

BUD Fund and SME Export Marketing Fund to implement enhancement measures

The Trade and Industry Department (TID) announced today (March 13) that it would implement enhancement measures for the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund (EMF) to provide support to small and medium-sized enterprises (SMEs) in a more focused and sustainable manner.

A TID spokesperson said that the Government had been providing a comprehensive suite of support services to SMEs, including funding support and capacity-building services. During the pandemic and the post-pandemic recovery periods, the Government injected a total of \$2 billion into the BUD Fund and implemented special measures for the EMF to extend the funding scope to cover exhibitions and online exhibitions targeting the local market, and relax the eligibility criteria to include non-SMEs. The Government also provides "four-in-one" integrated services to strengthen the provision of information to SMEs. In addition, the Government has allocated \$100 million to gradually enhance the services of "SME ReachOut" in the ensuing five years starting from 2023 by stepping up support for SMEs to apply for government funding, as well as providing capacity-building services for SMEs. The Government has also assisted SMEs in taking out loans through the SME Financing Guarantee Scheme, and the 2024 Policy Address has announced various enhancement measures such as allowing borrowing enterprises under the Scheme to apply for a principal moratorium for up to 12 months.

The 2024 Policy Address and the 2025-26 Budget have allocated a combined total of \$2.5 billion to the funding schemes supporting SMEs to help them cope with the various uncertainties in the global economy. At the same time, the demand for government funding support has surged sharply in recent years. The number of applications for the BUD Fund in 2024 increased by over 320 per cent as compared with that in 2019, and that for the EMF increased by 87 per cent over the same period. Since its inception in 2012, the BUD Fund has approved a total funding amount of \$6.2 billion, and about \$5.43 billion was approved in the past six years (i.e. 2019-2024). In other words, close to 90 per cent of the funding has been approved in this recent period.

The spokesperson said, "Supporting SMEs remains one of the Government's important policies, but we are also mindful of the fact that all support measures should be subject to constant review to ensure that they remain effective in the ever-changing economic environment. We should provide necessary support to SMEs in a timely, focused and financially sustainable manner."

The spokesperson continued, "We will institute enhancement measures to provide more targeted support to SMEs, encourage them to enhance competitiveness and tap into markets outside Hong Kong. Firstly, each applicant enterprise will be able to submit one 'Easy BUD' application every

three months, instead of every six months at present. Moreover, the funding scope of the 'Easy BUD' application will be expanded to include the establishment of online sales platform. Furthermore, to assist enterprises in restructuring their business operations in the face of rising trade protectionism and geopolitical tensions, the BUD Fund will also expressly provide for funding support for professional fees associated with the establishment of new business entities in eligible markets."

To focus its limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the EMF's special measures on June 30, 2026. Enterprises may undertake promotional activities in the context of upgrading and transformation to attain synergy.

At the same time, to ensure financial sustainability of the funding schemes, the Government will implement measures such that the BUD Fund and the EMF will be utilised in the most productive manner. These will involve adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the Annex. These measures will apply with respect to applications received from 0.00am, March 14, 2025, onwards.

The BUD Fund provides funding to encourage non-listed Hong Kong enterprises to develop business in 40 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements through branding, upgrading and restructuring, and promoting sales. Established in 2001, the EMF aims to encourage SMEs to participate in export marketing activities.

Details of the BUD Fund and the EMF are available at www.bud.hkpc.org/en and emf.tid.gov.hk/en respectively. For enquiries, please contact the Secretariat of the BUD Fund (Tel: 2788 6088) and the EMF Branch of the TID (Tel: 2398 5127).