

# FS uses budget to promote economic diversification, boost pillar industries and foster talent

In his 2020-21 Budget today (February 26), the Financial Secretary, Mr Paul Chan, offered a wide range of measures to strengthen Hong Kong's pillar industries while identifying new growth engines among emerging sectors.

"This will not only broaden the foundation of our economy, but also provide diversified and quality employment opportunities for young people to unleash their potential," Mr Chan said.

On financial services, Mr Chan set out a series of proposals to fortify the city's competitiveness as an international financial centre. Initiatives include:

- \* issuing green bonds totalling \$66 billion over the next five years to develop Hong Kong's position as a premier hub for green finance;
- \* waiving the stamp duty on stock transfers paid by Exchange Traded Fund (ETF) market makers when creating and redeeming ETF units listed in Hong Kong to spur development of the ETF market;
- \* issuing inflation-linked retail bonds (iBond) and Silver Bonds totalling not less than \$13 billion; and
- \* providing tax concessions for carried interest issued by private equity funds and preparing to establish a limited partnership regime to encourage them to domicile and operate in Hong Kong.

Mr Chan also highlighted the importance of promoting innovation and technology as a driving force for future economic development. To this end, he announced a series of proposals. These include:

- \* earmarking \$3 billion for Phase 2 of the Hong Kong Science Park Expansion Programme;
- \* exploring the development of a third InnoHK research cluster, in addition to the two research clusters currently being set up at the Science Park, one focusing on healthcare technologies and the other on artificial intelligence and robotics technologies;
- \* increasing the Government's funding ratio under the Technology Voucher Programme to three-fourths from two-thirds, and raising the funding ceiling from \$400,000 to \$600,000, to promote the wider use of technological services and solutions among local companies; and
- \* providing \$345 million for a pilot subsidy scheme to encourage the logistics industry to enhance its productivity through technology

application.

To offer additional support for the tourism industry, which has been hit hard by the economic downturn and the novel coronavirus outbreak, the Financial Secretary earmarked more than \$700 million for the Hong Kong Tourism Board to expand promotion and revive the industry once the epidemic is over.

Similarly, the Hong Kong Trade Development Council will receive \$150 million in additional funding to support promotional activities and assist Hong Kong enterprises in exploring new market opportunities.

"Human capital is a valuable asset for our society," Mr Chan said.

"To provide young people with more opportunities to broaden their horizons and apply their knowledge, the Government and relevant organisations have provided training, internship schemes, subsidies, etc. for young people to develop their strengths in different areas."

Mr Chan unveiled various proposals to foster talent, including:

- \* boosting the Researcher Programme and Postdoctoral Hub to cover all technology companies conducting research and development in Hong Kong;
- \* setting aside \$40 million to subsidise short-term internships for undergraduates and postgraduates taking STEM programmes at local universities; and
- \* increasing short-term internship opportunities in the Government and public organisations for students to almost 5 000 in 2020-21.

Mr Chan said that these and other measures in the Budget would help create "new areas of economic growth, with a view to increasing our revenue, promoting social development, coping with the challenges arising from an ageing population, and providing more quality employment opportunities."