

LCQ12: Developing HK into a key data centre in the region

Following is a question by the Hon Sin Chung-kai and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, (in the absence of the Secretary for Commerce and Economic Development) in the Legislative Council today (November 14):

Question:

In the Report on Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" published in January this year, the Focus Group on Professional Services, Information & Technology and Tourism put forth the proposal of promoting Hong Kong as the key data centre in the region. In this connection, will the Government inform this Council:

(a) of the progress made by the authorities in developing data services in Hong Kong since the publication of the above Report, and apart from further facilitating the outsourcing of more data centres in the Government, whether the authorities have formulated concrete measures to help develop Hong Kong into the key data centre in the region; if they have, of the details and timetable of such measures; if not, the reasons for that;

(b) given that it is mentioned in the above proposal that "Hong Kong should actively promote overseas its numerous advantages that are conducive to the development of data services", whether the authorities have established promotion channels for this purpose; if they have, of the relevant details and timetable; if not, the reasons for that; and

(c) whether the authorities have drawn on the relevant experience of neighbouring regions to devise a set of development strategies taking into account the strengths and weaknesses of Hong Kong, so as to enhance Hong Kong's competitiveness; if they have, of the relevant details; if not, the reasons for that?

Reply:

Madam President,

Regarding the Hon Sin Chung-kai's question, my reply is set out below.

(a) and (b)

The Government has been actively promoting the development of Information and Communication Technologies (ICT) industry in Hong Kong. Firstly, the Government as a major ICT user adopts an aggressive outsourcing policy to facilitate the development of ICT industries, including the data centre sector. We will continue to facilitate Government departments to outsource their data centre services to the market where appropriate. We believe that these measures and the potential synergy they will generate will facilitate Hong Kong to develop into a regional data centre hub.

Meanwhile, under the Digital 21 Strategy, the Government will continue to enhance and maintain a conducive business environment for Hong Kong to foster technological cooperation with the Mainland and international partners. The Government will also continue to engage in regular discussions and exchanges with the ICT industry through the ICT Industry Partnership Forum and other platforms, and strengthen Hong Kong's role as a hub for technological cooperation and trade.

The Report of "The Focus Group on Professional Services, Information & Technology and Tourism" under the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" recommends that the Government should actively promote overseas Hong Kong's numerous conditions which are conducive to the development of data service, and should review the existing land policy to allow service providers to install concerned equipment or facilities in industrial premises without the need for special application or additional fees, so as to promote Hong Kong to be a key data centre in the region.

In respect of overseas promotion, Invest Hong Kong has identified Hong Kong's major advantages as a regional data centre hub, including proximity to the Mainland market, stable political environment, relative immunity from natural disasters, reliable and excellent telecommunications and electricity infrastructure, quality IT manpower, sound legal system for data protection and intellectual property rights protection. Invest Hong Kong actively promotes Hong Kong's advantages to existing and potential end users and data centre operators globally through its existing channels, including conducting overseas visits to potential clients and facilitating potential clients to develop business plans in Hong Kong.

As for the proposal relating to industrial premises, since it involves the utilisation of land resources, the Commerce and Economic Development Bureau (CEDB) has consulted the Development Bureau on the issue and conducted a preliminary analysis on the different requirements for building facilities with respect to different types of data

centres. CEDB is planning to commission a consultant to conduct a more detailed study. The consultancy study will look into the market demand for different types of data centres, analyse whether changing the relevant policy governing industrial premises can cater to the actual needs of developing data centres, and examine the relevant measures of other regions. We expect that the study will be completed in the middle of next year.

(c) In the preliminary analysis mentioned above, the Government has initially looked into the industrial land policies of other regions such as the United Kingdom and Singapore. The Government will conduct more in-depth study of this aspect in the planned consultancy study.

Ends/Wednesday, November 14, 2007