

D(SG) Bruno Luk's remarks at
Briefing on the Chief Executive's 2018 Policy Address
(November 9, 2018, Singapore)

- Dear Philip (Mr Philip Chan, President of HSBA and Kowloon Club), Vivienne (Ms Vivienne Chee, Director, Singapore, Hong Kong Trade Development Council), distinguished guests, ladies and gentlemen, good afternoon and welcome to the luncheon briefing on the Chief Executive's 2018 Policy Address.
- Although the majority of you have established your business base and home in Singapore, I am sure Hong Kong's Policy Address will still to a certain extent impact on you given your close ties with Hong Kong. Therefore allow me to share with you some of the major policy initiatives announced by our Chief Executive Mrs Carrie Lam last month.
- The latest Policy Address is titled "Striving Ahead Rekindling Hope" (堅定前行 燃點希望). It comprehensively covers areas such as housing and land, diversified economy, nurturing talent, improving people's livelihood, healthcare, as well as labour and welfare.
- As you can see, housing and land supply is a significant chapter in the Policy Address this year. The shortage of land supply not only directly leads to a shortage of housing supply, but also affects people's quality of life and impede Hong Kong's economic development. Therefore the Chief Executive proposed a number of measures which are aimed to resolve the fundamental challenge of land supply shortage. The Government is determined to identify and produce land and build a land reserve through the following channels, namely the Lantau Tomorrow Vision (明日大嶼), development of brownfield sites, land sharing and revitalisation of industrial buildings.

- Rest assured that I am not going to give you the details of more than 240 new initiatives listed in the Policy Agenda today. I will only focus on the economic policies as our friends here from the business sector shall find the initiatives most relevant.
- Before I start, let me update you on Hong Kong's economic situation. In the first half of this year, the economy grew strongly with real GDP expanding by 4 per cent over the previous year riding on the broadly positive global economic environment. Amid the Sino-US trade war, the economy should still be able to attain a 3-4 per cent growth this year, which is higher than the average annual growth rate of 2.7 per cent in the past decade.
- The labour market was in a state of full employment, with the jobless rate staying at 2.8% in recent months, the lowest in more than 20 years. Inflation largely stayed within a moderate range. The forecast rates of underlying and headline consumer price inflation for 2018 are 2.5 per cent and 2.2 per cent respectively.
- The numbers are healthy. But we will closely monitor upcoming changes in the economic environment especially due to the ongoing trade war. As an externally-oriented economy, Hong Kong must also pursue the development of a diversified economy in order to enhance our capabilities in withstanding external shocks and to achieve long-term growth.
- In last year's Policy Address, Innovation and Technology (I & T) development was made one of Hong Kong's priorities. The Government has since committed enormous resources to boost I & T efforts and the strategy has made good progress.
- Building on Hong Kong's solid foundation in science and technology, the Policy Address this year continues to introduce new measures to achieve the goal of developing Hong Kong into an international I & T hub.

- Firstly to expedite re-industrialisation, we will launch a HK\$2 billion (S\$346 million) Re-industrialisation Funding Scheme to subsidise manufacturers, on a matching basis, to set up smart production lines in Hong Kong. An additional allocation of HK\$2 billion (S\$346 million) will be allocated to the Hong Kong Science and Technology Parks Corporation for building manufacturing facilities required by dedicated advanced manufacturing sectors in the industrial estates.
- Second, the Government plans to promote technology transfer and R&D capabilities by doubling the funding ceiling for Technology Transfer Offices of dedicated universities, Technology Start-up Support Scheme for Universities, State Key Laboratories and Hong Kong branches of the Chinese National Engineering Research Centre.
- To strengthen the talent pool in research and I & T, the Government will inject HK\$20 billion (S\$3.46 billion) into the Research Endowment Fund of the Research Grants Council; launch a HK\$3 billion (S\$518 million) Research Matching Grant Scheme; and introduce fellowship schemes for outstanding academics.
- Besides, we will take forward three digital infrastructure projects in our Smart City development. From mid-2020, electronic identity (eID) will be provided free of charge for all Hong Kong residents. The Smart Government Innovation Lab will be set up next year to speed up the use of information technology to improve public services. In addition, we plan to introduce artificial intelligence (AI) and chatbot functions in the GovHK portal next year to facilitate the public to search and use e-Government services. It is expected that by mid-2021, the general public will be able to use eID in about 100 e-Government services via their computers or smartphones.
- While pushing forward our I & T strengths, we also spare no effort in reviving our traditional pillar industry, i.e. the maritime sector. The maritime

sector has been a major pillar of Hong Kong's trading and logistics industry. With our long-established maritime tradition and our excellent geographical location, the Government has drawn up a number of measures to enhance the development of high value-added maritime services.

- To give you a few examples, there will be tax measures to foster ship leasing business in Hong Kong aiming to strengthen its position as a ship leasing centre in the Asia-Pacific region; tax reliefs will be provided to promote the development of marine insurance and the underwriting of specialty risks in Hong Kong; setting up Regional Desks of the Hong Kong Shipping Registry (HKSR) in selected Economic and Trade Offices and Mainland Offices to render more direct and prompt support to shipowners at the ports concerned; and further expanding our comprehensive avoidance of double taxation agreements network to attract more international marine and maritime service providers to set up offices in Hong Kong.
- For other initiatives on the economic front, you may wish to note that the first batch of virtual banking licences will be issued as early as the end of this year; appropriate government premises will also be opened up for the installation of 5G base stations by mobile phone operators; and that HK\$1 billion (S\$173 million) will be injected into the Film Development Fund to nurture talent, enhance local film production and expand markets.
- In this year's Policy Address, the Chief Executive has pledged to enhance Hong Kong's status as an international commerce and trading centre by signing more bilateral and multilateral agreements. Hong Kong will fully participate in and contribute to the Belt and Road Initiative to generate new impetus for economic development. A Steering Committee for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area will also be established for the overall co-ordination of Hong Kong's participation in the development of the Greater Bay Area.

- I firmly believe that by leveraging our unique strengths under “One Country, Two Systems”, the HKSAR Government will do its best as a “facilitator” and “promoter”, seizing the opportunities to capitalise on Hong Kong’s strengths to serve the country’s needs, and seeking active liaisons with the world to explore more business opportunities.
- Before closing, I would like to highlight to you that the Chief Executive has specially mentioned the expected commencement of operation of the Bangkok ETO early next year pending approval by the LegCo. The new ETO will become our third ETO in the ASEAN region and will further strengthen our bilateral ties with ASEAN. With the growing importance of the ASEAN market to Hong Kong, I am sure more business opportunities will arise in this part of the world. We look forward to your continued support in the promotion of Hong Kong’s advantages in this region.
- Thank you. I shall now open the floor for questions.