Nurturing high-tech companies and start-ups: 
Information technology & Broadcasting Bureau

The following briefing was provided by Alan Siu and Wallace Lau, deputy secretary and assistant secretary, respectively, for the Information Technology and Broadcasting Bureau, Hong Kong Special Administrative Region.

Allover the world, countries have discovered the password to the future, and it's called information technology. Since 1998, the Hong Kong Special Administrative Region of China has been working diligently to become a leader, not a follower, in the IT world of tomorrow. The extent to which the SAR is successful in its multifaceted strategy will determine Hong Kong's strength as a global competitor and the viability of its economic expansion.

Though there are countries and regions much bigger in size, Hong Kong has the will and the vision to meet changing market demands and become a major player in the global arena. Four enabling factors make this vision possible.

- A cultural environment that fosters creativity and welcomes advances in the use of IT
- People who know how to use the technology
- Common software interface for secure electronic transactions
- High capacity communications systems

To lead and coordinate

Joining with the business and academic communities, the government in April 1998 established the Information Technology and Broadcasting Bureau. Its mission: To lead and coordinate the work of those in government involved in IT and the related areas of broadcasting and telecommunications.

To energize its mission, the ITBB has developed several initiatives designed to foster innovation in the IT industry.

The Technology-Based Business Incubation Program nurtures start-up businesses by providing them with a comprehensive package of management, investment matching, marketing and general services.

The Technology Transfer Program forms the foundation of the Tech Center's effort to nurture technology-based industrial development in Hong Kong. Through this program, transfers of advanced technologies move from laboratories to the commercial world; capital is sourced to technology-based companies; and partners are marketed and marketing information is provided to exploit business opportunities.

The Hong Kong Industrial Technology Center is an office building dedicated to supporting the growth and development of high-technology businesses with technical development and advisory services. Companies can lease space in this campus environment where innovation and success are the inspiration.

The Hong Kong Science Park will service cutting edge companies involved in electronics, IT, biotechnology and precision engineering. This is an endeavor between ITBB and six Hong Kong universities to jointly provide research programs, R&D funding, staff appointments, training, professional services and facilities which include an extensive library.
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Additional ITBB initiatives include raising public awareness about the many ways in which information technology can benefit lives. Currently in Hong Kong, one of every two homes has a computer, and free computer access is available at public facilities such as libraries and post offices.

Employee education is another area of focus. In the rapidly evolving technology environment, training must be a constant if the workforce is to function at top capacity.

Fair competition

Hong Kong is striving for a regulatory regime conducive to fair competition. It is developing electronic service delivery for 10 governmental departments (i.e., renewal of driving licenses). A Public Key Infrastructure is being designed and implemented to enhance security in conducting electronic activities. The government is developing a clear legal framework for ensuring certainty and security in the conducting of electronic transactions.

And, because Mainland China is its biggest trading partner, Hong Kong will put into place a common Chinese language interface which will facilitate electronic transactions and information exchanges in Chinese.

Cooperative relationships

Hong Kong is uniquely positioned to cooperate with its immediate Asian neighbors as well as the leading technology economies in North America, Europe and Japan.

Who stands to benefit from these cooperative relationships? Just about everyone.

Mainland China, Hong Kong's primary trading partner, benefits from the SAR's marketing, business and financial management services; Hong Kong benefits from the Mainland's technologically trained manpower and manufacturing capacity.

North America, Europe and Japan offer important markets for Hong Kong's technological products and services as well as a source of new technology.

Asia's "tigers" offer Hong Kong the potential for components and markets for finished products. Other Southeast Asia countries offer Hong Kong manufacturing alternatives, markets and natural resources.

Commission on Innovation and Technology

The following briefing was provided by Agnes T. Y. Wong, assistant commissioner of infrastructure and acting deputy commissioner of the Hong Kong Special Administrative Region's Commission on Innovation and Technology.

The challenge: How does Hong Kong maintain its competitive edge in the global knowledge-based economy? The vision, as outlined by C. H. Tung, former chief executive of the Commission on Innovation and Technology, is "to make Hong Kong the hub of innovation and technology in Asia, particularly China." According to Agnes T. Y. Wong, this vision is the blueprint for Hong Kong's future.
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The mission of the CIT is to provide an environment in which innovative companies can flourish. Financial assistance is a key component of this mission. Through its Innovation and Technology Fund, the CIT helps Hong Kong companies develop their high-tech ideas.

Funding programs are targeted to...

• support research and development;
• promote an innovation and technology culture;
• leverage the knowledge and resources of universities by facilitating basic research;
• generate capital funding opportunities which provide pre-venture capital on a matching basis to small companies with good research ideas, at a project maximum of $2 million.

Financial assistance is also available to companies in Hong Kong that need to have their staffs trained in a new technology.

Successful applicants must be market-driven, relevant to the economic development of Hong Kong, and focused on technology developments which will contribute to industry's future competitiveness.

Not limited to just high-tech ventures, the Commission also supports the Institute of Chinese Medicine which helps develop applied research of Chinese medicine and promotes medical products.

To accomplish its mission, the Commission is working to establish linkages with industry, universities, research institutes and industry support organizations in Hong Kong and with Mainland China, as well as with Hong Kong's other trading partners.

In order to avoid a duplication of efforts, the CIT encourages the various sectors to concentrate on its area of expertise. Universities, research institutes, and industry are well equipped to conduct basic research.

Government is effective at providing a policy framework that facilitates technological advances and business activities, leaving business decisions to private enterprise.

Strengthening Hong Kong as a center of trade
The Commerce and Industry Bureau

The following briefing was provided by Ms. Yvonne Choi, deputy secretary for commerce and industry in the Commerce and Industry Bureau.

In the three years since Hong Kong's reunification with China, Hong Kong has continued to enjoy full autonomy in trade and economic matters. When China becomes a member of the World Trade Organization, the only changes anticipated in Hong Kong are increased freedom of information and transparency of business operations.

This is good news for the Commerce and Industry Bureau, which is responsible for external commercial relations for the Hong Kong Special Administrative Region. The CIB has a dual mission: to strengthen Hong Kong as an international trade and business center; and to increase the added value and productivity of Hong Kong's manufacturing and service industries.

The CIB actively promotes trade around the world: It has ten offices in Mainland China, and ten overseas economic and trade offices. The Geneva Office represents Hong Kong as a Member of the WTO. The Brussels Office represents Hong Kong's economic and trade interests to the European Communities.
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Trade promotion is not entrusted to the government's Trade and Industry Department; rather, it is the bailiwick of private industry and of the Trade Development Council, a statutory body.

Hong Kong is a separate customs territory and participates in international organizations such as the WTO. Hong Kong also has an active profile in the Asia-Pacific Economic Cooperation, seeking free and open trade and investment by 2010 for industrialized economies and by 2020 for developing economies.

Gateway location

With its strategic location, Hong Kong serves as a gateway to Mainland China, its number one trading partner. According to Yvonne Choi, Hong Kong is taking full advantage of China's open door policy and moving many of its manufacturing operations to the Mainland to take advantage of its lower labor costs and existing infrastructure.

Close cultural and historical links to each other smooth the way to good business relationships. However, as a trading partner, Hong Kong receives no special treatment from Mainland China; the SAR is treated as though it were any other trading partner, paying the same tariffs and subject to the same restrictions and requirements.

The United States is Hong Kong's number two trading partner. There is a strong U.S. presence in Hong Kong with more than 1,000 U.S. companies and 50,000 Americans on site. The CIB welcomes visits by U.S. business people to explore for themselves what the SAR offers

Challenge remains

As a result of the Asian financial crisis, Hong Kong suffered a major setback in 1998 with 5.8 percent negative growth and 6 percent unemployment (up from 3 percent before the crisis). The government, seeking a quick recovery from the crisis, made a course correction that brought down the cost of goods and made Hong Kong more competitive in the world market.

Growth in 1999 was 2.9 percent, and 2000 is on target to end in positive territory. The robust economic situation in Mainland China, external trade, non-interference by the government in market forces, and the lower costs of goods can all be credited for the improvements in the economy, said Choi.

But the challenge of bringing about a full recovery remains, as the focus turns to the regulatory framework and possible reforms that would be appropriate to mitigate future downturns in the economy.

The Hong Kong government is fully committed to the protection of intellectual property, attacking the issue through legislation, enforcement, education, and improving liaisons with business and trading partners.

The mind set regarding intellectual property is changing in Hong Kong, but it is not changing as rapidly as some would like.