

## Engineering Deans Council of Hong Kong Universities

Dear Honorable Mr. Donald Tsang:

15 November, 2010

We represent the Engineering Deans of five universities in Hong Kong (CityU, CUHK, HKU, HKUST, PolyU).

It has come to our attention that the development of the technology sector in Hong Kong lags far behind that of the neighboring regions. For instance, the R&D spending in Hong Kong as a percentage of GDP is about 0.67%, while for our neighbors, these numbers are a lot higher (Japan, 3%; South Korea, 2.85%; Taiwan, 2.56%; Singapore, 2.25%; China, 1.5%, according to 2004 OECD data). Also, the industry contribution to their R&D is usually more than two-thirds, a number significantly higher than those of Hong Kong.

The weakness of technology sector prevents Hong Kong's economy to grow to its fullest potential as a knowledge based contender in the region. The lack of diversity of the economy also leads to the lack of job opportunities, and hence, the disparity in income distribution. For instance, Hong Kong has a number of new towns that are notorious for their lack of jobs and high suicide rates. The growth of the technology sector will produce higher wage jobs which will in turn spawn other service sector jobs creating more jobs in Hong Kong. This will help distribute jobs to other parts of Hong Kong rather than concentrate jobs in the finance and banking sector in central Hong Kong. It will help alleviate the aforementioned problems.

Hong Kong's economy has run on a laissez faire model: while this has its strength, it also has its weaknesses. The underdeveloped technology sector is one of its weaknesses. The growth of the technology sector needs strong government support.

Without a full spectrum of high value-added economic activities, Hong Kong's competitiveness will be compromised against other financial centers like Shanghai and Singapore. Hong Kong, with a number of top engineering schools in China, should lead the high-tech development of the Pearl River Delta. This window of opportunity may be short lived.

Presently, the organization of the Hong Kong Government has no unit that is set up

to coordinate technology development. We strongly suggest the formation of a permanent Technology Development Council in the Hong Kong Government. This council will report to the Chief Executive and give advice to the Hong Kong Government on technology matters. This would greatly help solve some of the imbalance in economic development and social ills that Hong Kong is facing. This council will serve similar function as the National Science Council (NSC) of Taiwan or the Research, Innovation and Enterprise Council (RIEC) of Singapore. It will advise the Hong Kong Government on strategic technology development in Hong Kong so that we are at least on par with our neighbors. A permanent council is needed since technology development is a long term endeavor.

We will be pleased to meet with you to discuss further on this matter.

Sincerely Yours,



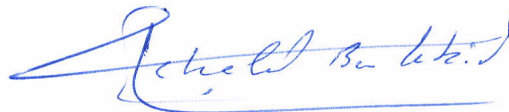
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