

## **Hong Kong Special Administrative Region of China (Hong Kong SAR, China)**

Since the 1970's and its emergence as one of the Asian Tigers, HKAR has maintained a free market approach towards industrialization.<sup>1</sup> As a Special Administrative Region of the People's Republic of China (PRC) China, HKAR has been influenced by industrial policy developments in mainland China.

### **1. *Industrial Strategy***

HKSAR does not have an overarching industrial policy document. Yearly policy addresses of HKSAR's Chief Executive play a keyrole in HKSAR's Industrial Strategy.<sup>2</sup> In September 2024, the HKSAR Innovation and Technology Commission launched the New Industrialisation Acceleration Scheme (NIAS) to provide funding support of \$10 billion for enterprises in industries of strategic importance to set up new smart production facilities in Hong Kong. The Scheme was first announced in 2023, during the Chief Executive's Policy Address. The NIAS aims to promote the downstream development of new industrialisation and to subsidise manufacturers to set up new smart production lines in Hong Kong. It encourages enterprises to make use of innovation and technology to achieve smart production and enhance competitiveness.

Hong Kong is a separate customs territory but part of China's one country two systems. Hong Kong is part of the Greater Bay Region and is included in China's strategic plans. Under the 14<sup>th</sup> Four Year Plan, a key objective is formation of international S&T innovation centres including the Guangdong-Hong Kong-Macau Greater Bay Area.

### **2. *Digital (Development) Strategy***

The Digital Economy Development Committee (DEDC), chaired by the Financial Secretary, was established in 2022 to advise on strategies and measures to advance the development of digital economy in Hong Kong. The DEDC has four sub-groups focusing on cross-boundary data collaboration, digital infrastructure, digital transformation, and talent development. In February 2024, the DEDC presented 12 core recommendations under five pillars.<sup>3</sup> These recommendations are:

- Strengthen the digital policy of HKSAR
  - Enhance governance for better policy formulation and implementation

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<sup>1</sup>Research Office Hong Kong Legislative Council Secretariat, 'Commerce, Industry, Innovation and Technology Statistical Highlights ISSH28/2022' <<https://www.legco.gov.hk/research-publications/english/2022issh28-re-industrialization-in-hong-kong-20221107-e.pdf>> accessed 8 February 2025.

<sup>2</sup> See the 'Chief Executives 2024 Policy Address: Reform for Enhancing Development and Building Our Future Together' <[https://www.policyaddress.gov.hk/2024/public/pdf/policy/policy-full\\_en.pdf](https://www.policyaddress.gov.hk/2024/public/pdf/policy/policy-full_en.pdf)> accessed 8 February 2025.

<sup>3</sup> Hong Kong Digital Economy Development Committee 'Core Recommendations of The Digital Economy Development Committee' (February 2024) <[https://www.itib.gov.hk/assets/files/DEDC\\_Core\\_Recommendations\\_Eng\\_issued.pdf](https://www.itib.gov.hk/assets/files/DEDC_Core_Recommendations_Eng_issued.pdf)> accessed 8 February 2025.

- Review existing regime to strengthen data governance and enhance security and protection
  - Governance of new and emerging technology
- Strengthen digital infrastructure for a robust digital economy
  - Consolidate existing infrastructural support to enhance connectivity, scalability and convenience for the expanding digital economy
- Promote data as the key driver of digital economy
  - Make available more data to facilitate data flow within Hong Kong
- Expedite digital transformation
  - Promote business drivers and enablers and facilitate capacity building
  - Support and assistance
- Develop a sustainable talent strategy
  - Devise a holistic manpower strategy where attracting, retaining and cultivating digital talent are integral parts of it
  - Enhance digital literacy and competency of the community (between 3-5 years)
  - Facilitate non-local talent to work for Hong Kong
  - Attract and engender exemplary enterprises

### 3. *Main Constitutional Provisions*

Article 118 of Hong Kong's Basic Law provides that HKSAR shall provide an economic and legal environment for encouraging investments, technological progress and the development of new industries.

### 4. *Main Regulatory Provisions and policy Developments*

- The Import and Export Ordinance (Chapter 60, Laws of Hong Kong)
- The Import and Export (Strategic Commodities) Regulations
- Hong Kong Innovation and Technology Development Blueprint (2022)<sup>4</sup>
- HKSAR's Safeguarding National Security Ordinance (2024) defines national security as status in which the state's political regime, sovereignty, unity and territorial integrity, the welfare of the people, *sustainable economic and social development*, and other major interests of the state are relatively free from danger and internal or external threats, and the capability to maintain a sustained status of security.
- Under the NIAS, the Government will provide funding support for enterprises engaging in industries of strategic importance (i.e. life and health technology, artificial intelligence and data science, advanced manufacturing

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<sup>4</sup> Hong Kong Innovation, Technology and Industry Bureau, *Hong Kong Innovation and Technology Development Blueprint*  
[https://www.itib.gov.hk/en/publications/I&T%20Blueprint%20Book\\_EN\\_single\\_Digital.pdf](https://www.itib.gov.hk/en/publications/I&T%20Blueprint%20Book_EN_single_Digital.pdf)

and new energy technologies) to set up new smart production facilities in Hong Kong.

- On 7 October 2024, during the Chief Executive's policy address, HKSAR launched a three-year \$3 billion Artificial Intelligence Subsidy Scheme to support local universities, research institutes, enterprises in leveraging the computing power of Cyberport's AI Supercomputing Centre (AISC) to achieve scientific breakthroughs.

**5. *(Regional) Economic Treaties to which the State is a Signatory***

- Hong Kong applied to join the RCEP in 2022

**6. *Plurilaterals***

- WTO Agreement on Government Procurement (GPA)
- Information Technology Agreement
- Environmental Goods Agreement (under negotiation)
- Joint Initiative on Services Domestic Regulation

**7. *Proceedings initiated against the state, or by it, before international fora for the adoption/implementation of industrial policy measures (e.g., before WTO panels, the WTO's AB)***

- HKASR has however been a complainant in a dispute against the USA relating to the labelling of Goods manufactured in HKAR as made in China. The panel report in this dispute contributes to the jurisprudence on industrialization and national security exceptions.