



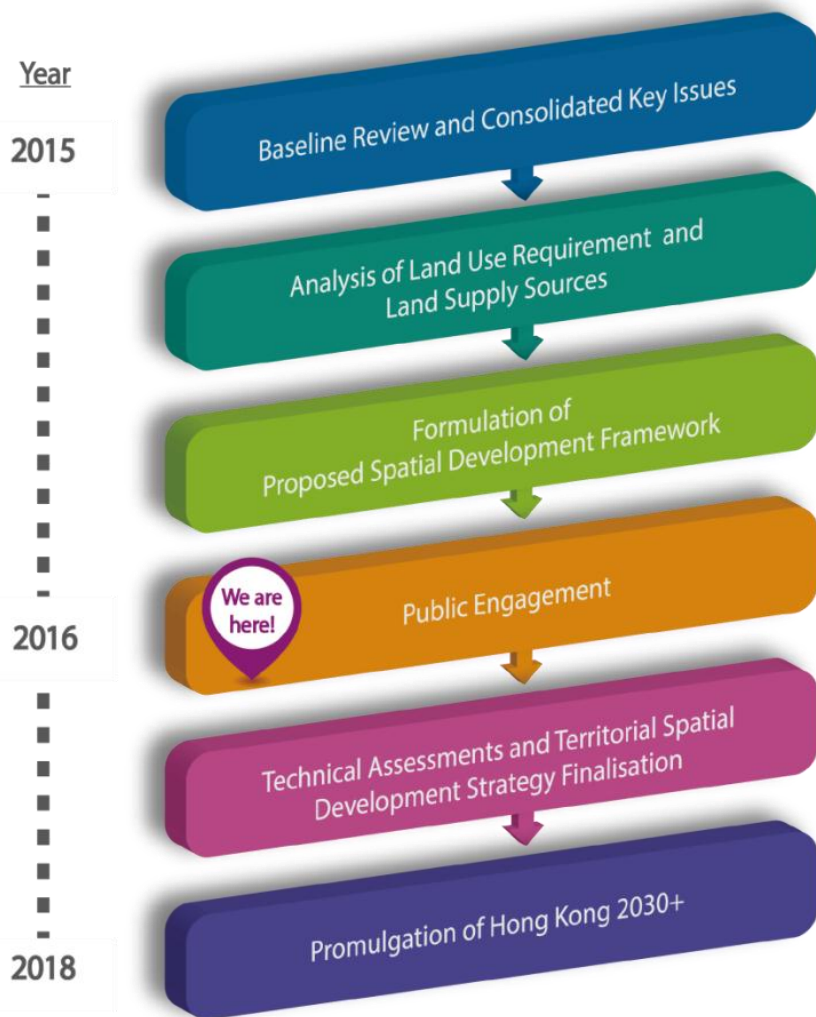
Towards a Planning Vision and
Strategy Transcending 2030

Hong Kong 2030+ Knowledge Sharing Seminar Changing Strategic Context for Economic Development and Spatial Pattern under Hong Kong 2030+

4 March 2017



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Planning Department, HKSAR Government



- **“Hong Kong 2030+”** aims to update the territorial development strategy to guide planning, land and infrastructure development, and the shaping of the built and natural environment of Hong Kong beyond 2030
- This update adopts a visionary, proactive, pragmatic and action-oriented approach to respond to the changing circumstances and challenges
- A **6-month public engagement** for “Hong Kong 2030+” is currently underway until end April 2017
- The study is scheduled for completion by 2018

Overview of Hong Kong 2030+ Proposals

Vision



To become a liveable, competitive and sustainable “Asia’s World City”

Overarching
Planning
Goal



Championing sustainable development with a view to meeting our present and future social, environmental and economic needs and aspirations

Three
Building Blocks



Three building blocks for achieving the vision and overarching planning goal



1 Planning for a Liveable High-density City



2 Embracing New Economic Challenges and Opportunities



3 Creating Capacity for Sustainable Growth

Key Strategic Directions and Actions

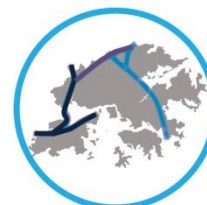
Conceptual
Spatial
Framework



One Metropolitan Business Core



Two Strategic Growth Areas



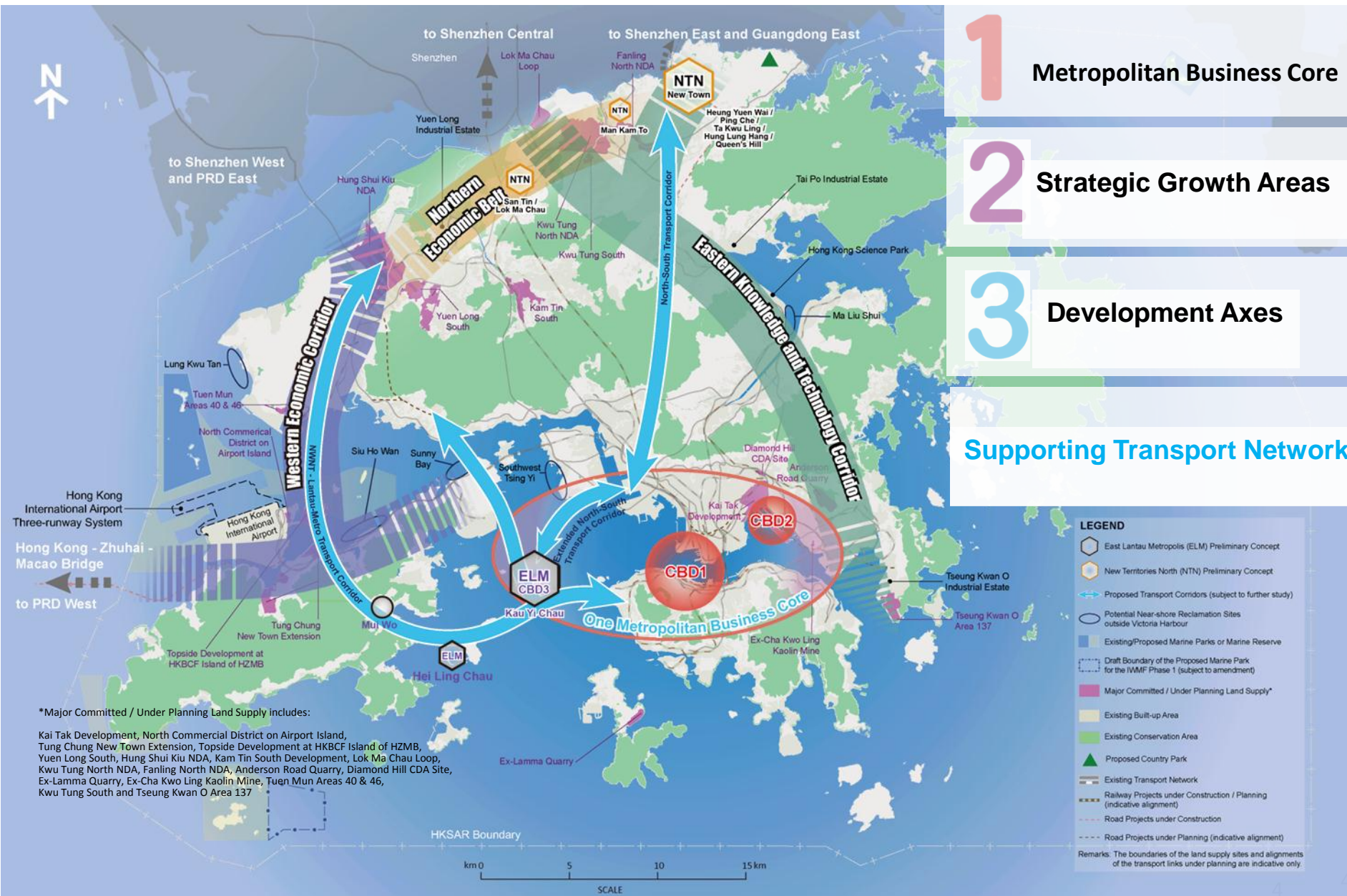
Three Development Axes



Supporting Transport Network

A vision-driven and capacity creating approach for strategic planning of land and space, transport, infrastructure provision and the environment, and for enhancing liveability

Proposed Conceptual Spatial Framework





Economic Development in Hong Kong



Economic Restructuring in Hong Kong



A **fishing and rural settlement** in early 19th C

1800s

1850s

An **entrepôt** since mid 19th C

1950s

A manufacturing centre - one of **Four Asian Tigers**

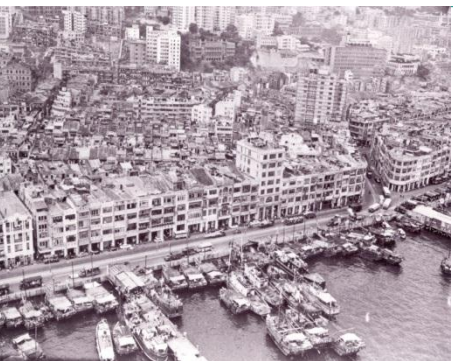
1970s

A **global finance and trade centre**

1980s

1990s

2000s



Entrepôt trade ended in early 1950s with **Korean War** and **Chinese trade embargo**

Manufacturing started moving to Pearl River Delta (PRD) due to China's **Open Door Policy** and cost factor

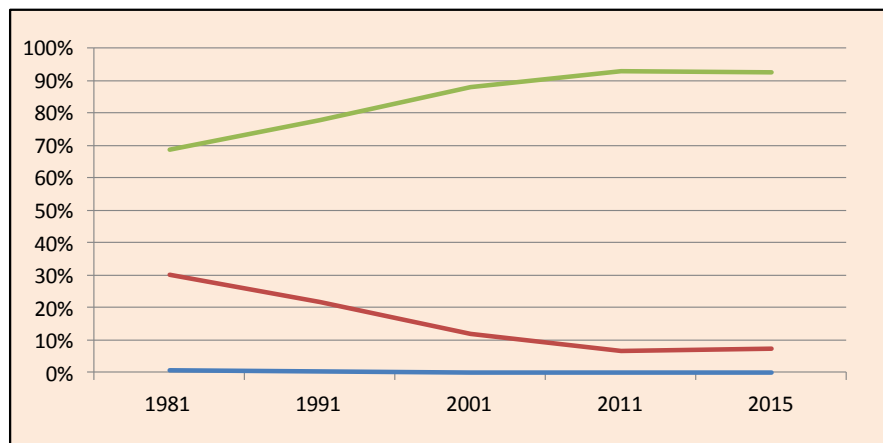
Rapid economic development in China

Globalisation



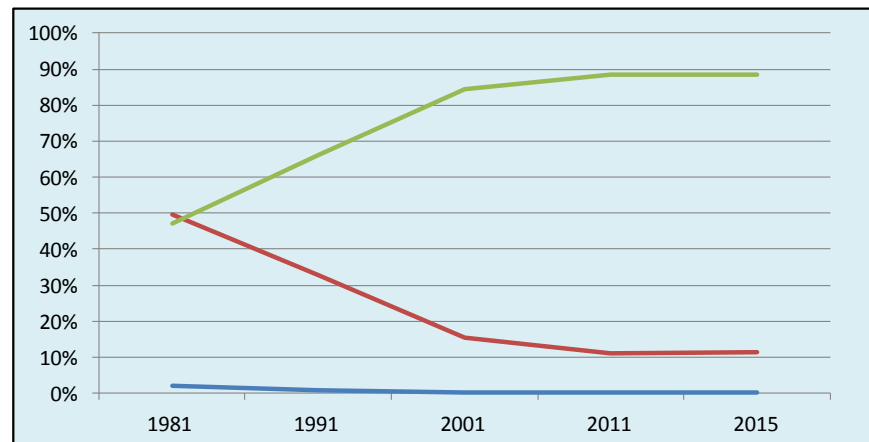
Changes in GDP and in Employment by Broad Economic Sector (1981-2015)

- Shares of **tertiary sector** up from **69% to 93%** in **GDP**, and from **47% to 88%** in **employment** from 1981 to 2015
- Shares of **secondary sector** down from **30% to 7%** in **GDP**, and from **50% to 11%** in **employment** during the same period
- A service-oriented economy



Share in GDP

Primary Sector Secondary Sector Tertiary Sector



Share in Employment

Latest Economic Situation in Hong Kong

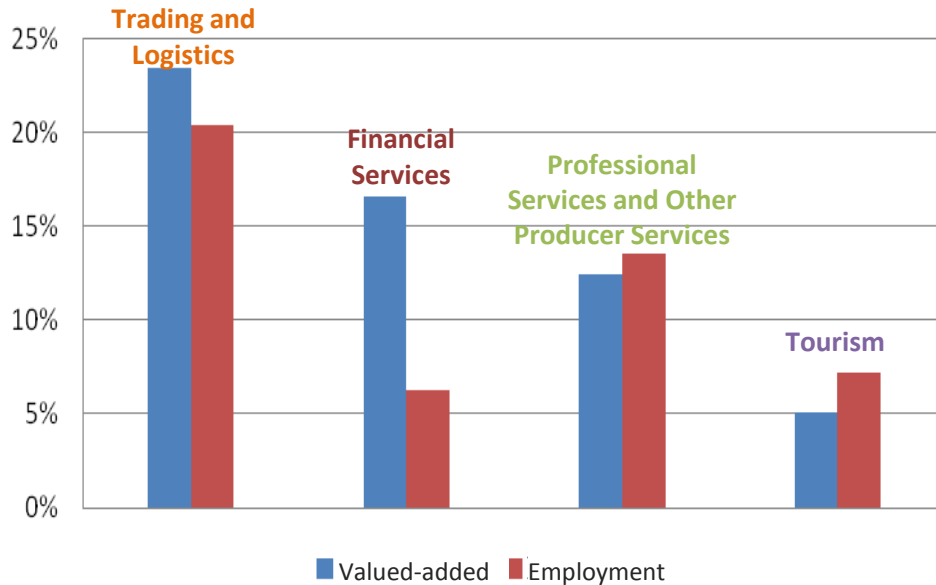
Economic Structure: Dominated by Four Pillar Industries

- **Four Pillar Industries**
 - Trading and Logistics
 - Financial Services
 - Professional Services and Other Producer Services
 - Tourism

2000-2014 - share of GDP up from 49% to 58%, and share of employment up from 44% to 48%

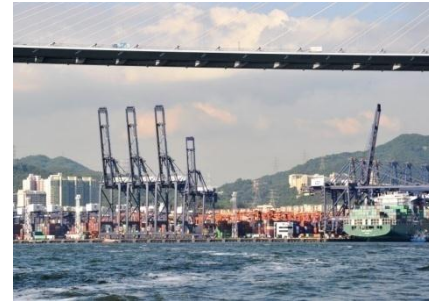
- **Emerging Industries**

Shares of Value-added and Employment in Respect of Four Key Industries in 2014



Source: Data based on C&SD's statistics

Trading and Logistics



Financial Services



Professional Services and Other Producer Services



Tourism



Economic Growth and Labour Force

- A mature economy with lower economic growth rate than the past
- Ageing population leads to shrinking labour force
- Future economic growth is expected to mainly count on “total factor productivity” and “capital deepening”
- Significant role of Small and Medium Enterprises (98% and 46% of total business units and employment in Hong Kong respectively)



Source: Commission on Poverty (December 2015). Consultation Document on Retirement Protection Forging Ahead

Evolving Spatial Pattern since 1970s

1970s - 1980s

- Traditional CBD around Victoria Harbour
- Flatted factories in Metro Area and New Towns
- Industrial estates in Tai Po and Yuen Long New Towns

1990s

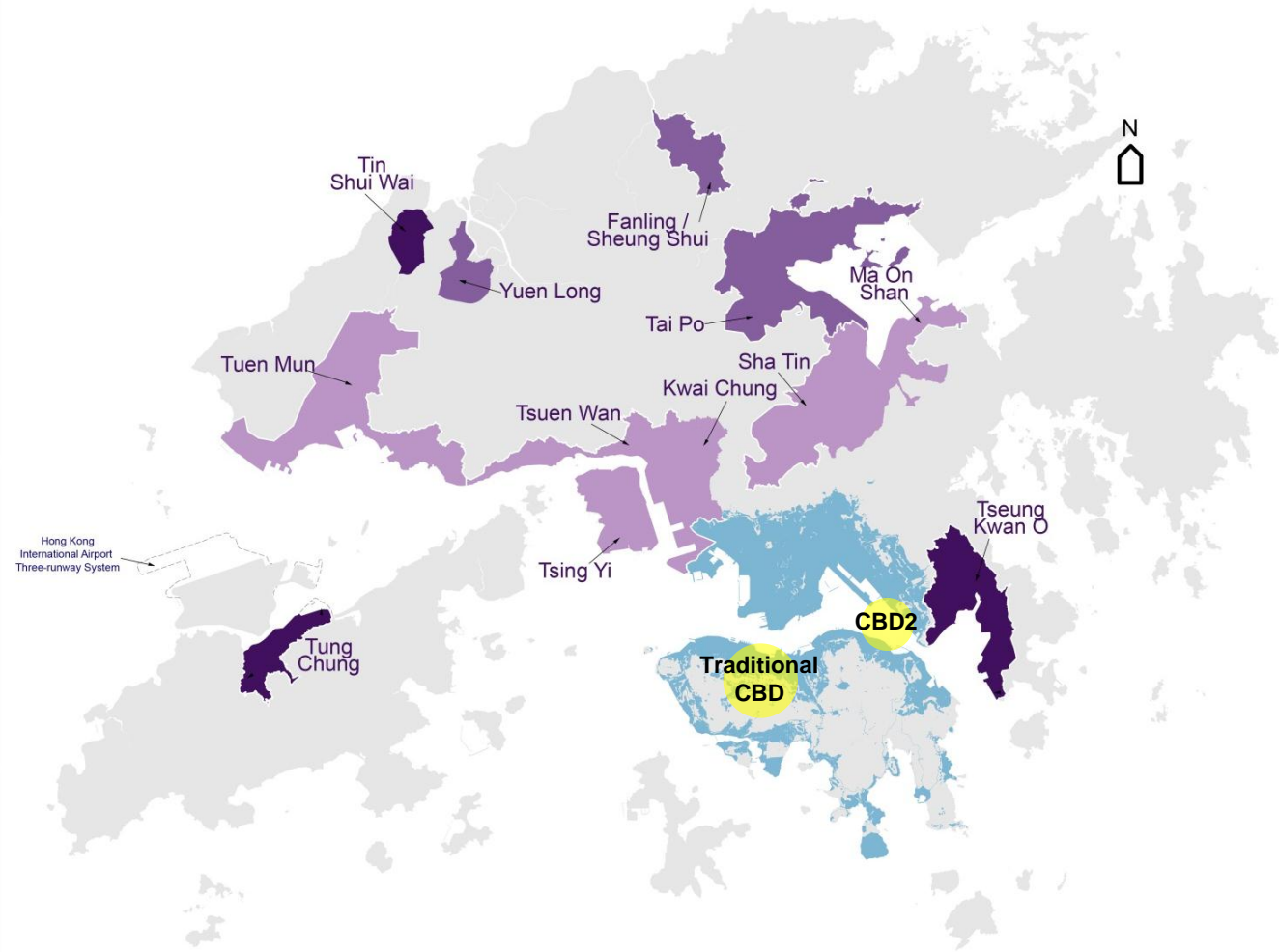
- Industrial estate in Tseung Kwan O New Town
- Emerging “Industrial-Office” buildings in various industrial areas

2000s

- New “Other Specified Uses” annotated “Business” zone in 2001
- Opening of Hong Kong Science Park in 2002
- New policy on “Revitalising Industrial Buildings” in 2009

2010s

- Limited further development potential in Traditional CBD
- New Energizing Kowloon East Office in 2012 to promote transformation of Kowloon East into CBD2
- Over 1,400 private industrial buildings in the territory
- Few sites available for new industrial developments





How should we overcome constraints and limitations?



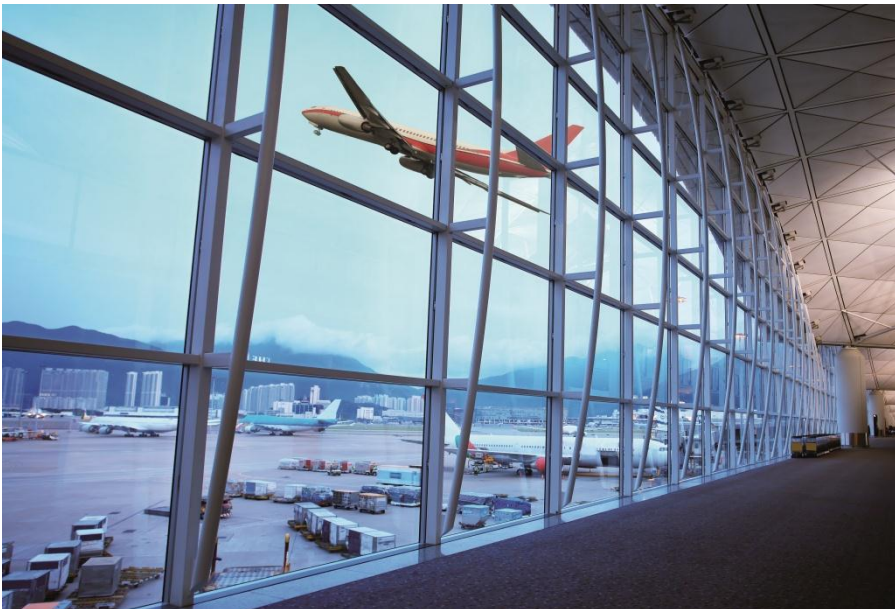
What are the changes around us?



Should we do something differently for the long-term?



**Changing Strategic Context
for Hong Kong's Long-term
Economic Development**



Global Megatrends



Interconnected global economy

- Increase in international trade and capital flows
- Spatial dispersion of production processes



Innovation and technology (I&T) as key drivers

- I&T is an economic sector itself, and a facilitator for other economic sectors enabling smart production, smart products, smart services, etc
- Key drivers for:
 - knowledge-based economy
 - capital accumulation
 - provision of quality jobs



Source: <https://it-motive-bcs.com/industrie-4-0>

Global Megatrends



Shift of Economic Power to the East

- China's share of global GDP is expanding (5% in 2004 and 15% in 2015) according to UN's statistics
- Emerging market economies, especially countries of the Association of Southeast Asian Nations (ASEAN)
- ASEAN and Hong Kong are close economic partners, and most major cities in ASEAN are within four-hour flight from Hong Kong

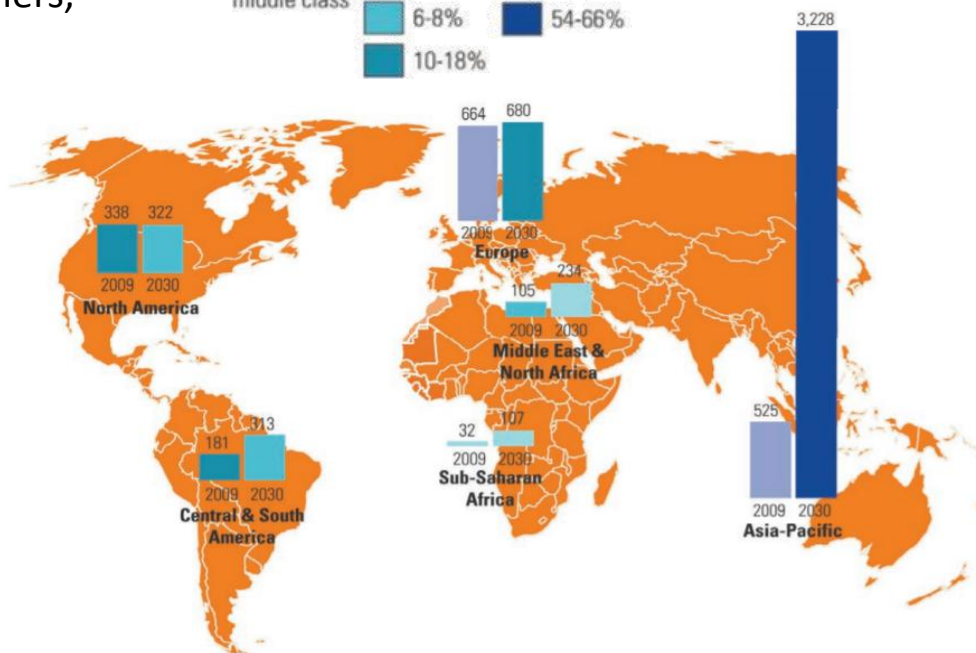
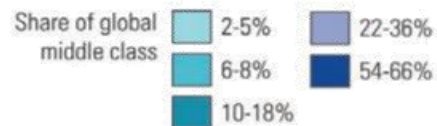


Rise of Global Middle Class

- About 60% of world's population will be middle class in 2030 (up from 27% in 2009)
- About 80% of global middle class will reside in developing regions in 2030 (up from 58% in 2010) (in particular Asia-Pacific)

Middle class growth to 2030³³

Size of the global middle class as measured in millions of people.



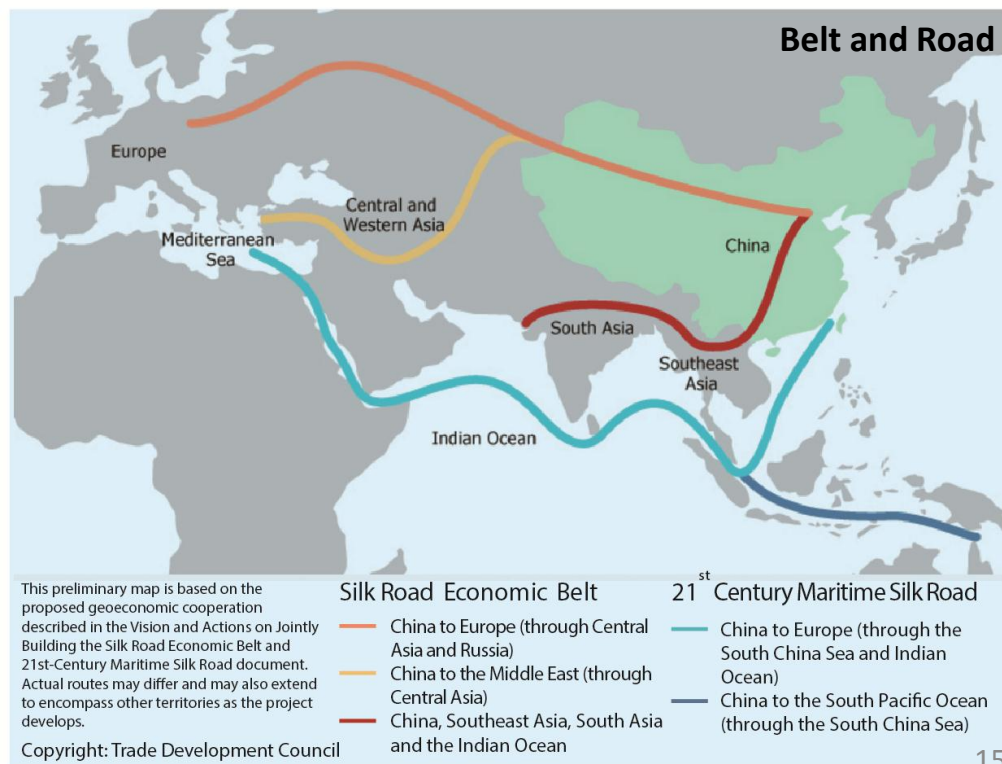
Regional Trends - China

The 13th Five-Year Plan (dedicated chapter on Hong Kong and Macao) (Chinese only)

- 「發揮港澳**獨特優勢**，提升**港澳在國家經濟發展和對外開放中的地位和功能**」
- 「支持香港鞏固和提升**國際金融、航運、貿易**三大中心地位，強化全球離岸人民幣業務樞紐地位和國際資產管理中心功能，推動融資、商貿、物流、專業服務等向**高端高增值**方向發展」
- 「支持港澳參與**國家雙向開放**、**「一帶一路」建設**」
- 「支持**共建大珠三角優質生活圈**，加快前海、南沙、橫琴等**粵港澳合作平台**建設」

Belt and Road Initiative

- Hong Kong is located en route the **21st Century Maritime Silk Road**
- Potential to participate in financing, infrastructure projects and provision of professional services, given our experience and expertise in IPO fund raising/asset management/urban and infrastructure development and management



Greater PRD Region

- Greater PRD emerging as a mega city region

	San Francisco Bay Area	New York Bay Areas #	Tokyo Bay Area @	Greater PRD Region	Hong Kong
Land Area (km ²)	17,955 ^{\$}	21,480	13,500	42,824	1,106
Population ('0000)	715	2,009	3,780	6,375	732
Gross Domestic Product (billion US\$)	4,120*	15,585	16,200	13,524	3,073
GPD per capita (US\$)	80,643*	70,830	42,857	21,214	42,066
World Competitiveness Yearbook 2016	America (3 rd)		Japan (26 th)	Hong Kong (1 st)	

^{\$} Covering nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma

* Including only San Francisco-Oakland-Hayward Metropolitan Area (i.e. five counties: Alameda, Contra Costa, Marin, San Francisco and San Mateo)

New York-Newark-New Jersey City Metropolitan Area

@ Greater Tokyo Area, including Tokyo, Sanitama Prefecture, Chiba Prefecture and Kanagawa Prefecture

- Hong Kong:
 - as an international financial and services hub of the PRD mega city region
 - further solidifies the role in linking up the region with the rest of the world

Greater PRD Region

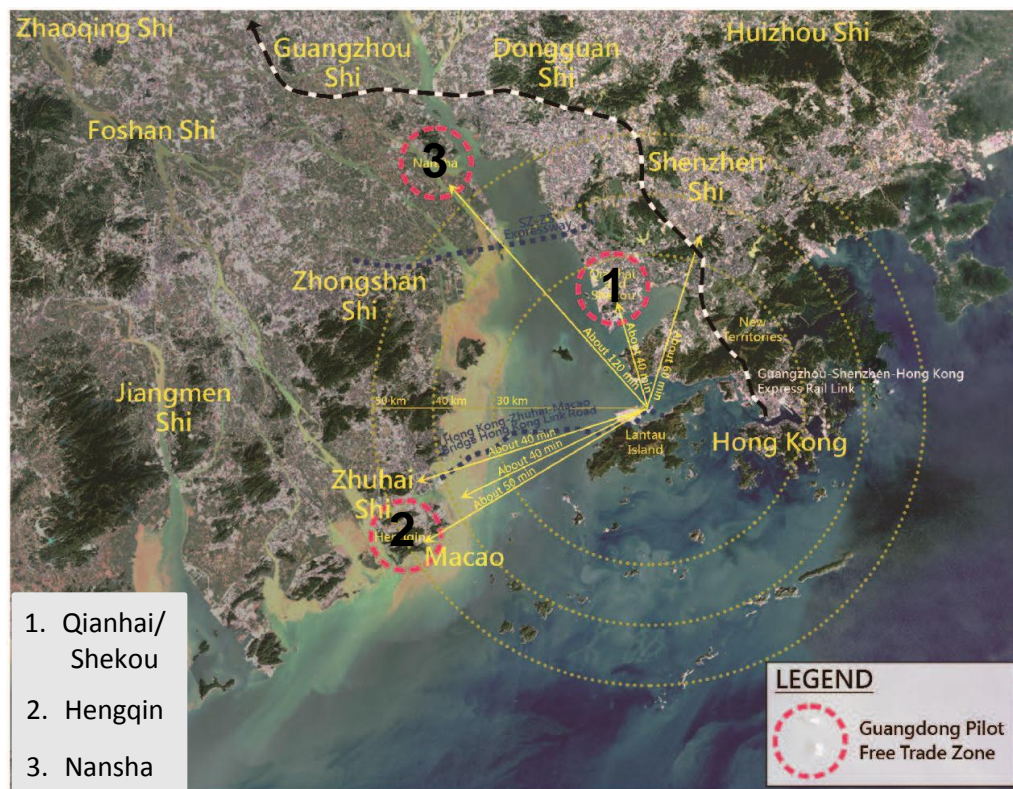
- Three-hour Living Circle and One-hour Intercity Traffic Circle
- China (Guangdong) Pilot Free Trade Zones (FTZs)

1. **Shenzhen's Qianhai and Shekou** (28km²)
(for modern services, IT and cultural and creative industries)

2. **Zhuhai's Hengqin** (28km²)
(for tourism, leisure and health, business, financial services, cultural, science, education and high-tech industries)

3. **Guangzhou's Nansha** (60km²)
(for services hub, promoting Guangdong-Hong Kong in-depth co-operation, and establishing technology and innovation transfer platform)

- The three FTZs are new platforms for greater cooperation with Hong Kong, creating development space and opportunities beyond Hong Kong



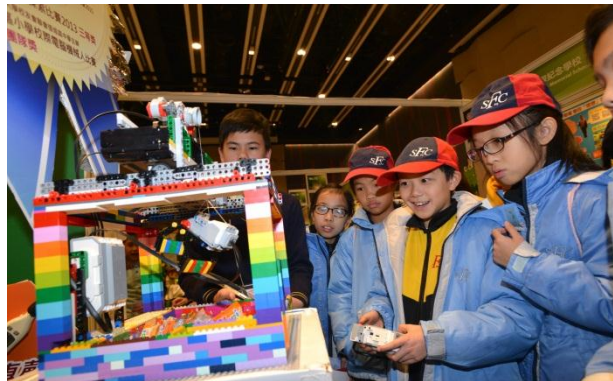
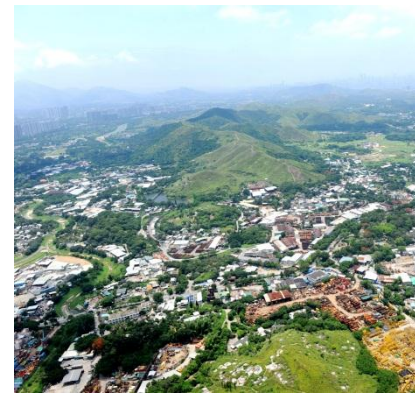
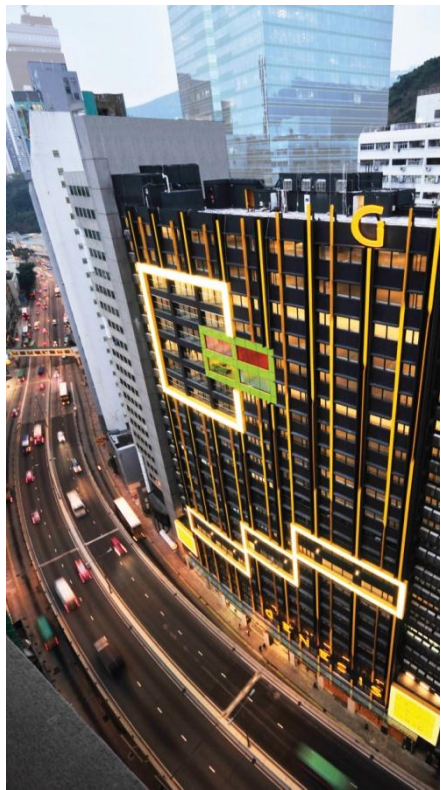
Major Cities in PRD Region, China (Guangdong) FTZs and One-hour Intercity Traffic Circle

Changing Strategic Context for Hong Kong's Long-term Economic Development

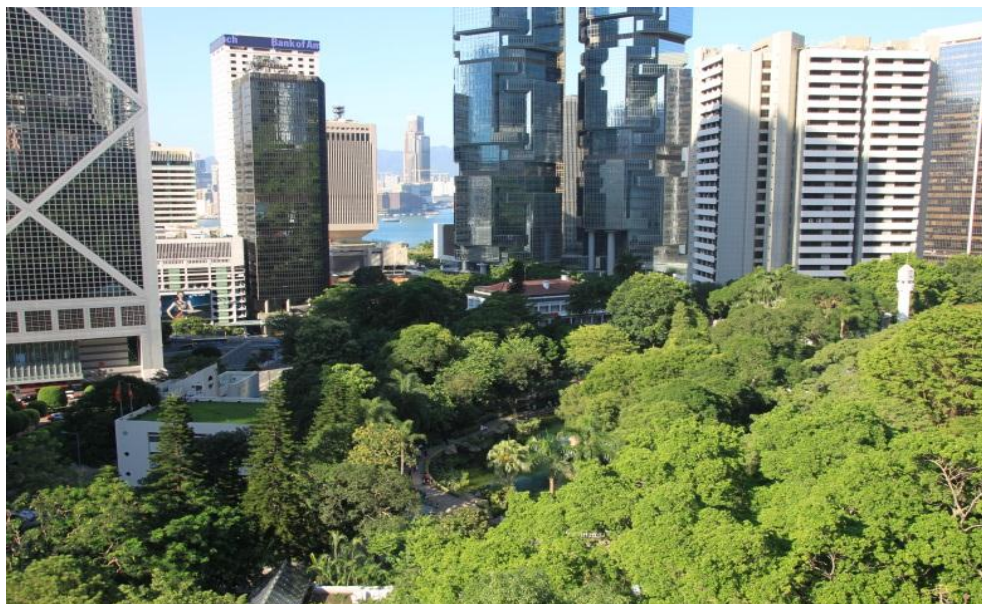
Regional Transport Infrastructure



- Regional transport infrastructure leading to **“time-space compression”** in Greater PRD Region will be a catalyst
- **Three Runway System** to complete in 2024
- **Guangzhou-Shenzhen-Hong Kong Express Rail Link** to be open in 2018 and connected to the national high speed railways will further improve accessibility to PRD North and other Mainland cities:
 - 14 mins to Futian, SZ
 - 23 mins to SZ North
 - 48 mins to GZ South
- **Hong Kong-Zhuhai-Macao Bridge** to be open later this year will significantly improve accessibility to PRD East, Guangxi and Southwest China:
 - 45 mins from HKIA to ZH
- **Liantang/Heung Yuen Wai Boundary Control Point** to be open in 2018 will improve accessibility to Shenzhen East and Guangdong East

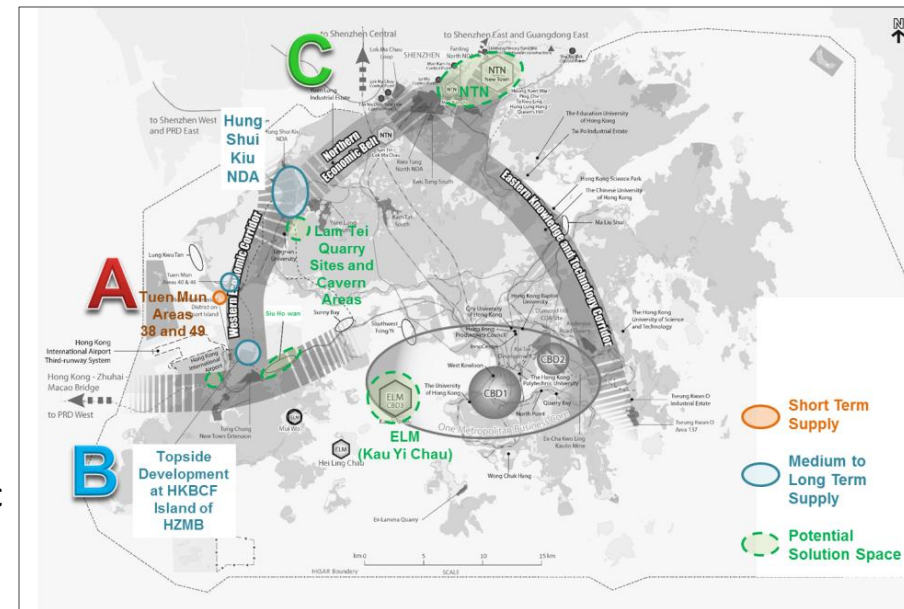


How to embrace new economic challenges and opportunities?



Hong Kong 2030+ Visions and Major Considerations for Economic Development

- Strategically**, Hong Kong should become:
 - Asia's World City
 - CBD of Greater PRD Region and a leading international city in China
 - one of key players in Belt and Road Initiative
- Hong Kong should move up the value chain and diversify its **economic base** through:
 - strengthening existing four pillar industries
 - promoting I&T
 - supporting modern and emerging industries
- Spatially**, Hong Kong should capitalise on major regional and strategic transport infrastructure to to:
 - increase economic capacity by creating new strategic economic nodes outside Metro core
 - create synergy clusters
 - look beyond our own territory to expand our economic hinterland and create new platforms for economic activities (e.g. China (Guangdong) Pilot FTZs)
- Internally**, Hong Kong needs to:
 - create more land and space
 - nurture, attract and retain valuable human resources and talents (e.g. broader range of education/training facilities (e.g. vocational training and STEM education) and enhancing liveability)
 - create more quality employment opportunities with a range of skills and I&T support
 - improve home-job balance



A(airport), **B**(bridges) and **C**(control points)
Development Strategy for Logistics Sector

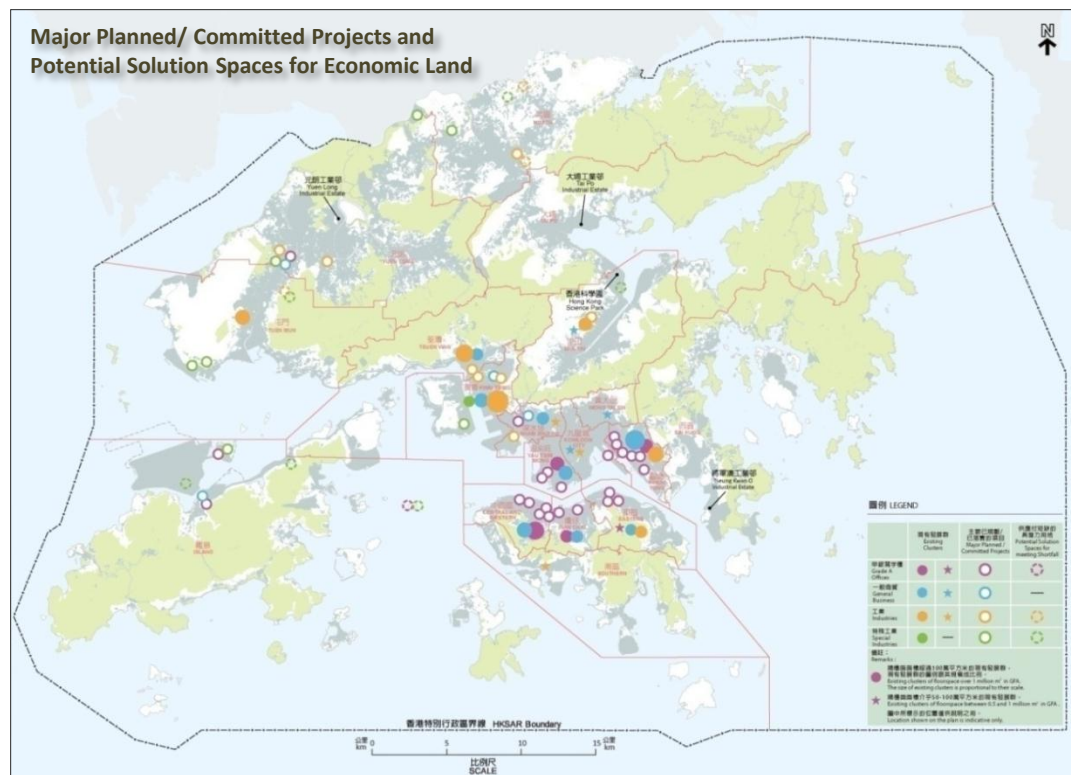
Economic Land and Space Requirements

- Major economic sectors to serve:**
- Financial and Professional Services
 - Modern Industries
 - Logistics
 - I&T

Outstanding Long-term Land Requirement (after discounting committed/planned supply)



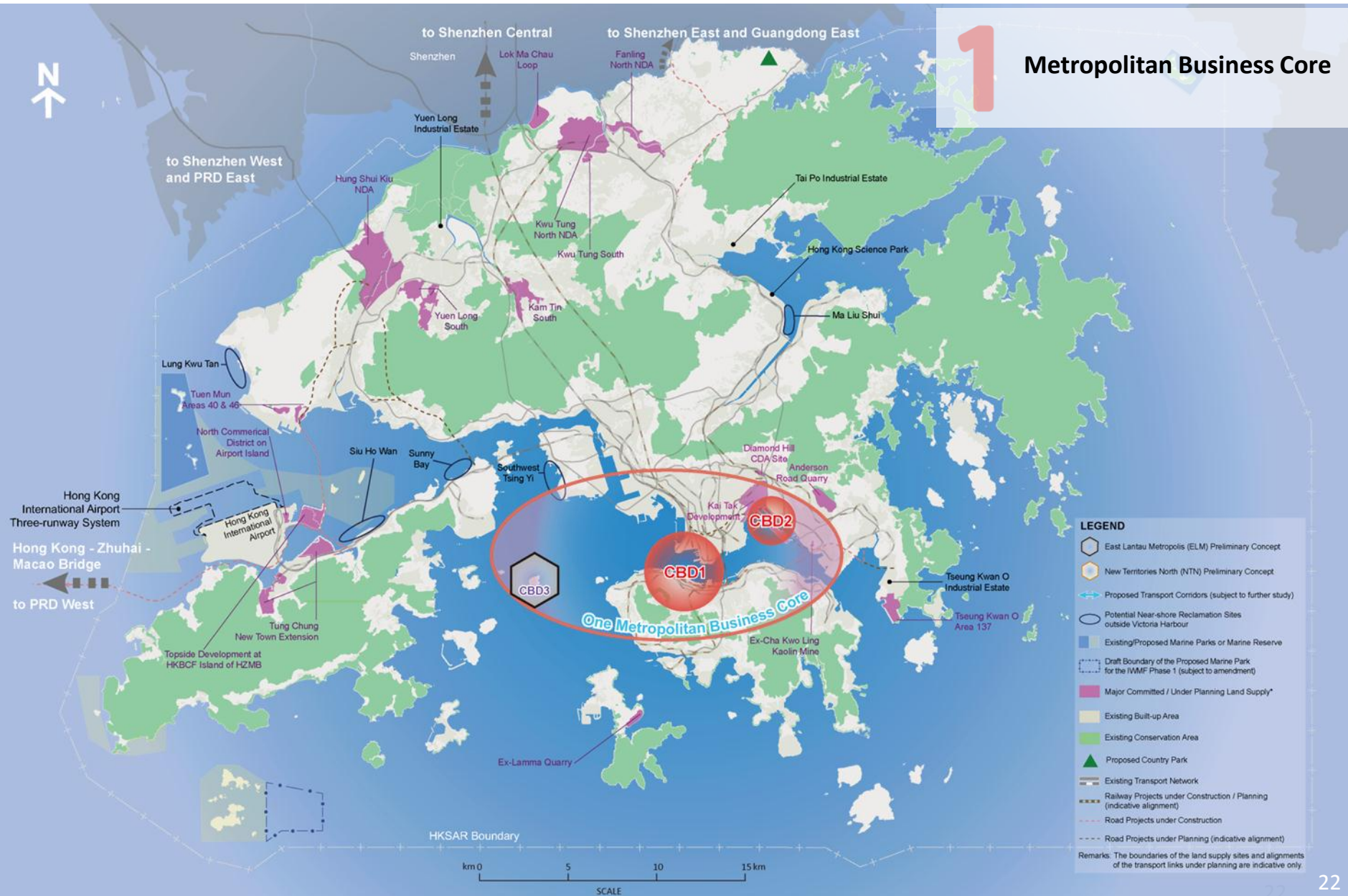
- Projected shortfalls for market-driven uses based on Econometric Model:
 - CBD Grade A Offices (*1.1 M m² GFA/9 ha*)
 - Industries (*5.1 M m² GFA/54 ha*)
 - Special Industries (*0.7 M m² GFA/17 ha*)
- Shortfalls in Industries and Special Industries are mainly from logistics sector
- Projected shortfalls for policy-driven uses :
 - Industrial Estate/Science Park and port back-up facilities (*167 ha*)
 - commercial-related uses (*9 ha*)



Metropolitan Business Core for Service Sector

1

Metropolitan Business Core



1 Metropolitan Business Core for Service Sector

Reinforce the traditional **Central Business District (CBD1)** focusing on high value-added financial services and advanced producer services

Transform **Kowloon East** into **CBD2** as an alternative locational choice for enterprises

Create **CBD3** at the proposed **East Lantau Metropolis (ELM)** near Hong Kong Island West as a new and smart financial and producer services hub



- ✓ Three complementary CBDs together with secondary nodes to strengthen Hong Kong's position as a global financial and business hub
- ✓ Land and space for businesses to move up the value chain, to expand and to start up

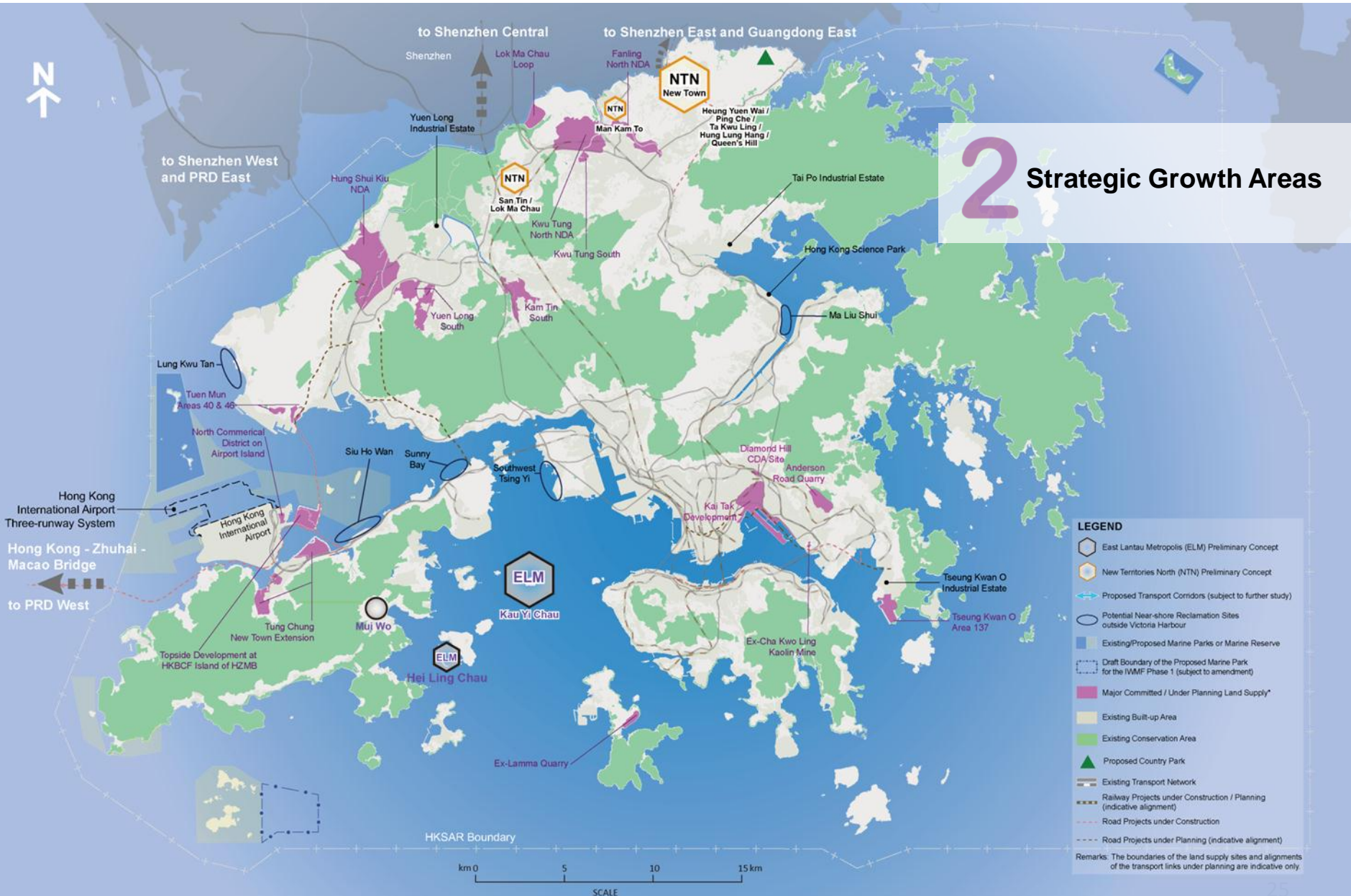


Metropolitan Business Core for Service Sector

- ✓ Close proximity with the current CBDs to create agglomeration and synergy among CBDs



Strategic Growth Areas for Service Sector, Logistics, Modern Industries and I&T



2

Strategic Growth Areas

(1) **ELM for Service Sectors:** to form a new metro-front by developing a metropolis with a CBD3, mainly through reclamation in ecologically less sensitive waters near Kau Yi Chau and in Hei Ling Chau Typhoon Shelter, and making better use of the under-utilised land in Mui Wo.



(2) **New Territories North (NTN) for Logistics, Modern Industries and I&T:** develop a new generation new town at Heung Yuen Wai/Ping Che/Ta Kwu Ling/Hung Lung Hang/Queen's Hill, and modern industries and economic uses preferring a boundary location at San Tin and Man Kam To through comprehensive planning and efficient use of brownfield sites (around 200ha) and abandoned agricultural land

- ✓ provide quality living, work spaces and business environment
- ✓ provide economic land to achieve better home-job balance
- ✓ balanced territorial population and employment distribution
- ✓ enhance community facilities and public spaces
- ✓ harmonise with nature

	Development Area (About) (ha.)	Estimated Population (About)	Estimated Employment (About)
ELM	1,000	400,000 – 700,000	200,000
NTN	720	255,000 /350,000	215,000

*Development phasing and scale to be decided



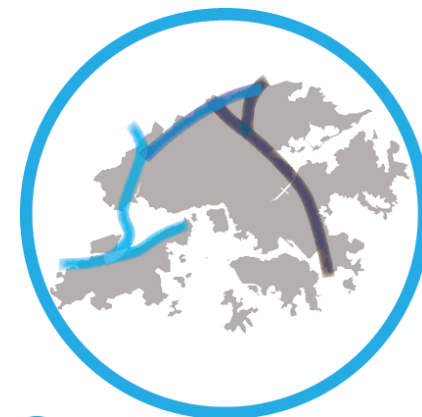
Development Axes for Clustering of Sectors



3

Emerging Development Axes

- (1) **Western Economic Corridor for Service Sector and Logistics** – capitalising on the international and regional gateway location and strategic transport infrastructure in West Hong Kong, and consolidating Hung Shui Kiu, Tuen Mun, Yuen Long South and various developments in North Lantau as new launchpad for growth
- (2) **Eastern Knowledge and Technology Corridor for I&T and modern industries** – leveraging the existing high technology industries and tertiary institutions cluster, and additional knowledge and technology developments proposed in Tseung Kwan O, Ma Liu Shui, Kwu Tung North, Lok Ma Chau Loop and near Liantang/Heung Yuen Wai Boundary Control Point
- (3) **Northern Economic Belt for I&T and Logistics** – comprising six boundary crossings and LT/HYWBCP under construction as well as NTN development, suitable for warehousing, research and development (R&D), modern logistics and other emerging industries to create new employment centres in the northern New Territories



- ✓ Strategic positioning to cater for different economic sectors
- ✓ capitalising on different locational advantages and bringing in synergy



Proposed Conceptual Spatial Framework for Different Economic Sectors - An Overview

1 Metropolitan Business Core



CBD Grade A Offices

2 Strategic Growth Areas

ELM



CBD Grade A Offices



Business Launchpad



New Town

NTN



Trade and Logistics



Innovation and Technology



New Town

3 Development Axes

Western Economic Corridor



Grade A Offices



Business Launchpad



Trade and Logistics

Eastern Knowledge and Technology Corridor



Innovation and Technology

- Science Park/ Industrial Estate near the future LT/HYW BCP

- Hong Kong-Shenzhen I&T Park at LMC Loop



Creative Industry and Business Launchpad

Northern Economic Belt



Innovation and Technology



Trade and Logistics

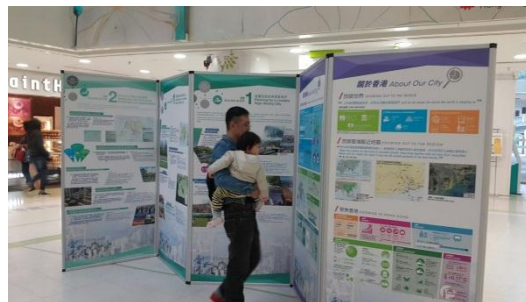
6-month public engagement from 27 October 2016 to end-April 2017

Includes various activities such as thematic exhibition, public forums, knowledge sharing sessions and topical discussions, etc.

A guided visit on the subject of “Walkability and Street Vibrancy” will be conducted in March 2017

Details and other relevant information (e.g. topical papers) can be found at www.hk2030plus.hk

We welcome your invaluable views



Thank you

Back-up Slides

Global Dimension, Regional and Local Context

Global Megatrends

Individuals and Society

- Better educated and technology enabled
- Ageing population

Physical Environment

- Accelerating urbanisation
- Scarcity of natural resources
- Climate change

Global Economy

- Interconnected global economy
- Innovation and technology as key drivers
- Shifting of economic power to the East
- Rise of the global middle class

Source : Adapted from KPMG's "Future State 2030: The Global Megatrends Shaping Governments"

Regional Context

Regional gateway



Reaching half of the world's population within 5-hour flying time



3-hour living circle and 1-hour intercity traffic circle within the Greater Pearl River Delta



China (Guangdong) Pilot Free Trade Zones



Belt and Road



Local Context



A growing and ageing population and a shrinking labour force



Keen competition in the global and regional economy



Providing new transport and other infrastructure



Aspiration for enhancing liveability



Innovation and technology and enabling education to increase productivity



A large quantity of ageing building stock



Imbalance in home-job spatial distribution and jobs of a limited range of skills



Meeting the land requirements and adopting a much longer term view



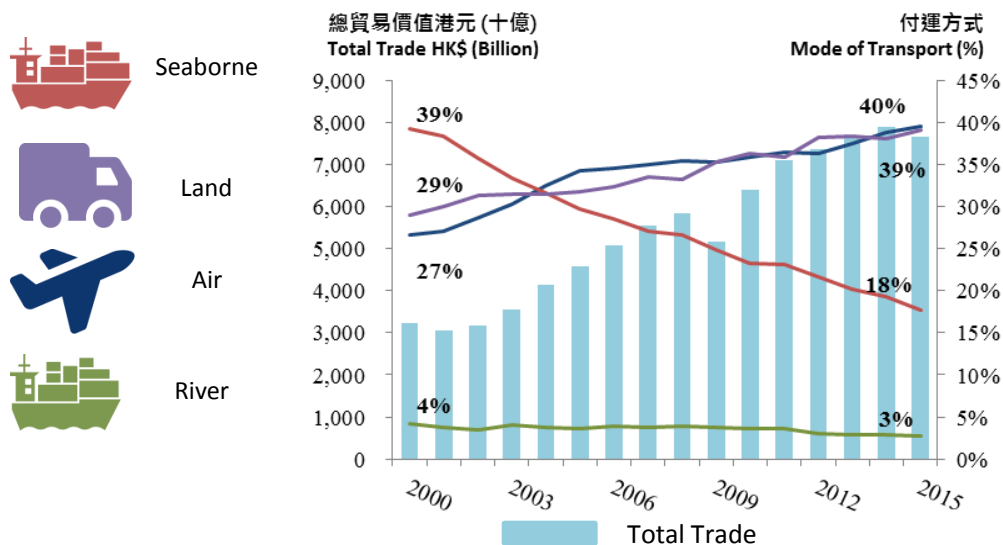
Readiness for climate change



Trading and Logistics

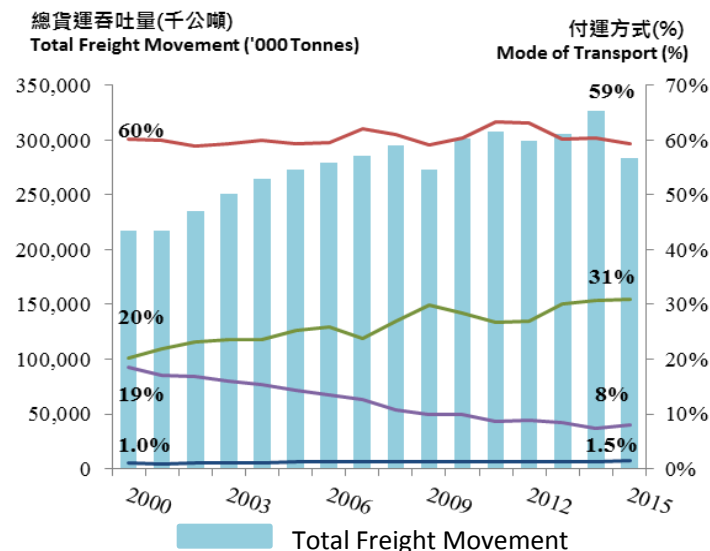
- Hong Kong was world's 8th largest trading entity in goods and 5th busiest container port in 2015, as well as the busiest air cargo hub in 2014
- Port and maritime services
 - increasing transshipment cargo (*throughput share increased from 45% in 2005 to 60% in 2014*)
 - Hong Kong Maritime and Port Board set up in 2016 to foster development of high value-added maritime services
- Air services
 - Hong Kong International Airport (HKIA)'s capacity to handle air cargo will increase to 9 million tonnes annually with Three Runway System
 - Airport Authority Hong Kong has commenced HKIA Master Plan 2035 Study

Total External Merchandise Trade by Mode of Transport (2000-2015)



Source: Data based on C&SD's statistics

Aggregate Cargo Throughput by Mode of Transport (2000-2015)



Source: Data based on Hong Kong Maritime and Port Board's Statistics



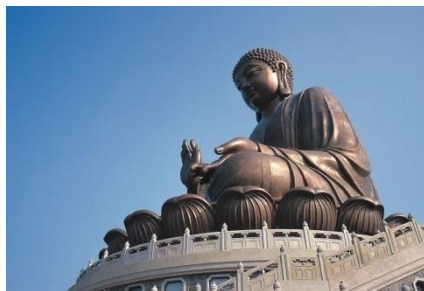
Financial Services and Professional and Other Producer Services

- A leading financial centre, banking centre, offshore RMB business hub, global asset management hub, and initial public offering (IPO) centre
- Close ties with economic development in the Mainland



Tourism

- Mainland visitors accounted for 67% of overnight visitor arrivals and 85% same day visitor arrivals in 2015
- Increasing Southeast Asia and long-haul visitors with implementation of “one trip per week” Individual Visit Endorsement Policy since April 2015



Emerging Industries



Innovation and Technology

- The industry accounted for 0.7% of our GDP and 0.9% of our employment in 2014*. Our R&D expenditure as ratio to GDP was about 0.7% only
 - * innovation and technology activities in other industries and organisations were not counted
- The industry is a key driver of global economic growth and a key impetus for Hong Kong economy to move up the value chain



Cultural and Creative Industries

- The industries comprise different components. They are the largest industry beyond the four pillar industries
- Increasing shares in terms of GDP and employment between 2005 and 2014
- The industries also bring demand for Professional and Other Producer Services (including transaction, leasing, licensing, franchising and copyright trading)

Shares of Cultural and Creative Industries in Value added and Total Employment (2005-2014)



Source: Data based on C&SD's statistics

ASEAN

- ASEAN and Hong Kong are close economic partners
- Most major cities in ASEAN can be reached within a 4-hour flight from Hong Kong
- Hong Kong is also an important entrepôt for trade between Mainland and ASEAN
- A significant proportion of Hong Kong's port cargoes is related to the ASEAN countries
- A sizeable number of ASEAN companies have set up bases in Hong Kong
- Nearly 3 million tourists from six ASEAN member states* visited Hong Kong in 2015 (i.e. about 35% of Hong Kong's short haul tourism markets (excluding the Mainland))

* Including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam

Flight Time from Hong Kong to Major Asian Cities



Source: <http://www.investhk.gov.hk/why-hong-kong/strategic-location.html>