

Budget Speech by the Financial Secretary (6)

International Trade Centre

105. As an international trade centre, Hong Kong capitalises on unique advantages and reinforces connectivity, and serves as a bridge linking the Mainland and global markets. It provides high-standard professional services for international trade, helping our country promote the new development pattern of "dual circulation".

Multinational Supply Chain Management Centre

106. HKTDC and InvestHK jointly encourage Mainland enterprises to establish a foothold in Hong Kong and set up international or regional headquarters for managing offshore trading and supply chain, thereby assisting these enterprises in going global and planning supply chains and industry chains. HKTDC will provide them with one-stop professional consulting services to help them establish market connections and understand laws and regulations in overseas markets.

107. Hong Kong serves as an important regional trade financing centre. The outstanding trade finance by banks has reached \$380 billion, about 40 per cent of which provide financing for merchandise trade outside Hong Kong. The Trade Financing Liquidity Facility recently introduced by HKMA and PBoC also provides greater flexibility for RMB trade financing. In addition, the Hong Kong Export Credit Insurance Corporation will provide credit insurance for export services relating to multinational supply chain to render more comprehensive support to enterprises seeking to go global.

108. The Government will make reference to the Model Law on Electronic Transferable Records advocated by the United Nations Commission on International Trade Law and consider legislative amendments to facilitate digitalisation of trade documents. We will submit the relevant legislative proposal to LegCo next year.

Network Expansion

109. To expand our trade network and attract more inward investment and enterprises from the Global South markets to Hong Kong, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices in these two countries. In addition, InvestHK has established consultant offices in Cairo, Egypt and Izmir, Türkiye. HKTDC has also set up a consultant office in Cambodia.

110. We are exploring the signing of investment agreements with Saudi Arabia, Bangladesh, Egypt and Peru, and conducting negotiations with 17 countries on Comprehensive Avoidance of Double Taxation Agreements.

Strengthen Co-operation with Belt and Road Countries

111. Hong Kong will continue to utilise our role as a functional platform for the Belt and Road (B&R) Initiative. We, together with business and professional services sectors, will continue to further cultivate the ASEAN and Middle East markets, and explore opportunities in Central Asia, South Asia and North Africa. HKTDC will strengthen B&R project matching, particularly on green development and I&T.

112. The B&R Summit is a flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 10th Summit will be organised in September and we will encourage different sectors to hold events around the Summit period for enhancing synergies.

Supporting Local Enterprises

113. To support the development of local enterprises and help them go global, we will inject \$1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund, and streamline application arrangements. CEDB will announce details later.

114. The Government has been providing loan guarantees to businesses through the SME Financing Guarantee Scheme. As at the end of last year, a total of over \$288 billion of loans has been approved under the Scheme, benefitting nearly 65 000 small and medium enterprises (SMEs). To meet the financing needs of SMEs during transformation, we relaunched the principal moratorium arrangement in November last year for one year, allowing enterprises to apply for principal moratorium for up to 12 months.

115. In addition, many banks have joined the Taskforce on SME Lending jointly established by HKMA and the Hong Kong Association of Banks, committing to making flexible arrangements as far as practicable to ease the cash flow burden on SMEs. The funds dedicated for SME financing in the participating banks' loan portfolios have recently been increased to over \$390 billion.

116. To further assist local SMEs in tapping into the Mainland market and increasing sales from electronic commerce (e-commerce) markets, HKTDC will launch the "E-Commerce Express" in collaboration with large-scale e-commerce platforms to provide Hong Kong enterprises with one-to-one consultation services and thematic seminars. HKTDC will also enhance its mentorship scheme together with the Trade and Industry Department. By doing so, local enterprises will better leverage e-commerce and online shopping platforms in the Mainland to boost sales. In addition, HKTDC will organise the second edition of the Hong Kong Shopping Festival.

International Maritime Centre

117. Hong Kong is a leading international maritime centre. The Government will continue to embrace changes and adopt an innovative spirit to create a stronger impetus for the development of the industry.

Establish Hong Kong Maritime and Port Development Board

118. The Government will establish the Hong Kong Maritime and Port

Development Board this year to strengthen relevant research, promotion and manpower training to facilitate the sustainable development of the international maritime centre.

High Value Added Maritime Services

119. In the past few years, the Government has introduced a series of tax measures conducive to the development of the maritime industry. In light of changes of international tax rules, we are enhancing these measures, including introduction of tax deduction on ship acquisition cost for ship lessors under an operating lease. To drive the development of maritime services, we also propose to provide half-rate tax concession to eligible commodity traders. We will introduce a bill into LegCo in the first half of next year.

Modern Logistics Development

120. The Government endeavours to identify and release suitable logistics sites. The first of such logistics sites in the vicinity of the Kwai Tsing Container Terminals has just been disposed of by public tender. Meanwhile, the Government initiated a study on the development model for logistics sites in the NM in order to develop modern logistics clusters. Findings of the study are expected to be announced this year.

Smart Port

121. To develop smart port, the Government has set aside \$215 million to install the port community system, with a view to enhancing the flow of data among stakeholders in the maritime, port and logistics industries. We will seek funding approval from LegCo this year.

International Aviation Hub

122. The Hong Kong International Airport (HKIA) connects to nearly 200 global destinations. Daily passenger throughput and number of aircraft movements have largely returned to pre pandemic level. Air cargo throughput has topped the global ranking for multiple years. The HKIA Three-Runway System was commissioned at the end of last year, while the related passenger facilities will commence operation by phases from the end of this year.

Airport City

123. The Airport Authority Hong Kong (AA) has just promulgated a development plan for expanding the Airport City. With the aviation industry as its focal point, the Airport Island as well as the land and waters in its vicinity will be utilised for the development of a new highlight project encompassing high end commercial, art, tourism and leisure activities.

Facilitate C919's Entry to International Aviation Market

124. In January this year, our country's home developed aircraft C919 was officially deployed for scheduled flights between Hong Kong and Shanghai. The inaugural flight outside of the Mainland signified a major breakthrough for

home developed aircrafts to go global. Hong Kong will help C919 enter the global market. The Hong Kong International Aviation Academy will expand its training programmes to cover C919 aircraft related aspects.

Aircraft Parts Processing and Trading Centre

125. Under the co-ordination of InvestHK, the AA has signed a Memorandum of Understanding with a leading overseas professional aeronautic services company to explore the possibility of providing professional services such as aircraft dismantling, parts recycling and related training in Hong Kong, thereby developing Hong Kong into the first aircraft parts processing and trading centre in Asia.