

# Technology Research and Development in Hong Kong: Hype or Reality

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## SYNOPSIS

Hong Kong has always been associated with dynamism, vibrancy, excitement, finances, trading, import-export and business. Few people would think of technology when they think of Hong Kong. After the Asian economic crisis, it is clear that Hong Kong would need to transform its economic activities to high value-added products and services, and be an innovation-led and technology intensive economy. What is less obvious is how this can be achieved.

Funding for basic research in Hong Kong comes mostly from the Research Grant Council (RGC), which was started only in 1990. Research funding, however, has increased 5 folds from about \$164 million in 1990 to \$836 million in 2001 (all figures are in Hong Kong dollars). Research output and publications from universities have also doubled over the same period. According to an article in AsiaWeek in 1999, using the number of citations in international journals per academic staff as an indicator, two universities in Hong Kong were ranked within the top 10 in Asia.

In order to promote applied research, the Government has started a number of initiatives in the past few years including:

- A \$5 billion Innovation and Technology Fund (ITF) – to provide funding support for quality applied R&D projects
- The Applied Science and Technology Research Institute (ASTRI) with a focus on applied research – to bridge basic research and commercialization
- The Hong Kong Science and Technology Park Corp. – to provide physical infrastructure and range of services to nurture and support the technology industry

- The Hong Kong Cyberport – to provide a cluster of IT companies and talents in IT applications, services and creative media
- The Hong Kong Jockey Club Institute of Chinese Medicine – to develop the health food and pharmaceuticals based on Chinese medicine
- The Hong Kong Design Centre – to promote design as a value-added activity
- The Applied Research Fund (ARF) – to provide venture capital funding to support technology ventures

Despite all these efforts and initiatives, Hong Kong still has a long way to go in the arena of technology R&D. The R & D spending, as a percentage of GDP in Hong Kong, is low compared with other developed economy. Most of the funding is provided by the public sector. The industry is still unwilling to invest into longer term projects with potentially much better return.

In this presentation, we shall look at the development of innovation and technology funding, infrastructure and achievements in Hong Kong in the past few years, and examine the potential areas where Hong Kong can excel and be a significant contributor to technology development. Comparison will be drawn from Finland, an economy of a size and GDP very similar to that of Hong Kong.