

Box 1.2**The “13th Five-Year Plan” and Hong Kong’s economic development**

The “Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China” (the 13-5 Plan) was endorsed in the fourth session of the 12th National People’s Congress in March this year. The 13-5 Plan outlines the blueprint for national economic and social development in the next five years (2016-2020), with specific goals and major missions. A chapter is again dedicated to Hong Kong and Macao (the Dedicated Chapter), which acknowledges the significant functions and positioning of Hong Kong in the national development, as well as the scope and opportunities for development in a number of key areas.

With the primary goal of “building a moderately prosperous society in all respects”, the 13-5 Plan unveils five tenets of development, namely “innovation”, “co-ordination”, “green development”, “opening up” and “sharing”. It aims to maintain a medium-high pace of economic growth at an average annual rate of over 6.5% during the period covered by the 13-5 Plan, having regard to balanced, inclusive and sustainable development.

- (1) “Innovation” is the primary driving force for development, which encompasses theoretical innovation, institutional innovation, technological innovation, cultural innovation, etc., in support of economic development as well as upgrading and restructuring of the economy.
- (2) “Co-ordination” is an inherent requisite for sustained and sound development, with focus on progressing towards balanced development between urban and rural areas and in socio-economic spheres, aiming for greater coherence in development.
- (3) “Green development” is a requisite for sustainable development, stressing the nation’s strong commitment to the policies of resources conservation and environmental protection.
- (4) “Opening up” fosters the nation’s deeper economic integration with the global economy, with emphasis on striving a balance between domestic and external demand, between importing and exporting, and between “attracting foreign investment” and “going global”, in order to facilitate the development of a more sophisticated open economy.
- (5) “Sharing” ensures that the fruits of development are shared by the people, establishing a stronger sense of ownership among them in the course of co-development, and providing impetus to further development.

The Dedicated Chapter: Support Hong Kong’s development for maintaining its long-term prosperity and stability

The Dedicated Chapter of the 13-5 Plan expresses clear support for Hong Kong in leveraging its unique advantages to enhance its role and functions in the nation’s economic development and opening up. Support is also pledged to Hong Kong in enhancing its economic competitiveness, including consolidating and enhancing Hong Kong’s status as an international financial, transportation and trade centre, strengthening its status as a global offshore Renminbi (RMB) business hub and an international asset management centre, and promoting financing services, business and commerce, logistics and professional services, etc. towards high-end and high value-added developments. In addition, the Dedicated Chapter highlights the support for Hong Kong in developing the innovation and technology industry, nurturing emerging industries as well as establishing itself as a centre for international legal and dispute resolution services in the Asia-Pacific region.

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To deepen co-operation between the Mainland and Hong Kong, the Dedicated Chapter expresses support for Hong Kong in participating in the nation's two-way opening up and in the Belt and Road Initiative. It also spells out the Mainland's stepped-up efforts to further open up its markets to Hong Kong and Macao, and promotes the upgrading of the closer economic partnership arrangements with Hong Kong and Macao. Financial co-operation between the Mainland and Hong Kong will be strengthened, facilitating mutual access to the markets of both places. In addition, the Dedicated Chapter proposes the promotion of deeper exchanges and co-operation between Hong Kong and the Mainland in various aspects, in particular pushing ahead co-operation in innovation and technology, and supporting small, medium and micro-enterprises as well as young people of Hong Kong in starting and developing businesses in the Mainland. On regional co-operation, the Dedicated Chapter lays out support for expediting development of Guangdong-Hong Kong-Macao co-operation platform with particular regard to Qianhai, Nansha and Hengqin. It also supports Hong Kong in playing an important role in the Pan-Pearl River Delta (PPRD) Region co-operation, and promotes the development of the Guangdong-Hong Kong-Macao Big Bay Area as well as major co-operation platforms among provinces and regions, with a view to opening up more opportunities for co-operation between Hong Kong and the Mainland.

The Dedicated Chapter not only reaffirms the strong support of the Central Authorities for Hong Kong in maintaining long-term prosperity and stability, but also provides a solid foundation and sound platform for further co-operation between Hong Kong and the Mainland. Over the past five years, with the support of the 12-5 Plan, Hong Kong has made remarkable achievements in fostering economic integration and consolidating its competitiveness. On the trade front, the Government signed the Agreement on Trade in Services with the Ministry of Commerce under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement to achieve basic liberalisation of trade in services between the two places. On the financial front, Hong Kong has become a leading international offshore RMB centre. Arrangements such as the Shanghai-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds have further enhanced capital market connectivity between Hong Kong and the Mainland. On entering the period covered by the 13-5 Plan, the nation will proceed with the two-way opening up and the Belt and Road Initiative, inducing active inward and outward flows of goods, services, investments and other factors of production. This will in turn drive up the derived demand for financial, logistics, legal and other professional services. Take the offshore RMB business as an example. With the orderly realisation of RMB capital account convertibility and the steady progress of RMB internationalisation, there will be a wider use of RMB in the global arena. This will further expand the respective offshore market and push up the demand for relevant wealth management products and services, bringing substantial development opportunities for related industries in Hong Kong.

The 13-5 Plan holds far-reaching significance for the development of Hong Kong's innovation and technology industry. Along with the nation's on-going efforts in actively promoting innovation as a new economic driver, Hong Kong, with its excellent research and development (R&D) institutes and talent as well as world-class information technology facilities, can work closely with the Mainland in areas such as scientific and technological exchange and R&D results commercialisation, achieving mutual and complementary development. Meanwhile, Hong Kong may act as the "super-connector" in the arena of innovation and technology, serving as a bridge for Mainland enterprises of innovation and technology to enter the international markets.

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Regional development serves as an important platform for achieving “co-ordinated development” as stated in the 13-5 Plan, and Hong Kong has a crucial role to play in this aspect. The governments of PPRD provinces/regions, including Hong Kong, signed the “Joint Declaration on Deepening PPRD Regional Co-operation (2015-2025)” to pursue co-operation in areas including infrastructure, commerce and trade, financial services, technology and environmental protection, with a view to bringing the regional comparative advantages into fuller play. At the Plenary of the Hong Kong/Guangdong Co-operation Joint Conference held last year, the two sides reached consensus on the key areas for further co-operation in 2016, which included the Belt and Road Initiative, liberalisation of trade in services, innovation and technology as well as financial services. The Government will continue to maintain close liaison and co-operation with various provinces in pressing ahead with the major initiatives.

With unique advantages under “one country, two systems”, the Government will give full play to its role as the “super-connector” for the nation, in line with the policy of “what the country needs, what Hong Kong is good at”, thereby enabling Hong Kong to capitalise on the new opportunities arising from the 13-5 Plan.