

Speech by CE at Business of IP Asia Forum (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the Business of IP Asia Forum this morning (December 5):

Deputy Commissioner Gan (Deputy Commissioner of the National Intellectual Property Administration Mr Gan Shaoning), Peter (Chairman of the Hong Kong Trade Development Council (HKTDC), Dr Peter Lam), Margaret (Executive Director of the HKTDC, Ms Margaret Fong), Victor (Director of the Hong Kong Design Centre, Dr Victor Lo), Edmund (Executive Director of the Hong Kong Design Centre, Dr Edmund Lee), ladies and gentlemen,

Good morning. This is the third year in a row I've had the honour of joining you for the opening ceremony of the Business of Intellectual Property Asia Forum. And I must say it's gratifying to be here, to have this opportunity to thank you, each and every one of you, for your clear and compelling commitment to Hong Kong. I understand the Forum has attracted more than 75 expert speakers who are intellectual property (IP) professionals and business and finance leaders from Hong Kong, the Mainland, throughout Asia and around the world. In the forum today and tomorrow, you will catch up on the latest developments in the IP world, and have the opportunity to network, share insights and experience and, of course, to explore business and partnership opportunities.

IP is built on co-operation. Today's business world is characterised by sharply defined division of labour. Few companies or individuals can afford to make everything, to do everything, on their own. While comics' artists, for example, may have an abundance of creativity, most will need to partner with manufacturers through IP licensing to get their work out to the world, to expand their artistry from pure comics to expanded commercial opportunities, for example, in stationery, clothing, houseware and a wealth of other product and service inspirations. Similarly, for many scientific inventors, their value can be best realised by coupling with other technologies to make more advanced machinery and equipment.

In short, despite the exclusive nature of IP rights, there is great incentive to pursue partnerships among individuals, companies and industries, even economies. Ideally, such collaboration heightens innovation and boosts business promise.

Promoting innovation is a central priority of my Government. We encourage companies to invest in research and development (R&D), and we enable their efforts in numerous ways. The Government, for example, has amended the tax law, providing a two-tiered rate of tax deduction for expenditures incurred in R&D activities. The deduction works out to 300 per

cent for the first HK\$2 million invested in R&D – that's about US\$260,000 – in qualifying R&D expenditures incurred by companies, and 200 per cent for the remainder, and what's more, without any upper limit.

We place significant emphasis on nurturing local I&T (innovation and technology) talent, while expanding our efforts to attract technology talent from overseas as well as Mainland China. We are also trying to bring in world-renowned institutions through the establishment, at a cost of about US\$1.3 billion, of two research clusters at the Hong Kong Science Park – one focused on healthcare, the other on artificial intelligence and robotics. To date, we've received more than 60 proposals from leading international universities and research institutions, all eager to establish a base in one of the clusters, collaborating with Hong Kong research institutions in mid- and downstream R&D projects. Indeed, we expect some of the institutions will begin operation in the next few months. With the experience gained from the first two clusters, we will actively explore the establishment of a third research cluster to promote global R&D collaboration in Hong Kong.

In addition, Science Park is beginning the next phase of its expansion programme. The goal is clear: to expand support facilities and value-added services for Hong Kong's fast-growing I&T community.

There's much more in the works. In partnership with the Shenzhen Government, we are developing a major innovation and technology park near the boundary with Shenzhen. The park will serve as a regional and international base for co-operation in scientific research. Companies establishing R&D centres in the park will, of course, find themselves with ready access to the Mainland. My Government has set aside US\$2.6 billion for the initial development of the park, with the first batch of I&T buildings scheduled for completion by the year 2023.

The concerted efforts and achievements of many others are helping to build our I&T sector, I'm pleased to say. GRST Holdings, for example, a Hong Kong-based green tech company, has developed Watmar3. The water-based technology is used to make and recycle high-efficiency lithium-ion batteries. The innovation was awarded top prize at the 47th International Exhibition of Inventions of Geneva in April. The new technology has been patented in a number of places and will have much to contribute to sustainable development.

Creating innovative products and offerings would be extremely difficult without a strong and internationally respected IP regime. Hong Kong attaches great importance to intellectual property. And, I am pleased to note, our ranking has climbed from ninth place to fifth place, overall, in the Global Competitiveness Report's "IP Protection" section. The Report is produced annually by the World Economic Forum. About 140 economies were included in the Global Competitiveness Report, showcasing, once again, Hong Kong's IP regime and the high degree of confidence it enjoys with the international business community.

That said, we are continuing to enhance our intellectual property regime, determined to ensure that it remains a leader in attracting global

business. In February, my Government introduced a bill into the legislature. It will enable Hong Kong to implement the international registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. The Madrid Protocol, in short. The Bills Committee has completed its scrutiny of the bill, and we look forward to its early enactment. Tomorrow, by the way, the Main Forum will focus on legal issues and the business of IP. The afternoon-long session will include a spotlight on the Madrid Protocol and its implementation in Hong Kong.

Then in May, our Judiciary set up an IP specialist list, making it easier to assign specialist judges for IP cases, particularly those of a highly technical nature. This should reduce the costs and time needed for the resolution of disputes involving IP matters in our courts. And, two weeks from today, Hong Kong will launch an original grant patent system. This will offer an alternative route for patent applicants seeking standard patent protection here in Hong Kong. Applicants will have the option of filing standard patent applications directly here in Hong Kong, without having to make prior filing with a patent office outside Hong Kong, as is now required. I'm confident these and other measures will enhance Hong Kong's competitiveness and help enable our long-term development as the region's innovation and IP trading hub.

Certainly, the Belt and Road Initiative and Guangdong-Hong Kong-Macao Greater Bay Area development will create wide-ranging, far-reaching opportunities for Hong Kong companies and the international companies that work with Hong Kong, in IP trading and business and investment generally. The Mainland, after all, was ranked second worldwide as a source of international patent applications filed via the World Intellectual Property Organization in 2017. And China was the only country to record a double-digit annual growth rate of 13.4 per cent that year. You can hear more about IP infrastructure and business opportunities in the Greater Bay Area later this morning, at Breakout Session 11.

And, just a reminder, as Margaret has shared with us, this Forum is part of Innovation & IP Week. The event began in November and continues through much of this month, with a series of conferences, exhibitions and workshops, including DesignInspire. An exhibition focused on design and innovation, DesignInspire opens today and runs through Saturday, open both to the trade and the public.

Ladies and gentlemen, I wish you the best of business at the BIP Asia Forum and a very rewarding year ahead. Thank you very much.

