

**Economic Summit on
“China’s 11th Five-Year Plan and the Development of Hong Kong”
The Opportunities and Challenges Presented by the
11th Five-Year Plan and the Outlook for Hong Kong**

Executive Summary

(Translation)

The National 11th Five-Year Plan unequivocally “supports Hong Kong’s development on fronts such as financial services, logistics, tourism and information services, and the maintenance of Hong Kong’s status as an international centre of financial services, trade and shipping”. The HKSAR Government and the various sectors of the HKSAR have to examine seriously the opportunities and challenges arising from the 11th Five-Year Plan and make proactive and concrete response early in order to provide fresh growth impetus to the Hong Kong economy and at the same time contribute to the economic development of our country.

2. Financial services industry is the most important one amongst all major industries for Hong Kong in the future. Although Hong Kong is a major international financial centre in the Asia-Pacific region, it is still a far cry from international financial centres like New York and London. In the past, Hong Kong was restrained by the relatively small scale of our economy. The Central Government’s continuous effort in expanding and reforming the financial services industry during the 11th Five-Year Plan period, however, is providing a broader scope for the development of the financial services industry in Hong Kong. In the face of the rapid expansion of the financial services industry globally and regionally, Hong Kong must substantially raise its position as an international financial centre. Hong Kong has to give full play to its financing role for the

Mainland at the international level, the local level and in respect of gradual internationalisation of the renminbi, strengthen the financial infrastructural linkage between the Mainland and Hong Kong, and enhance Hong Kong's role as an investment and risk management platform. In respect of business expansion, Hong Kong can explore the possibility of further developing the commodity futures market, foreign exchange futures contract market, the insurance industry as well as asset management. It is also necessary for Hong Kong to examine in detail the regulatory standards of other advanced financial centres as well as the practices of promoting market development so as to learn from their experiences. Hong Kong needs to on one hand attract enterprises and capital from the Mainland to use Hong Kong as their financial centre, and on the other maintain our highly internationalised financial services industry.

3. The continuous economic development of China during the 11th Five-Year Plan period will help enhance the status of Hong Kong as the leading international trading centre of China. In the light of China's development strategy of independent innovation under the 11th Five-Year Plan, Hong Kong, with its favourable conditions for the development of innovation and technology, can play an active role to promote the use of innovation and technology in the industries of Hong Kong and the Mainland, in particular the PRD, to upgrade skills and develop brands. Moreover, trade in services has been playing an increasingly important role in the Hong Kong economy in recent years. Under the promotion of the 11th Five-Year Plan, the Mainland will vigorously develop business services such as legal services, accounting, consulting, information services and tourism, and will also encourage qualified enterprises to "go out" to tap the international market. Hong Kong's business services providers should strengthen their cooperation with the Mainland counterparts and expand businesses between the two places through CEPA. Hong Kong should also facilitate more services providers to come to Hong Kong to develop and at the same time assist the local services sectors to improve their competitiveness so as to further enhance Hong Kong's position as an international service platform, a "cosmopolitan city renowned for its services".

4. The maritime, shipping and logistics industries are closely related with one another. Enhancing the competitiveness of our logistics industry thus forms an essential part of the efforts towards reinforcing Hong Kong's status as an international maritime centre. In the face of the opportunities and challenges brought about by the 11th Five-Year Plan, Hong Kong

should make appropriate adjustments in its relevant policies and measures so as to strengthen our position as an international maritime centre. Hong Kong should strive to realise fully the strengths of the container transport system rendered by the Hong Kong port and other coastal ports in the PRD region, and avoid wastage of resources and the possible unhealthy competition amongst the ports. In this connection, Hong Kong should seek more communications and coordination with different regions and cities in the Mainland on the planning of transport infrastructure, and strengthen the water, land air transport linkages with most of the cities in the Pan-PRD region. In order to enhance the competitiveness of our logistics industry, the Government needs to make efforts to increase the efficiency of the cross-boundary cargo movements, promote the application of information technology in the logistics industry, and provide additional back-up land around the terminals, etc. As regards air transport, the Government will strive to extend our air transport network and actively coordinate with the Mainland and Macau authorities to explore ways of increasing efficiency in air traffic control. Besides, the Airport Authority and its business partners are making significant investments to further enhance the facilities and efficiency of the Hong Kong International Airport.

5. To sum up, Hong Kong should bring its unique advantage of “One Country, Two Systems” into play more effectively, reinforce its status as the bridge between the Mainland and the overseas market as well as its advantages as a leading international city, and further enhance its ability to “introduce foreign capital and technology and establish domestic connections”. This will enable Hong Kong to meet the increasingly keen competition in the region and make substantial contributions to the modernisation of China’s economic development and its integration with the international economy. The key overall strategies of Hong Kong in response to the 11th Five-Year Plan include: (1) enhancing the international character of Hong Kong and sharpening its international competitive edges; (2) strengthening the communication, cooperation and integration of Hong Kong with the Mainland, particularly with the PRD; (3) strengthening the training and pooling of talent; (4) enhancing environmental protection to reinforce Hong Kong’s position as a cosmopolitan city in Asia; and (5) strengthening “Hong Kong” as a unique brand.

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September 2006