

Population and immigration policies  
CEPA: way forward for services

# Penta Forum

9 February 2004

Commerce, Industry and Technology Bureau  
The Government of the HKSAR

Hong Kong Coalition of Service Industries  
The Hong Kong General Chamber of Commerce

Faculty of Business and Economics  
The University of Hong Kong

Export of healthcare services

Cultural and Entertainment Capital



## *The Servicing Economy*

March 2004

9 February 2004

# Symposium Programme



8:45 - 9:00 am Opening Session



Moderator: **Mr K C KWOK**, Chairman,  
Hong Kong Coalition of Service Industries

Opening remarks: **The Honorable Henry TANG**,  
Financial Secretary, HKSARG

Welcoming remarks: **Prof TSUI Lap-Chee**,  
Vice-Chancellor, The University of Hong Kong

9:00 - 10:30 am Concurrent Sessions



## Population and Immigration Policies: Challenges and Opportunities

Moderator: **Prof Richard WONG**, Dean  
Faculty of Business and Economics,  
The University of Hong Kong

Presenter: **Mr SHIU Sin Por**, Executive Director  
One Country Two Systems Institute



## CEPA: Way Forward for Services

Moderator: **Dr Eden WOON**, CEO  
Hong Kong General Chamber of Commerce

Presenter: **Mr David DODWELL**, Executive Director  
Golin/Harris International

11:00 - 12:30 am Concurrent Sessions



## Hong Kong as a Cultural and Entertainment Capital

Moderator: **The Honorable Howard YOUNG**  
Legislative Councillor

Presenter: **Dr Desmond HUI**, Director  
Centre for Cultural Policy Research  
The University of Hong Kong



## Export of Healthcare Services

Moderator: **Mr K C KWOK**, Chief Economist  
Standard Chartered Bank

Presenter: **Mr Laurence HO**, Chief Executive  
Hong Kong Policy Research Institute

Evening Forum, Government House



Moderators: **Dr Eden WOON** and **Prof Richard WONG**

5:15 pm Cocktail Reception  
5:45 pm Brief reports on morning sessions  
6:00 pm Open Forum  
6:40 pm Conclusion by Financial Secretary  
6:45 pm End of Forum



## The Honorable Henry TANG Financial Secretary The Government of the HKSAR

I am very happy to have a chance to join you this morning to help open the Penta Forum. It is certainly a beautiful morning after a week of rain, and I hope this is a good omen. I would also like to take this opportunity to wish everyone in this Lunar New Year a very healthy and successful Year of the Monkey.

We are certainly starting 2004 on a strong note, with major economic indicators, local and global alike, turning for the better. We are, however, cautiously optimistic in the sense that although the figures are turning better, we are not out of the woods, and I do look forward that in future we should all work together towards a common goal. Even though recently our neighbouring regions have been plagued by avian flu, our people and our financial market have reacted rationally with no panic. The Administration has devised a comprehensive contingency plan to deal with possible scenarios, and our previous experience, a costly experience since 1997, in handling the avian flu has certainly heightened our Government's alert as well as the vigilance of the public, so I am confident that our economy will not be significantly affected. Of course, it still very much depends on how the avian flu plays out. We are so far rather lucky that we have not been hit by any yet, but even if we were to be hit by a case, an isolated case or two, I believe our people have had enough experience and SARS last year has built up our tenacity and resilience towards these incidents.

To sustain our economic growth, we must continue to harness our strengths and capture new growth opportunities. Among these opportunities is of course the CEPA. We have been in close liaison with the Mainland to ensure a smooth, timely and effective implementation of CEPA. Both sides are determined to resolve any difficulties and bottlenecks expeditiously to allow our businesses or our service industries to reap the most benefits.

We understand that more needs to be done to make the most out of this superior platform. On the part of the Government, I can assure you that we will continue to make our best efforts to help our businesses participate in, and contribute to the dynamic growth of our country.

Next week, I will be leading a high-level delegation of professional services representatives to Beijing. We have lined up meetings with the relevant ministries for these representatives to discuss qualification recognitions and entry thresholds issues. We hope that certain progress on this front could be made to enable our professional services to gain a larger market share in the Mainland.

CEPA is featured in one of the brainstorming sessions this morning, and we very much look forward to your feedback, views and ideas. It is true that many people have said we have not made the most out of this CEPA platform yet, but I do believe that it is widely recognised as one of the most superior platforms we have. CEPA is a landmark arrangement by the Central People's Government and Hong Kong and it is the first free trade agreement that both of us have signed in any way. So, I do think collective views gathering and collective brainstorming sessions like the Penta Forum will certainly help us make this platform even better.

A major economic initiative announced by the Chief Executive in his Policy Address in 2004 is the establishment of the Economic and Employment Council. This Council will advise me on policies and initiatives to promote economic activities, encourage inward investment, facilitate business and create employment opportunities.

These four inter-related issues are key to our economic prosperity. We envisage great synergies among them, but yet, compromises have to be made on some occasions. We call upon Council members from different backgrounds, including

political parties, business and labour representatives and the academia, to participate constructively in policy deliberation and build consensus across policy areas.

The establishment of the Council is also a new attempt to improve our governance. We hope that through this Council, better communication between the Executive and the Legislature could be established, and good economic policies could receive the support of the Legislative Council Members if it is necessary to amend any Ordinance.

Of course, we cannot have a sustainable growth without the fiscal deficit being addressed. The Government has been running operating deficits for six consecutive years since 1998-99. Restoring fiscal balance is not only our constitutional responsibility, but also a wide consensus shared by most of our people.

To prepare for the 04-05 Budget, I have been consulting our community widely. One of the comments, which I constantly hear, is that the Government should seriously control our expenditures and improve our efficiency, before considering raising revenues. I agree with that.

I have announced in the Legislative Council last October that the target of restoring fiscal balance would be postponed to 2008-09 and in the coming five years, our recurrent expenditures would be gradually reduced to \$200 billion. Under the principle of "Big market, Small Government", public expenditure would also be controlled and reduced to 20%, or below, of our GDP. As stated in the Policy Address, we will seek to strike a delicate balance between reducing the fiscal deficit and safeguarding people's livelihood, and give our community adequate time to recover.

I notice that the themes for the brainstorming sessions today do not touch on the budget issues specifically. Yet, I would like to ask you also to think about these issues while you discuss the topics this morning. I would very much look forward to your views.

On this note, I wish you all a very fruitful, productive and, I hope, fun session, and I look forward to hearing from you this evening your insights and suggestions to bring Hong Kong to new heights together.

Thank you very much.



## Penta Forum 2004

# Action

### Population and Immigration Policies

- The HKSAR Government should lead a dialogue on the appropriate size of the population and the requisite public policies to be tackled.
- There should be an unimpassioned, public-minded and meticulous review on our social welfare system, our public healthcare deliveries and our education system, in light of the aging demographic trend and our new immigration policies.
- A proper study with cost-benefit analysis should be conducted to determine the impact of immigration from the Mainland on the social development of Hong Kong.
- There should be a policy of encouraging Mainland businesses to set up branches in Hong Kong and allowing them to send over their senior staff with their families.
- There should be a strategy to attract more qualified immigrants from overseas other than Mainland China, so as to strengthen the international character of Hong Kong.

### CEPA: Way Forward for Services

- New sectors should be added into the CEPA arrangements, in particular information technology, tourism and hotel-related services, and aviation services.
- The implementation of CEPA should be monitored in detail. This should address practical obstacles such as qualification, registration and licensing in professional services.
- The government should enable the business community to identify as clearly as possible the perceived obstacles to market entry, especially in areas which require Government input.
- HKSAR Government should establish a full record of the problems that have arisen from CEPA implementation and how they can be resolved, with particular reference to problems encountered by SMEs.
- A “one-stop-shop” body should be established to provide SMEs with practical counsel on how to approach the Mainland market. This should focus not just on market opportunities but also on regulatory compliance. Simple “How To...” guides and briefing document providing step-by-step guidance on CEPA should be published.

# P Proposals



- There should be a campaign to raise the awareness of mutual benefits of CEPA throughout China, at provincial and municipal levels, and to demonstrate how strongly the Mainland economy can benefit from CEPA.
- There should be a government policy to encourage more Mainland companies and professionals to work or launch businesses in Hong Kong.
- There should be an initiative to build brand awareness of Hong Kong service providers across the Mainland, involving bodies such as the Trade Development Council and Invest Hong Kong.
- HKSAR Government should facilitate an open attitude of the Central Government towards multinationals with genuine long-standing roots in Hong Kong, so as to enable them to take advantage of CEPA.

## Hong Kong as a Cultural and Entertainment Capital

- HKSAR Government can make use of immigration policy to facilitate the development of the territory into a center of Chinese culture.
- A serious effort should be made to apply for World Heritage Site status for some of our renowned heritage.
- The strength of our pop culture should be harnessed more, especially in promoting to the Mainland.
- There should be an overall plan for culture and entertainment promotion, rather than simply more events. Building on the experience of the past, more international events like the Harbour Fest should be staged to attract more audience. More sites such as the Tamar and the old airport should be used for that purpose.
- New innovations should be explored, including more venues for late-night entertainment, more off-island development such as golf courses, and virtual museums.
- A renewed effort should be made to promote Hong Kong as a must-see tourist destination, by celebrating our strengths such as the harbour, the Peak, and Disney.

## Export of Healthcare Services

- A study on the competitive advantage of the medical and healthcare services in Hong Kong should be conducted, to identify the key strengths of the industry and the characteristics of the potential clients who visit Hong Kong for medical treatment.
- HKSAR Government should co-ordinate the efforts of the Hospital Authority, the private hospitals, private medical practitioners, pharmaceutical and medical supplies industry, and the insurance companies to initiate an export program.
- There should be a strategy to develop Hong Kong into a center of excellence for high-end medical services such as maternity, obstetrics, gynecology and cancer treatment, as well as “Medical Tourism”.
- HKSAR Government should issue medical visa for Mainland patients, so that they can stay in Hong Kong for a longer period of time to receive medical treatment.
- The management structure of private hospitals should be re-organised to enable them to provide one-stop services for the convenience of foreign and Mainland patients.
- More investment in biomedical R&D should be encouraged, by making it a theme of the Science Park.
- Transparency of medical services should be enhanced. Medical fees should be listed more openly. Travellers should have easy access to indicative medical charges for various types of services.

