

**Hong Kong, China's Statement for
72nd Session of United Nations
Economic and Social Commission for Asia and the Pacific (ESCAP)
15-19 May 2016**

“Science, technology and innovation for sustainable development”

Your Excellency the Chairman, Executive Secretary, Distinguished Delegates, Ladies and Gentlemen,

On behalf of the Hong Kong, China (HKC) delegation, I would like to congratulate the Government of Thailand and the ESCAP Secretariat on the very successful organisation of this meeting. I am also grateful to the Government and people of Thailand for the very warm hospitality extended to us.

Snapshot of Economic Outlook for Hong Kong, China

2. I would like to begin my remarks with a brief overview of HKC's economy. Our economy grew by 2.4% for 2015 as a whole. The slow-growing global economy amid heightened financial volatility posed a severe drag on Hong Kong's exports. Domestic demand remained the key force propelling economic growth.

3. Looking ahead, HKC's export performance is likely to remain constrained by the slow-growing global economy in the near term. Moreover, uncertainties arising from the monetary policy normalisation in the US, diverging monetary policies among major central banks and heightened geopolitical tensions in different parts of the world could add further headwinds. Hong Kong's economy is forecast to grow by 1-2% in 2016.

HKC Government's Efforts in Supporting Innovation and Technology

4. HKC sees the importance of supporting innovation and technology (“I&T”) for sustainable economic and social development. “I&T” development is among the top policy priorities of this Government. Not only does I&T drive the transformation of our economy as we develop high value-added industries and manufacturing processes, it also

improves the people's daily living in multiple aspects, such as communications, transportation, healthcare, education, environment, social order, consumption and food safety, etc.

Hong Kong's Advantages

5. Hong Kong is perfectly positioned to ride on the tide of I&T. We are blessed with first-class technological infrastructure: our Internet connection speed is among the fastest in the world; our household broadband penetration rate of 83% is among the highest in Asia; and our mobile subscription rate of 227% is again among the highest in the world¹.

6. Our technological infrastructure is bolstered by the systems in place. We have a sound legal system: the rule of law situation in Hong Kong is consistently above 90 (out of 100) according to the Worldwide Governance Indicators project commissioned by the World Bank, and our judicial independence is ranked fourth among 140 jurisdictions around the world. Hong Kong is a regional hub for intellectual property with a mature IP regime. Hong Kong is also renowned as a major international financial centre.

7. Most importantly, under "One Country, Two Systems", Hong Kong can perfectly play the role of a "super-connector" between Mainland China and the rest of the world. Hong Kong enjoys the combined advantages of being part of China and at the same time an international city.

8. This is precisely the reason why the Karolinska Institutet of Sweden has decided to open its first overseas research facility at the Hong Kong Science Park, and the Massachusetts Institute of Technology will also establish its first overseas Innovation Node in Hong Kong. We look forward to seeing more globally renowned research institutions setting up operations in Hong Kong.

New Measures

9. 2015 was a banner year for I&T in Hong Kong. Notably, the establishment of the Innovation and Technology Bureau within the Government in November 2015 marked a milestone for I&T development

¹ http://www.ogcio.gov.hk/en/facts/doc/Fact_Sheet-OGCIO-EN.pdf

in Hong Kong. This year, we will continue our efforts in full swing.

10. The Policy Address and Budget recently announced by the Government have rolled out plans to invest an unprecedented amount of over US\$2.3 billion to promote I&T development. The measures introduced have taken into account the various links of I&T development, as well as the needs of the industry and community. These include funding schemes and infrastructure projects for building a sustainable I&T ecosystem, and various financial support programmes for stimulating the development of the local I&T sector over the short and medium term.

Promoting R&D

11. While Hong Kong has excellent scientific research capabilities, we have to tackle the challenge of how to channel the research results downstream into outputs that can be commercialised. In this regard, we will set up a Midstream Research Programme for Universities to encourage more midstream and applied research projects in key technology areas, such as Smart City and healthy ageing.

Promoting re-industrialisation

12. Hong Kong is catching up with the global trend of “re-industrialisation”, as economies like Germany and the United States have already unveiled their plans “Industry 4.0” and “Advanced Manufacturing Partnership” respectively. In particular, we will focus on areas which Hong Kong are good at – robotics, smart city and healthy ageing.

13. To this end, the Hong Kong Science and Technology Parks Corporation, our key I&T supporting body, will undertake two pilot projects to build multi-storey high-efficiency buildings in one of our major industrial estates, the Tseung Kwan O Industrial Estate. In these buildings, we hope to bring together advanced manufacturing industries using robotics and information technology in support of smart production.

Supporting I&T start-ups

14. Entrepreneurship in Hong Kong is picking up. The numbers of start-ups, incubators, accelerators and co-working spaces are on the rise. There are currently around 1 600 start-ups in Hong Kong, and most are I&T start-ups. According to an international study in 2015, the growth of Hong Kong’s start-up ecosystem ranked fifth globally.

15. To accelerate this encouraging momentum, the Government will set aside US\$258 million to set up an Innovation and Technology Venture Fund, investing in local technology start-ups together with private-venture capital funds. Cyberport, our flagship information communication technology (ICT) industry support body, will also set up a US\$26 million Macro-Fund for investment in its ICT start-ups.

I&T and daily living

16. I&T is inextricably linked with our daily living. We are building Hong Kong as a connected smart city. The Government will expand the free Wi-Fi network in our city by doubling the number of Wi-Fi.HK hotspots in the coming three years. We will soon begin a consultancy study to formulate the digital framework and technical standards suitable for Hong Kong in developing into a smart city.

17. To further encourage the use of I&T to bring better living, we will set up a US\$64 million “Innovation and Technology Fund for Better Living” to finance projects that make use of I&T to improve our daily life. We believe the fund can be a focal point for cross-sector collaboration directed at a good cause, making our lives more convenient, comfortable and safe.

Nurturing I&T talents

18. Talents are the most important factor in developing I&T. In October last year, we launched the Enriched IT Programme in Secondary Schools, which offered intensive training to students with potential. We shall continue to collaborate with the industry to organise activities and internship programmes, with a view to nurturing IT professionals for the development of Hong Kong. The setting up of renowned institutions like Karolinska Institutet and MIT in Hong Kong will also inspire our young people to enter the field of I&T.

Closing Remarks

19. In closing, I would like to thank the Commission for giving me this opportunity to share with you our efforts and achievements in taking forward the initiatives of I&T development in Hong Kong.

20. Looking ahead, the Government alone cannot successfully drive I&T development. We will be the “super-connector” of stakeholders

among the business, academic and research sectors in and outside of Hong Kong to foster collaboration. We will also be the facilitator, providing excellent hardware and software for our stakeholders to develop I&T. We look forward to working closely with ESCAP and the members in building a more sustainable environment for us all and our next generations. Thank you.