

Technology to be Hong Kong's new growth engine: TDC Chairman

Hong Kong's trade promotion arm celebrates 40th anniversary by unveiling technology marketplace concept amid hosting of major innovation-focused trade shows

Hong Kong, November 29, 2006 - Hong Kong Trade Development Council (HKTDC) Chairman Peter Woo says that technology is the natural choice as the "third engine" to power the city's future economic growth, complementing the merchandise and service trades that have driven Hong Kong's development over the past four decades.

In naming technology as a "third engine", Mr Woo refers to an advanced economy generating higher value from technology, creativity and innovation. He said Hong Kong's unique location, technology infrastructure and trade-focused economy made it a natural technology marketplace, which is already reaping the benefits from technology trade flowing in and out of China through Hong Kong.

"The old belief that high-tech equates to a money-losing proposition is no longer true," said Mr Woo, just ahead of the World SME Expo and Innovation and Design Expo, which will coincide with the 40th anniversary of the establishment of the HKTDC.

"Rarely, if ever, has there been such a case of a city being in the right place at the right time as Hong Kong is now, in view of China's rising trade in technology as mapped out in the mainland's 11th Five-Year Programme."

While China's high-tech production has tripled in five years to US\$339 billion in 2004, the country continues to seek technology solutions from foreign companies, as stipulated in the most recent Five-Year Programme. China has set targets in developing its own proprietary technology, as well as importing designated technology from overseas.

In 2005, China imported US\$5 billion worth of designated technology and in the first six months in 2006 alone, the amount rose to US\$4.2 billion, a corresponding increase of almost 80 per cent.

Tech-based products - valued at some US\$95 billion in 2005 - account for one third of Hong Kong exports (according to OECD classification). R&D and product development in Hong Kong has risen sharply, often in collaboration with Chinese or overseas partners. Hong Kong companies now own or manage more than 60,000 factories in China's tech-heavy Guangdong Province.

Location-wise, Hong Kong borders the Pearl River Delta, where approximately 30 per cent of China's high-tech development takes place. It is uniquely placed to oversee regional project management while initiating and coordinating cross-border R&D, technology transfers and manufacturing processes.

Regarding economy and infrastructure, Hong Kong offers a commercially-sophisticated technology platform. Its banking and financial services are among the most advanced in the world. The city is a major centre for project financing and fundraising, supported by a robust stock exchange and a US\$30 billion-strong venture capital market, key for funding technology projects.

Mr Woo also saluted Hong Kong's entrepreneurial SMEs for their contribution.

"Hong Kong's greatest strength as a trader is its entrepreneurial spirit and creative output of some 100,000 SMEs, who create real value for their global partners -- and real jobs at home. They are Hong Kong's true champions in world markets; the individuals that drive Hong Kong's success.

"The Council had assisted and partnered our SMEs through three momentous transitions - from 'Made in Hong Kong', to 'Made by Hong Kong', to 'all aboard' the Hong Kong platform".

Over the last four decades, Hong Kong's trade has grown 255 times from 1966's HK\$17.6 billion to HK\$4,579 billion in 2005. The manufacturing and trade sectors now account for 45 per cent of the city's GDP and 40 per cent of employment (1.3 million jobs). Hong Kong is now the world's 11th largest trade entity.

Note - Tonight TDC will commemorate its 40th anniversary by opening a special exhibition entitled: "Supertrader Hong Kong - 40 years of Trade". The exhibition in the Hong Kong Convention and Exhibition Centre salutes Hong Kong's success in trade over the last four decades.

Scheduled to attend the exhibition's cocktail reception are:

Chief Executive of the Hong Kong SAR Government Mr Donald Tsang; Financial Secretary Mr Henry Tang; Secretary for Commerce, Industry and Technology Mr Joseph Wong; Secretary for the Civil Service Miss Denise Yue; Director of the Chief Executive's Office Mr John Tsang; the Council's ex-chairs The Rt Hon Baroness Lydia Dunn, Dr Victor K Fung, and former TDC executive directors, Mr Jack So and Mr Michael Sze, as well as present Chairman Mr Peter Woo and HKTDC Executive Director Mr Fred Lam.
