

Free Trade Agreement and Investment Agreement between Hong Kong and ASEAN enter into force for Indonesia

A Government spokesman said today (June 3) that the part relating to Indonesia under the Free Trade Agreement (FTA) and the Investment Agreement (IA) between Hong Kong and the Association of Southeast Asian Nations (ASEAN) will enter into force on July 4.

On trade in goods under the FTA, Indonesia will progressively reduce and eliminate customs duties on goods originating from Hong Kong. The tariff commitments made by Indonesia cover different kinds of Hong Kong commodities, including jewellery, articles of apparel and clothing accessories, watches and clocks as well as toys, etc. To enjoy the preferential tariff treatment for exporting Hong Kong goods to Indonesia under the FTA, Hong Kong traders have to comply with the relevant preferential rules of origin and fulfil the related requirements, and to apply for certificates of origin from the Trade and Industry Department (TID) or Government Approved Certification Organizations to cover the goods concerned. For details, please refer to the relevant trade circulars issued by the TID at www.tid.gov.hk/english/aboutus/tradecircular/coc/2020/coc2020.html.

On trade in services, Hong Kong service providers will enjoy better business opportunities and legal certainty in market access for different services sectors in Indonesia under the FTA. These include services sectors in which Hong Kong has traditional strengths or has potential for development, including business services, construction and related engineering services, and tourism and travel related services.

Under the IA, Indonesia will provide Hong Kong enterprises investing in its area with fair and equitable treatment of their investments, physical protection and security of their investments as well as the assurance of the free transfer of their investments and returns. In case of expropriation or investment loss owing to war, armed conflict or similar event, Indonesia will also provide compensation to Hong Kong enterprises investing in its area according to the agreed standard as specified under the IA.

With the entry into force for the part relating to Indonesia, there will be a total of eight ASEAN member states (viz. Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) for which both the FTA and the IA have entered into force. The dates of entry into force for the remaining two ASEAN member states (viz. Brunei Darussalam and Cambodia) will be announced as soon as they are confirmed.

For the texts and the key features of the FTA and the IA, please refer to the website of the TID at www.tid.gov.hk/english/ita/fta/hkasean/index.html.

LCQ18: 5G mobile communications and technology

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 3):

Question:

Three mobile network operators (MNOs) already launched the commercial fifth generation (5G) mobile communications services on April 1 this year. In this connection, will the Government inform this Council:

- (1) of the current coverage of 5G mobile communications services;
- (2) of its plan to extend the coverage of 5G mobile communications services and the relevant timetable;
- (3) of the current number of 5G radio base stations across the territory and, among them, the number and percentage of those provided in government premises;
- (4) as the Government has indicated that it is proactively exploring with satellite operators the feasibility of relocating the satellite earth stations from Tai Po to Chung Hom Kok Teleport to enable MNOs to make wider use of all 5G bands (including the 3.5 GHz band) in Hong Kong for the provision of services, of the progress of the relevant exploration;
- (5) whether it knows the current number of 5G cybersecurity specialists in Hong Kong; of the Government's measures to increase the number of such specialists to help promote the development of 5G mobile communications services; and
- (6) as the Office of the Communications Authority launched the "Subsidy Scheme for Encouraging Early Deployment of 5G" under the Anti-epidemic Fund last month to encourage the various sectors to deploy 5G technology to foster innovation and smart city applications, of the effectiveness of the Scheme as envisaged by the Government?

Reply:

President,

In consultation with the Office of the Government Chief Information Officer, our reply to the Member's question is as follows:

(1) to (3) Mobile network operators in Hong Kong launched 5G services in April 2020. The strategies and timetables for the rollout of 5G networks are commercial decisions of the operators. Experience shows that in developing a new generation of mobile services, operators generally adopt a gradual and orderly approach in rolling out networks, usually with coverage first provided to hotspots with high pedestrian flow or high usage and then gradually extended to other locations in the territory.

As at end-May 2020, the Office of the Communications Authority examined applications for the use of a total of over 3 800 5G base stations, about 5 per cent of which located at government premises.

(4) To resolve the issue of the 5G restriction zone in Tai Po in the long run, the Government is proactively discussing with the related satellite operators about relocation of their satellite earth stations from Tai Po to Chung Hom Kok. Since relocation of the facilities of satellite earth stations involves complex land allocation and technical issues, including site selection, land grant, site formation, construction works and establishment of another set of satellite antennae, as well as the need to ensure that operation of the existing satellites in orbit will not be affected, the related relocation is expected to take several years to complete.

The restriction zone only affects 5G base stations of the 3.5 GHz band. Operators can still make use of the radio spectrum in other bands (e.g. the 3.3 GHz, 4.9 GHz and 26/28 GHz bands), and re-farm their existing spectrum used for providing the second to the fourth generation mobile services to provide 5G services in Tai Po district.

(5) According to the information of the Information Systems Audit and Control Association (ISACA) as well as the International Information Systems Security Certification Consortium, Inc. (ISC)², there were over 5 300 personnel with major professional qualifications in cybersecurity in Hong Kong as at the end of 2019. Considering that some may possess more than one relevant qualification concurrently, the estimated number of personnel undertaking information security and related duties was over 4 000.

The Government is committed to facilitating the development and manpower training of the information technology (IT) security industry in Hong Kong by providing support in organising events, including conferences and professional training (e.g. cloud security professional certification, certification courses on information security and the annual Information Security Summit), promoting security certification and professional qualification among enterprises, organisations and IT personnel, and encouraging tertiary institutions to provide more relevant programmes in IT-related disciplines.

Moreover, to attract talent from around the world to Hong Kong, the Government has launched a Technology Talent Admission Scheme in 2018 to provide a fast-track arrangement for admission of overseas and Mainland research and development talent (including cybersecurity specialists) so as to meet the needs of local economic and technological development.

(6) The Subsidy Scheme for Encouraging Early Deployment of 5G under the Anti-epidemic Fund launched on May 5, 2020 aims to foster innovative communications technology and smart city applications so as to improve operational efficiency and service quality, thereby enhancing Hong Kong's overall competitiveness.

Approved projects under the Scheme should be able to bring substantive benefits (such as enhancement of efficiency, productivity and service quality) to the business or sector concerned and demonstrate innovation or cross-sectoral synergy through the deployment of 5G technology. The Government will subsidise 50 per cent of the actual cost directly relevant to the deployment of 5G technology in a project, subject to a cap of \$500,000. Around 100 qualified projects will be subsidised. As at end-May 2020, 50 applications have been received. We anticipate that the first batch of applications will be approved and the first portion of subsidy will be disbursed by the end of June.

We will require the grantees to share and exchange with the trade and industry their experiences in the enhancement of operational efficiency and services through the deployment of 5G technology upon completion of their projects so as to benefit different sectors and facilitate the continuous innovation of the Hong Kong economy.

LCQ10: Projection model of Long Term Housing Strategy

Following is a question by the Hon Wilson Or and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (Jun 3):

Question:

On December 16, 2014, the Government promulgated the Long Term Housing Strategy (LTHS). Pursuant to LTHS, the Government updates the long term housing demand projection annually and sets a rolling 10-year housing supply target. Some comments have pointed out that the methodology set out in LTHS for projection of housing demand has failed to reflect genuine housing needs, and LTHS has not incorporated all of the new policies being implemented by the current-term Government. In this connection, will the Government inform this Council:

(1) whether it will revise the methodology in LTHS for projection of housing demand by, among other things, taking into account the following factors: the sum of all of the annual shortfalls between targeted and actual housing supply since the introduction of LTHS, as well as the fact that the demand

for household splitting has been suppressed by the low housing supply;

(2) whether it will incorporate into the vision of LTHS the following housing policy put forward by the current-term Government: to focus on home-ownership and strive to build a housing ladder to rekindle the hope of families in different income brackets to become home-owners; of the latest progress of the implementation of this policy by the Government;

(3) whether it will incorporate into LTHS the supply target for transitional housing units, so as to facilitate progress monitoring; if not, of the reasons for that; and

(4) whether it will reinstate the Long Term Housing Strategy Steering Committee to be tasked with the responsibilities of conducting a comprehensive review on the long term housing strategy, and giving advice on the implementation of the suggestions made in (1) to (3) above; if so, of the timetable; if not, the reasons for that?

Reply:

President,

My consolidated reply to the questions raised by the Hon Wilson Or is as follows:

Following deliberation of the Long Term Housing Strategy (LTHS) Steering Committee and a three-month public consultation, the Government formulated and announced LTHS in December 2014. Under LTHS, the Government takes into account four major housing demand components (i.e. net increase in the number of households, households displaced by redevelopment, inadequately housed households (IHHs) and miscellaneous factors (note 1)) and adopts objective data in projecting the gross housing demand (i.e. the number of new housing units required to provide adequate housing to each and every household) in the next 10-year period in order to determine the total housing supply target for the next 10 years. This updating exercise is conducted annually to capture social, economic and market changes over time, and make timely adjustments where necessary.

Based on the above projection framework, the total housing supply target for the next 10-year period from 2020-21 to 2029-30 is 430 000 units. According to the public/private split of 70:30 for new housing supply, the public housing supply target is 301 000 units and the private housing supply target is 129 000 units. When announcing the above housing supply targets, the Government also pointed out that assuming that all sites identified could be smoothly delivered on time for housing development, the estimated public housing production for the above 10-year period would be about 272 000 units. Comparing with the public housing supply target of 301 000 units, the production shortfall is 29 000 units.

Under the LTHS projection model, we update the housing demand projection for the next 10 years annually to reflect the latest situation. The

production shortfall represents the housing demand that has yet to be met in the next 10 years. Such unmet housing demand will continue to be counted towards the gross housing demand for the next 10-year period through the rolled-forward projection. For example, the housing needs of households still living in inadequate housing will continue to be reflected in the IHH component in the next round of projection, until such households are adequately housed. Therefore, the annual updating of LTHS has already taken into account all housing demand that has yet to be met.

In addition, we will keep in view the evolving environment and latest data, and consider how best to reflect the latest developments in the housing demand projection methodology and supply targets. Since the announcement of LTHS in 2014, we have enhanced the housing demand projection methodology from time to time as necessary (note 2). As in the past, we will take into account the latest data and relevant developments when updating the housing demand projection for the next 10-year period (i.e. from 2021-22 to 2030-31).

Apart from setting a rolling 10-year housing supply target, LTHS has also established three major strategic directions. One of the strategic directions is to provide more subsidised sale flats (SSFs) in Hong Kong, expand the forms of subsidised home ownership and facilitate market circulation of existing stock. Hence, the strategic direction of LTHS is in line with the Government's vision of striving to build a housing ladder. Over the past few years, the Government and the Hong Kong Housing Authority (HA) have implemented measures to enrich the housing ladder, including HA's endorsement in November 2017 to regularise the scheme of allowing White Form buyers to purchase SSFs with premium unpaid as the White Form Secondary Market Scheme (WSM), HA's endorsement in January 2018 to regularise the Green Form Subsidised Home Ownership Scheme (GSH), as well as the Government's announcement in June 2018 to implement the "Starter Homes" Pilot Project for Hong Kong Residents (SH Pilot Project).

On transitional housing, the Chief Executive announced on January 14 this year the provision of 15 000 transitional housing units over the next three years. Given the short term nature of transitional housing, the timing and amount of its supply are unstable and may be subject to changes in different periods of time. It is therefore not suitable to include transitional housing in the 10-year housing supply target. In fact, one of the demand components to be considered during the annual update of long term housing demand projection is IHHs, which cover households living in units made up of temporary structures (e.g. huts, squatters and roof-top structures); units located in non-residential buildings (e.g. commercial and industrial buildings); units shared with other households (e.g. rooms, cubicles, bedspaces and cocklofts in private permanent buildings); and subdivided units. As mentioned above, when determining the total housing supply target under LTHS, the Government has already taken into account the housing needs of IHHs.

In conclusion, we consider that the established framework of LTHS enables the Government to continually plan ahead on developing land and housing, in order to meet the housing needs of the community over the long

term. Therefore, we currently have no plan to conduct a comprehensive review on LTHS or reinstate the LTHS Steering Committee.

Note 1: Including private permanent living quarters occupied by households with mobile residents only; non-local students who may take up accommodation in Hong Kong; and non-local buyers who take up flats without selling or leasing them.

Note 2: For example, we improved the projection methodology of housing demand arising from public housing redevelopment when updating the housing demand projection in 2018. Given the large number of housing units in aged rental housing estates, we consider it prudent to include in the projection not only the known redevelopment programmes in the next 10 years, but also the potential/possible redevelopment need in the next 10 years. Please refer to the annex to the LTHS Annual Progress Report 2018 for details.

US Dollar Liquidity Facility tender result

The following is issued on behalf of the Hong Kong Monetary Authority:

US Dollar Liquidity Facility tender result:

Tender date	:	June 3, 2020 (Wednesday)
Settlement date	:	June 4, 2020 (Thursday)
Repayment date	:	June 11, 2020 (Thursday)
Tenor	:	7 Days
Amount applied	:	Nil
Amount allotted	:	Nil
Lowest interest rate accepted	:	Nil
Highest interest rate accepted	:	Nil

LCQ11: Application of technology in efforts to combat COVID-19 pandemic

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (June 3):

Question:

To tackle the coronavirus disease 2019 (COVID-19) pandemic, the Government has been issuing quarantine orders to persons arriving in Hong Kong, requiring them to undergo a 14-day compulsory quarantine at a designated place (home or other accommodation), and distributing to them an electronic/monitoring wristband that is paired with the "StayHomeSafe" mobile application, in order to ascertain that they are staying at the designated places. Moreover, the Innovation and Technology Commission launched a special call for trial projects under the Public Sector Trial Scheme to support product development and application of technology for the prevention and control of the epidemic. Regarding the application of technology in efforts to combat COVID-19 pandemic, will the Government inform this Council:

- (1) of the respective numbers of arrivals to whom (i) Bluetooth Low Energy (BLE) positioning electronic wristbands, (ii) reusable BLE positioning electronic wristbands, and (iii) monitoring wristbands were distributed so far; the number of Hong Kong residents among them;
- (2) of the types of information collected (including personal data) via the electronic wristbands and the "StayHomeSafe" mobile application and its retention period;
- (3) as the Government has stated that the reusable electronic wristbands, upon recovery, may be used by government departments in other services, of a breakdown of the number of recycled wristbands by (i) government department and (ii) use; and
- (4) of the number of applications received so far under the special call for trial projects, with a breakdown by (i) type of applicants (e.g. research and development (R&D) centres, universities, other designated public research institutions, all technology companies conducting R&D activities in Hong Kong) and (ii) progress of processing such applications ((a) being processed, (b) approved, and (c) rejected); the total amount of grants approved so far?

Reply:

President:

Our reply to the various parts of the question is as follows:

(1) Currently, the Government mainly uses Bluetooth Low Energy (BLE) electronic wristbands paired with the "StayHomeSafe" mobile app for monitoring persons under home quarantine. Surprise video calls are also made to ensure that persons under quarantine are staying at their dwelling places. Disposable monitoring wristbands printed with QR code have only been applied during the period from March 19 to 30.

Up to June 1, reusable electronic wristbands have been used by around 9 800 persons subject to home quarantine. 87 000 persons under home quarantine have used disposable electronic wristbands and 41 000 persons have used disposable monitoring wristbands printed with QR code. We do not have statistics on whether persons wearing electronic wristbands/monitoring wristbands under home quarantine are Hong Kong residents.

(2) The "StayHomeSafe" mobile app only stores the contact phone number provided by persons under quarantine to the Department of Health upon their arrival for issuing the compulsory quarantine order. It will not collect any personal data during its operation. The electronic wristband will only detect various electronic signals (including Bluetooth signal of the electronic wristband, WiFi and mobile network signals, etc.) and their strength and changes in the environment where persons under quarantine are staying. By means of artificial intelligence and big data analytics technologies, the mobile app will determine whether the persons under quarantine are staying at their designated dwelling places. Such data will be destroyed within three months after the completion of the 14-day quarantine period.

(3) The reusable electronic wristbands are still being used to support the home quarantine arrangement. After the epidemic, we will arrange the reusable electronic wristbands for other government departments to apply in other services, such as taking care of the elderly in need in residential care homes.

(4) To tackle the COVID-19 epidemic, the Innovation and Technology Commission (ITC) launched on March 9 a special call for trial projects under the Public Sector Trial Scheme of the Innovation and Technology Fund to support product development and application of technologies for the prevention and control of the epidemic. The target funding recipients are local research and development (R&D) centres, universities and other designated public research institutes, as well as all technology companies conducting R&D activities in Hong Kong. The aim of the call is not only to promote the realisation and commercialisation of local R&D outcomes, but also to encourage the public sector to use technologies for tackling the COVID-19 epidemic in Hong Kong.

The special call ended on April 10. The ITC received a total of 332 applications, amongst which 20 have been approved, involving a funding amount of \$35.6 million. 27 other applications are about to be rejected and three have been withdrawn. The ITC is now handling the remaining applications. The breakdown of applications received, approved, to be rejected, withdrawn and under processing by types of applicants is as follows:

(As at June 2, 2020)

Applicant	Applications received	Approved	To be rejected	Withdrawn	Under Processing	Approved Funding Amount
R&D centres	11	0	0	0	11	/
Universities	76	14	3	0	59	About \$27.7 million
Other designated public research institutes	11	0	1	0	10	/
Technology companies conducting R&D activities in Hong Kong	234	6	23	3	202	About \$7.9 million
Total	332	20	27	3	282	About \$35.6 million