SME Link” web portal to provide information about decarbonisation and carbon audit, etc.

31. In addition, the Government has enhanced the services of “SME ReachOut” since October 2023 by stepping up the support for SMEs to apply for government funding, as well as providing capacity-building services for SMEs, including holding one-on-one consultation meetings with SMEs and organising large-scale events focusing on areas such as technology transformation, digitalisation and cyber security. In this year, the large-scale event “SME ReachOut: FUND Fair plus Tech Sourcing 2024” will be held from 29 to 30 October. As at end September 2024, “SME ReachOut” has organised 59 seminars/webinars, more than 260 outreach activities and handled over 26 200 enquiries.

32. The Government has been providing loan guarantees to help SMEs obtain commercial loans through the SME Financing Guarantee

Scheme (SFGS) since 2012, and has enhanced the SFGS several times, including increasing the maximum loan amount, extending the guarantee period, raising the total loan guarantee commitment, etc. The SFGS has been well-received by businesses. As at end September 2024, over \$285 billion of loans have been approved, benefitting over 64 000 enterprises and more than 802 000 employees. It has effectively alleviated the issues of business closures and layoffs.

33. In view of the pressure facing SMEs arising from the liquidity problem, the Government will allow borrowing enterprises under the SFGS to apply for the principal moratorium arrangement for up to 12 months and extend the maximum loan guarantee periods of the 80% and 90% guarantee products to ten years and eight years respectively, while the partial principal repayment options will be offered to new loans under the two guarantee products, so as to alleviate the repayment burden on SMEs, thereby creating more room for them to seize the opportunities brought about by economic recovery.

Providing greater insurance protection for exporters

34. SCED moved a motion in LegCo to increase the statutory maximum liability of the Hong Kong Export Credit Insurance Corporation (ECIC) from \$55 billion to \$80 billion in January 2024, which enhanced the underwriting capacity of ECIC, and strengthened the support for exporters seeking to expand into various emerging markets. The 2024 Policy Address further proposes increasing the maximum indemnity ratio of ECIC from 90% to 95%. This will provide greater

protection for exporters in conducting transactions, thereby supporting the development of Hong Kong's export trade. SCED will move the relevant motion in LegCo in due course.

35. Meanwhile, ECIC will increase the number of free buyer credit checks from 12 to 20, and expand the geographical coverage from ASEAN to the Mainland and the Middle East. Moreover, to support exporters in seizing business opportunities brought about by the development of cross-border e-commerce, ECIC will continue to proactively seek to cooperate with more financial institutions to enhance its support for exporters in acquiring trade financing relevant to e-commerce. The aforementioned measures will enable ECIC to provide more comprehensive protection to exporters, so as to provide them with further assurance in exploring overseas and Mainland markets.

Promoting the Development of the Convention and Exhibition (C&E) Industry

Incentive Scheme for Recurrent Exhibitions (ISRE) 2.0

36. The C&E industry has been making significant contributions to Hong Kong's economy, particularly by attracting high-spending overnight business visitors to Hong Kong and generating various economic activities and employment opportunities in such sectors as tourism, retail, catering, entertainment industries etc. The C&E events also provide a useful platform for local SMEs to connect with international buyers and suppliers with a view to developing new markets

and exploring business opportunities.

37. In July 2023, CEDB launched the \$1.4-billion ISRE⁶, which is well-received. As at end August 2024, ISRE supported over 110 exhibitions of different scales including international trade fairs organised by private organisers at the Hong Kong Convention and Exhibition Centre (HKCEC) or the AsiaWorld-Expo (AWE), involving a total incentive of about \$538 million. We are confident that the target of supporting over 200 exhibitions under the scheme will be achieved in mid-2025, which will be earlier than the originally planned timeline of three years.

38. With the success of the existing ISRE in facilitating the full recovery of the C&E industry after the pandemic, in order to further consolidate Hong Kong's position as an international trade centre, the 2024 Policy Address has announced that the Government would allocate an additional provision of \$500 million for implementing ISRE 2.0, focusing on attracting new and recurrent international exhibitions of large scale, to strengthen the promotion of mega event economy and the overall economic benefits of Hong Kong. We will take into account the operational experience of the current scheme in refining the relevant arrangements for ISRE 2.0, which include adjusting the definition of eligible exhibitions and the level of incentive with a view to providing appropriate incentive for attracting new and recurrent international exhibitions of large scale to be staged in Hong Kong. In addition, we will explore the feasibility of expanding the scope of the scheme to

⁶ Please refer to Legislative Council paper CB(1)909/2022(01) for details of the scheme.

include other suitable government sites/facilities apart from HKCEC and AWE so as to provide organisers with more venue choices to cater for the needs of different exhibitions.

39. We will implement ISRE 2.0 by making use of the remaining commitment created for the current ISRE and the additional allocation of \$500 million to be provided. As mentioned above, apart from HKCEC and AWE, we will explore the feasibility of expanding the scheme to cover other suitable government sites/facilities. The annual cashflow of ISRE 2.0 will be subject to the venues to be covered eventually and the actual number of applications received and approved.

40. ISRE 2.0 is generally welcomed and supported by the C&E industry. Subject to Members' support, the Government will seek the Legislative Council's funding approval in accordance with the established mechanism with a view to launching ISRE 2.0 in July 2025.

Expansion of C&E facilities

41. To consolidate and enhance the pre-eminent position of Hong Kong as a hub for international C&E industry, we will continue to expand our C&E facilities, including the AWE expansion and the Wan Chai North Redevelopment. The Government has recently announced that the site of the North Lantau Hospital Hong Kong Infection Control Centre would be released for the expansion of C&E and related facilities. Upon release of the site concerned, the Hong Kong Airport Authority will commence the AWE expansion project as soon as possible, which will

significantly increase the rentable C&E space of AWE by 50% to 100 000 square meters and provide a multi-purpose indoor arena with seating capacity of about 20 000 people. Together with the project of developing new C&E facilities in Wan Chai North, the large-scale C&E space of Hong Kong will increase by more than 40%, from the existing 158 000 square metres to over 220 000 square metres.

II. Developing into a Regional Intellectual Property (IP) Trading Centre

42. Hong Kong's IP-intensive industries accounted for about 30% of our Gross Domestic Product and of total employment respectively. We will strengthen our position as a regional IP trading centre by expanding the IP trading ecosystem of the innovation and technology sector and creative industries.

43. The HKSAR Government will strengthen protection for the products of innovation and creativity yielded by R&D efforts. Measures include putting forward a proposal next year to enhance the Copyright Ordinance regarding the protection for AI technology development, launching a consultation in 2025 on the registered designs regime currently under review, and proposing legislative amendments to streamline IP litigation processes for the High Court to manage and hear these cases more effectively.

44. Next year, the Trade Mark Registry under the Intellectual Property Department (IPD) will launch a new AI-assisted image search

service to facilitate the public's search of the trademark database. With the Central Government's support, Hong Kong will participate in the World Intellectual Property Organization (WIPO) Lex-Judgments Database next year, sharing important IP case precedents of local courts, to showcase to the international community the quality of our IP-related judicial judgements.

45. On strengthening training of IP talents, the HKSAR Government will continue to discuss with the patent agent sector and stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering qualification, registration, and other areas, aiming to nurture professional talents and enhance service quality. Besides, the IPD will collaborate with the Qualifications Framework Secretariat to develop practical teaching materials for deployment by training providers, benefitting personnel across 23 different industries.

46. The HKSAR Government will also continue to carry out the following work –

- (a) continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, and strive for the implementation of the international trade mark registration system as soon as possible;
- (b) continue to strive to strengthen the substantive examination capability of the patent examination team under the original

grant patent system, targeting to increase the number of patent examiners in phases to about 100, with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030;

- (c) table subsidiary legislation under the Copyright Ordinance in the LegCo within 2025 to specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, and designate non-government-owned libraries, museums or archives that can be exempted from certain criminal liabilities;
- (d) continue to press ahead with the establishment of a WIPO Technology and Innovation Support Centre in Hong Kong, targeting for commissioning in 2025 the earliest;
- (e) complete a survey on Hong Kong's IP-related professional and business services within 2025 to facilitate future manpower planning;
- (f) the IPD continues its liaison with the Mainland, regional and international organisations to promote Hong Kong's role as the regional IP trading centre, and work with the HKTDC and relevant stakeholders to promote IP trading and professional services through trade missions, seminars and publicity programmes, including continuously co-organising with the HKTDC the annual Business of IP Asia Forum, which is

expected to attract over 10 000 local, Mainland and overseas participants within the current term of the Government;

- (g) the IPD continues to enhance its manpower training programmes, with a target to provide IP training for 5 000 personnel across different industries within the current term of the Government;
- (h) the IPD will promote IP to 200 000 students within the current term of the Government, doubling the original target, to reinforce awareness of respecting and protecting IP rights, and encourage students to actively explore and innovate;
- (i) the IPD continues to collaborate with the Department of Justice to promote IP mediation and arbitration services; and
- (j) the HKTDC continues to enrich the Hong Kong International Film and TV Market, Hong Kong International Licensing Show, the Hong Kong Book Fair, and the Asia IP Exchange portal with more trading elements, such as including more business-matching activities and providing additional market information on IP trading and professional support services, so as to strengthen support for local original works to exploit the Mainland and international markets.

III. Further Development of Hong Kong Liquor-related Businesses

47. With the wine duty removed in 2008, Hong Kong has become a

regional wine trading and distribution hub, as well as one of the top three wine auction centres globally. As regards liquor, although the volume of liquor imports and re-exports dropped to 24.7 million litres in 2023 as compared with 2019 (pre-pandemic level), representing a decrease of 7%, the total value surged by 30% up to HK\$11 billion, reflecting the steady growth in demand for high-end liquor in the Hong Kong market.

48. In light of the successful experience in 2008, the 2024 Policy Address announced the introduction of a two-tier duty rate on liquor. For liquor with an import price over \$200, the duty rate on the portion above \$200 will be reduced from 100% to 10%, while the duty rate for the portion of \$200 and below and liquor with an import price of \$200 or below will remain unchanged for promoting liquor trade in Hong Kong. We expect the reduction of duty rate on high-end liquor will lower the operational costs of the trade and give impetus to the development of high value-added sectors including logistics and storage, tourism as well as high-end food and beverage consumption and bring overall benefits to society. The current proposal has well balanced different policy considerations, including promoting economic development, maintaining healthy public finances and guarding public health.

IV. Taking Forward the Trade Single Window (TSW) and Enhancing Cargo Clearance Efficiency

49. Meanwhile, we will continue to proactively take forward the TSW project and the Single E-Lock Scheme (SELS), etc. to enhance efficiency in cargo clearance.

50. We have been pressing ahead with the development of the TSW in three phases to provide a one-stop electronic platform for the trade to lodge various import and export trade documents to the Government for trade declaration and cargo clearance. Phase 1 and Phase 2 are in full operation, covering 42 types of trade documents in total. They have been operating smoothly and well received by the trade. We are carrying out the system analysis and design for the information technology system for Phase 3. Our target is to roll out Phase 3 services by batches from 2026 onwards.

51. In addition, the Customs and Excise Department (C&ED) will also continue to take forward various cargo customs facilitation measures, including the SELS and the Authorized Economic Operator (AEO) Programme. There are now 78 clearance points in Macao, the Guangdong, Hunan and Fujian Provinces under the SELS ⁷, including 57 which cover eight Mainland municipalities in the GBA. C&ED will continue to proactively establish new clearance points with a view to bringing further facilitation to the trade. In respect of the AEO Programme, Hong Kong has concluded Mutual Recognition Agreements (MRAs) with 15 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 proactively extend Hong Kong's MRA network and encourage the trade to make good use of the Programme to seize business

⁷ By means of electronic lock and satellite-based tracking system equipment, SELS reduces repeated inspection by the relevant customs authorities on the same shipment of inter-modal cargo, thereby expediting cross-boundary cargo flow and enhancing cargo clearance efficiency.

opportunities and open new markets.

Closing Remarks

52. Under “One Country, Two Systems”, Hong Kong has the distinctive advantages of enjoying strong support of the country and being closely connected to the world, serving as a bridge for attracting overseas enterprises and for Mainland enterprises to “go global”. Hong Kong should play well its important roles and functions as a “super-connector” and a “super value-adder” between the Mainland and the rest of the world with a view to bringing unlimited business and investment opportunities for Mainland and global enterprises.

Other Proposals

53. The 2024 Policy Address sets out in detail numerous other proposals on promoting telecommunications and broadcasting as well as other economic developments. CEDB will brief the LegCo Panel on Information Technology and Broadcasting and the LegCo Panel on Economic Development on the proposals. We will not repeat such proposals here.

Commerce and Economic Development Bureau
October 2024

**Relevant Indicators for the
Commerce and Economic Development Bureau (CEDB)**

Indicators for Specified Tasks in 2024 Policy Address

(I) New Indicators

International Trade Centre

1. The InvestHK and the HKTDC to commence work **by end-2024** for setting up a mechanism and enhancing the interface for attracting Mainland enterprises to establish international or regional offshore trading and supply chain management headquarters in Hong Kong. One-stop diversified professional advisory services will also be provided to the enterprises in Hong Kong.
2. Expand the geographical coverage of “E-commerce Easy” to the 10 ASEAN countries **within 2025** to help enterprises tap into the ASEAN e-commerce market.

Regional Intellectual Property (IP) Trading Centre

3. Enhance the IP legal framework **within 2025**:
 - Set out the way forward for further enhancement to the Copyright Ordinance regarding the protection for AI technology development;
 - Enact subsidiary legislation under the Copyright Ordinance to specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, and to designate non-government-owned libraries, museums or archives that can

be exempted from certain criminal liabilities;

- Launch a consultation on updating the registered designs regime; and
- Enact subsidiary legislation to streamline IP litigation processes.

4. Strengthen capacity building of IP talents **within 2025**:

- Develop practical training materials on IP that can be widely deployed across 23 different industries; and
- Complete a survey on Hong Kong's IP-related professional and business services.

5. Launch a new AI-assisted trademark image search service **within 2025**.

Digital Economy

6. Promote the development of digital economy:

- Review the procedures relevant to cross-border e-commerce logistics **within 2025** to enhance the efficiency of cross-border distribution of goods.

(II) On-going and Valid Indicators for Specified Tasks Introduced in the 2023 Policy Address ¹

Attract Businesses, Talents and Investment

7. Increase inward investment by attracting at least **1 130** companies to set up or expand their operations in Hong Kong **from 2023 to 2025**,

¹ Some of the ongoing and valid indicators introduced in 2023 have been updated or enhanced in light of the latest situation.

an increase of 16% over the annual average number in 2020 and 2021, thereby bringing in direct investment of at least **HK\$77 billion** and creating at least **15 250** job opportunities.

International Trade Centre

8. The InvestHK and the HKTDC to further set up consultant offices along the B&R **within 2024-25**.
9. Seek early accession to the Regional Comprehensive Economic Partnership (RCEP) by holding or participating in **70** related events to liaise with RCEP members and stakeholders **within 2025**.
10. Continue to promote Hong Kong as the functional platform for the B&R Initiative **in 2025**:
 - Organise promotional programmes and networking sessions to be attended by no less than **7 500** persons in total;
 - Reach out to no less than **560** professional and business associations, chambers and community groups; and
 - Organise business missions to five B&R countries with about **120** participants in total.

Regional IP Trading Centre

11. Foster the development of the patent system in Hong Kong:
 - Continue to discuss with the patent agent sector and stakeholders **in 2025** to plan for the establishment of regulatory arrangements for local patent agent services; and
 - Continue to work towards the goal of acquiring institutional autonomy in conducting substantive patent examination **in 2030**.

12. Continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong **in 2025**.
13. Promote IP public education, capacity building and professional services within the five years from 2022 to 2027 through the following measures:
 - Promote the awareness of respecting and protecting IP rights among **200 000** students;
 - Provide IP training to **5 000** personnel across different industries; and
 - Attract about **10 000** local, Mainland and overseas participants to attend the annual Business of IP Asia Forum.

Progress of Indicators for Specified Tasks in 2023 Policy Address

(I) New Indicators

Indicator No.	Indicators for Specified Tasks	Progress
25	The InvestHK and the HKTDC to set up two new consultant offices along the B&R within 2024-25. (CEDB)	Task on track. The InvestHK's consultant office in Egypt commenced operation in July 2024, while that in Türkiye is expected to commence operation in Q1 2025.
26	Increase the amount of funding approved for supporting small and medium enterprises from \$1,327 million in 2022 to \$1,600 million in 2024. (CEDB)	Target completed ahead of schedule. The total amount of funding approved in the first nine months of 2024 exceeded \$1,600 million.
31	Further develop IP trading: ➤ Consult the public and stakeholders within 2024 to explore further enhancement to the Copyright Ordinance regarding protection for AI technology development;	Task completed. The public consultation on Copyright and Artificial Intelligence ended on 8 September 2024. The Government is examining the views collected during the consultation and will inform the public of the way forward in due course.

Indicator No.	Indicators for Specified Tasks	Progress
	➤ Introduce the proposed legislative amendments into the Legislative Council (LegCo) in the first half of 2024 to implement the “patent box” tax incentive; and	Task completed. The “patent box” tax incentive has been implemented since 5 July 2024. Taxpayers can apply for the tax incentive starting from the year of assessment 2023/24.
	➤ Table the proposed amendments to subsidiary legislation in the LegCo in the first half of 2024 to reduce the fees chargeable by the Designs Registry by 10% to 70% so as to encourage the industry to register their designs in a timely manner. (CEDB)	Task completed. The service fees chargeable by the Designs Registry have been reduced since 1 March 2024.

**(II) On-going and Valid Indicators for Specified Tasks
Introduced in the 2022 Policy Address**

Indicator No.	Indicators for Specified Tasks	Progress
11	Increase inward investment by attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025, an increase of 16% over the annual average number in 2020 and 2021, thereby bringing in direct investment of at least HK\$77 billion and creating at least 15 250 job opportunities. (CEDB)	Task on track. The InvestHK assisted over 780 Mainland and overseas companies to set up or expand their businesses in Hong Kong during the period from 2023 to September 2024. Calculated on a pro-rata basis, the number has exceeded the indicator set in the 2022 Policy Address for the task.
24	Seek early accession to the RCEP by holding or participating in 70 related events with RCEP members and stakeholders within 2024. (CEDB)	Task on track. The Trade and Industry Department and the overseas Hong Kong Economic and Trade Offices (HKETOs) will continue to actively liaise with RCEP members and stakeholders so as to rally support from all parties and sectors for Hong Kong's early accession to the RCEP. It is expected that the relevant target will be met.

Indicator No.	Indicators for Specified Tasks	Progress
25	<p>Promote Hong Kong's strengths and opportunities through the following activities by overseas Economic and Trade Offices in 2024, an increase of 20% as compared to 2022, by:</p> <ul style="list-style-type: none">➤ paying no less than 2 700 visits to governments and organisations of host countries;➤ attending no less than 1 000 speaking occasions;➤ conducting no less than 1 100 media interviews or briefings; and➤ staging no less than 1 300 forums, exhibitions, seminars and promotional activities. (CEDB)	<p>Task on track. The overseas HKETOs will continue to promote Hong Kong's strengths and opportunities in countries and places under their purview through paying visits to governments and organisations of their host countries, attending speaking occasions, conducting media interviews or briefings, and staging forums, exhibitions, seminars and promotional activities. It is expected that the relevant targets for 2024 will be met as scheduled.</p>

Indicator No.	Indicators for Specified Tasks	Progress
26	<p>Continue to promote Hong Kong as the functional platform for the B&R Initiative in 2024:</p> <ul style="list-style-type: none">➤ Organise promotional programmes and networking sessions to be attended by no less than 7 400 persons;➤ Reach out to no less than 530 professional and business associations, chambers and community groups; and➤ Organise business missions to five B&R countries with about 110 participants in total. (CEDB)	<p>Task on track. The CEDB has organised and initiated preparation for relevant promotional programmes and networking sessions. Efforts have been made to reach out to various professional and business associations, chambers and community groups. Business missions have also been organised.</p>
29	<p>Continue to promote the development of the convention and exhibition (C&E) industry:</p> <ul style="list-style-type: none">➤ Support more than 200 exhibitions over a three-year period through the new incentive scheme launched in July 2023; and	<p>Task on track. As at end-August 2024, over 110 applications for completed events were approved under the Incentive Scheme for Recurrent Exhibitions, exceeding the target on a pro-rata basis.</p>

Indicator No.	Indicators for Specified Tasks	Progress
	<p>➤ Continue to expand C&E facilities, including AsiaWorld-Expo and the construction of new C&E facilities in Wan Chai North. (CEDB)</p>	<p>Task on track. The Government is taking forward the project for constructing new C&E facilities in Wan Chai North as planned, and has also announced that the site of the North Lantau Hospital Hong Kong Infection Control Centre would be released for the AAHK to commence the expansion project of the AsiaWorld-Expo as soon as possible.</p>

Indicator No.	Indicators for Specified Tasks	Progress
33	<p>Foster the development of the patent system in Hong Kong:</p> <p>➤ Take the lead in discussing with the patent agent sector and stakeholders within 2024 to plan for the establishment of regulatory arrangements for local patent agent services, covering professional qualification requirements, registration, as well as the regulatory model and framework; and</p>	<p>Task on track. The Intellectual Property Department (IPD) has held regular meetings with the patent agent sector and stakeholders to seek and collect their views on the establishment of regulatory arrangements.</p>
	<p>➤ Acquire institutional autonomy in conducting substantive patent examination in 2030. (CEDB)</p>	<p>Task on track. The IPD will continue to enhance the substantive examination capability of patent examiners under the original grant patent system, with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030.</p>

Indicator No.	Indicators for Specified Tasks	Progress
34	Continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong in 2024. (CEDB)	Task on track. The CEDB and the IPD will continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong.
35	<p>Promote IP public education, capacity building and professional services within the five years from 2022 to 2027 by:</p> <ul style="list-style-type: none"> ➤ reaching out to 100 000 students; ➤ providing IP training to 5 000 personnel across different industries; and ➤ attracting about 10 000 local, Mainland and overseas participants to attend the annual Business of IP Asia Forum. (CEDB) 	Task on track. The IPD has met the target of reaching out to over 100 000 students through programmes like school visits and interactive drama, and has provided IP training to over 3 700 personnel across different industries under the IP Manager Scheme. Besides, the Business of IP Asia Forum 2023 attracted the attendance of more than 2 500 local, Mainland and overseas participants.