



## **Study on Creative Industries in Hong Kong**

### **Key Recommendations**

Hong Kong Ideas Centre

9 August 2009

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## INTRODUCTION

The term *creative industries* has only been widely used for slightly over a decade and its importance as a matter of economic and urban development policy is also only a recent phenomenon. UNCTAD estimated that the creative industries accounted for about 7% of the world's GDP\* and were growing at rates much faster than other industries in terms of both economic value and employment in many countries, making them an important element of the knowledge economy. Recent reports in the Mainland and the United Kingdom also pointed out that with economic downturn arising from the financial tsunami, creative industries is one of the few sectors that still records a net growth.

In April 2009, the Government's Task Force on Economic Challenges identified the cultural and creative industries as one of the six sectors in which Hong Kong has advantages, and a dedicated office to spearhead the development of Hong Kong's creative industries – the Create Hong Kong Office – was established in June 2009.

Many sectors of Hong Kong's creative industries have a long and illustrious history and solid foundations, including advertising, film and popular music. Hong Kong also possesses such competitive advantages as freedom of information and creativity, a pluralistic and cosmopolitan society, experienced talents and good support services. In the face of economic restructuring and the younger generation facing greater challenges in employment, how Hong Kong can leverage its competitive advantages and mitigate and overcome the challenges to develop its creative economy and other pillar industries are crucial questions facing the Government and the community.

The Hong Kong Ideas Centre commenced a study on Hong Kong's creative industries in March 2009. It is hoped that with a better understanding of the current status of Hong Kong's creative sectors, the experience of other countries in promoting and developing their creative industries, coupled with ideas and feedback from industry experts, we can come up with recommendations on how Hong Kong can further develop its creative industries for the consideration of the Government, industry and the general public. The full study report can be accessed on the Centre's website [www.ideascentre.hk](http://www.ideascentre.hk).

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\* 11<sup>th</sup> session on Creative Industries and Development, United Nations Conference on Trade and Development, São Paulo, 13-18 June 2004.

## **RECOMMENDATION 1**

### **Establishing a “Creative *IN* Zone” in Central District and Making Hollywood Road a World Famous Creative Street**

Most international cities or capital cities have a region with a rich variety of evening and weekend arts and culture, entertainment, dining and other leisure activities, attracting heavy traffic of local workers, visitors from other districts as well as tourists. London’s Westend or Broadway in New York are prime examples.

Central and its surrounding area, in particular the area along and around Hollywood Road, has many of the necessary characters and infrastructure to become the “Creative *IN* Zone” of Hong Kong. Hollywood Road was selected as one of the world’s top 10 shopping streets in 1999, with its fame in the sale of relics, antiques and the concentration of oriental arts and crafts. Following development in recent years, the Road and its vicinity has become an area with unique characteristics, incorporating the elements of creativity, relics, history, the arts as well as dining and leisure, and the area is continuing to spread outwards. With new landmarks and developments such as the proposed refurbishment of the historic Central Police Station by the Hong Kong Jockey Club, the proposal to turn the old Hollywood Road Married Police Quarters into a creative cluster (see Recommendation 5 below), a 24-hour bookstore, a possible boutique hotel at the Chinese YMCA Building, creative bazaars as well as street performances, the region could become a vibrant creative hub attracting youngsters, local visitors and overseas tourists.

It is recommended that with the support and cooperation of the Government, the Central and Western District Council, local entrepreneurs, community organisations as well as creative industry practitioners, Central District be turned into a “Creative *IN* Zone” and Hollywood Road a World Famous Creative Street. The region could become an engine propelling Hong Kong to be a world creative city, encouraging the development of creative clusters and creative activities in other districts of Hong Kong.

The existing and proposed major attractions in the district include:

- arts and cultural activities at the Fringe Club;
- dining and leisure activities at Lan Kwai Fong, SoHo, and the area around Gough Street, Kau U Fong, and Jervois Street;

- arts and antique shops and art galleries along Hollywood Road and throughout the district;
- the historic Central Police Station, which will be conserved, refurbished and transformed into a heritage, arts, cultural and tourism hub through a \$1.8 billion scheme by the Hong Kong Jockey Club. Scheduled to open in mid-2012, the site is planned to include a 500-seat auditorium, a 500-seat theatre, two art cinemas, a gallery, a multipurpose exhibition area and supporting facilities;
- the former Hollywood Road Married Police Quarters, which is also the site of the old Central School, the first public school in Hong Kong, and which could be turned into a creative cluster for the creative industries (see also Recommendation 5 below);
- the Man Mo Temple, Chinese YMCA Building and Dr. Sun Yat-sen Museum;
- feasibility of turning an old building into a Book City which opens 24 hours a day;
- open space suitable for street performances at the Sheung Wan Fong public square and the space between Millennium Plaza and Cosco Tower;
- arts and cultural activities at City Hall.

Maps of the proposed Creative *IN* Zone are shown in Annex 4 (page 28).

## **RECOMMENDATION 2**

### **Organising Creative Events in the 18 Districts of Hong Kong**

Each of the 18 districts of Hong Kong has its unique history and character, and many also have the elements of creative industries at its locality. Many districts organise local festive events or district festivals from time to time, and some of these, such as the Bun Scrambling Competition in Cheung Chau and the Tin Hau Festival Parade in Yuen Long, have become annual events attracting a lot of local and overseas tourists.

The Home Affairs Department will be launching a “community arts festival” in the 18 districts of Hong Kong later this year, with each district council organising local arts events for one or two days between September and December. The Home Affairs Bureau is also reviewing regulations governing street performances by individual artistes with a view to facilitating more of these activities.

To further promote public awareness of and interest in creativity and to nurture creativity amongst the younger generation, it is recommended that the district councils of all 18 districts strengthen the creative element of district activities and consider organising events, festivals or competitions on creativity such as writing, painting, district publicity website or animation design, etc., perhaps in conjunction with and supported by the districts’ creative industry establishments. Inter-district competitions and events could also be organised in partnership with tertiary education institutions and district arts and culture organisations.

It is hoped that in time, each district can establish its own niche in creative events which would help to create its distinctive identity.

### **RECOMMENDATION 3**

#### **Promoting Hong Kong as a Regional Creative Hub through Signature Asian Creative Industry Events**

Hong Kong hosts many events related to the creative industries year-round, some of which are of regional and international acclaim. A lot of effort is put in by different organisations in promoting these events locally and internationally. It is proposed that, through a more coordinated approach in packaging and marketing, Hong Kong makes the best use of key signature Asian events to project an image of a vibrant Creative City.

The key signature events include:

a) Hong Kong Arts Festival

Held since 1973, it is a major international arts festival as well as a premier arts event in the Asia-Pacific region. Featuring renowned overseas and local artists in a rich array of music, theatre, dance, popular entertainment, film and exhibition programmes, the Festival offers a four-to-five week-long cultural feast annually from February to March. The best local and Asian talents are showcased alongside top artists from around the world.

In the 37<sup>th</sup> Festival held in 2009, 126 performances were presented, including four free outdoor programmes, catering to a total audience of over 117,000, in addition to 64 'Festival Plus' events such as workshops and talks, etc. 94% of the available 102,000 tickets were sold.

b) Entertainment Expo Hong Kong

Inaugurated in 2005, the Entertainment Expo Hong Kong has become an important annual event for the film, television, digital entertainment and music industries in Hong Kong and Asia, providing an important platform for entertainment, business deals, screenings as well as recognition of industry excellence. This annual event has firmly cast Hong Kong as Asia's entertainment capital.



The Expo, held normally between March and April, now comprises the following nine multimedia events:

- Hong Kong International Film Festival
- Hong Kong International Film and TV Market (FILMART)
- Hong Kong Film Awards
- Asian Film Awards
- Hong Kong-Asia Film Financing Forum
- Hong Kong Music Fair
- IFPI Hong Kong Top Sales Music Awards
- Hong Kong Independent Short Film & Video Awards
- Digital Entertainment Leadership Forum

c) Business of Design Week

Now into its eighth year, this annual event is Asia's leading design event on innovation, design and branding and one of the most significant annual events on the international design calendar, focusing on the vital relationship between design and business.

Organised by the Hong Kong Design Centre, the BODW normally runs for a week in November/December and features a series of exhibitions, forums, outreach programmes and networking opportunities for designers, business leaders, educators and the public.

d) Asian Cultural Cooperation Forum

Organised by the Home Affairs Bureau and first launched in 2003, the week-long event has been held for five successive years and has established itself as one of the flagship cultural events of the region.

With a different theme chosen for each year, the Forum provides an opportunity for cultural policy-makers, scholars, and people from the creative industries in Asia to share their experience and ideas and has been an important forum for regional cultural exchange and cooperation, raising the profile of arts and culture and the creative industries.

Consideration could be given to changing this to an “Asian Creative Industries Summit” to firmly establish Hong Kong in the forefront of creative industries development in the region.

It is hoped that in time, one or more of these events hosted by Hong Kong could become important annual events on the international creative industry calendar, comparable to such events as the Venice Biennale or the Cannes Film Festival

This recommendation is in line with one of the strategic directions of the Create Hong Kong Office in “promoting Hong Kong as Asia’s creative capital”, and tallies with the promotion of events that are to be planned and supported by the Mega Events Fund to derive maximum impact and with spinoff in such areas as tourism. The Mega Events Fund, with a budget of \$100 million for a period of three years, is an initiative announced by the Financial Secretary in the last Budget speech to promote Hong Kong as the events capital of Asia.

## **RECOMMENDATION 4**

### **Promoting Public Art**

Public art is an important element of a city's cultural fabric and can enliven the appearance and appeal of a city. Hong Kong has shown a serious lack of a cultural dimension in its rapid pace of urban development. It is proposed that the following schemes be adopted to promote the provision of public art in public buildings/facilities as well as private developments:

a) A "Percent for Art" Scheme for Public Buildings and Facilities

In operation in many cities and countries in Europe, the United States, Canada, Australia and Taiwan, the "Percent for Art" scheme requires the allocation of about 1% of the construction cost of public buildings and facilities to art.

b) Public Art Tax/Gross Floor Area Incentive Schemes

Consideration could be given to adopt similar schemes as follows which are in force in Singapore to give tax incentives for donations to or provision or display of public art:

- i) double tax deduction on appraised value of donated/commissioned public art;
- ii) double tax deduction on total cost of initial installation and cost of maintenance for display of public art owned by individuals/corporations;
- iii) entitlement to additional gross floor area (GFA) for new commercial developments which provide artwork for the enjoyment of the public. (In Singapore, developers can apply for additional GFA up to a cap of 2% over and above the total permissible GFA for the development. The additional gross floor area entitlement is based on the equivalent value of the artwork and computed based on the prevailing differential premium or development charge rate at the time of approval.)

## **RECOMMENDATION 5**

### **Facilitating and Supporting the Development of Creative Clusters**

The Task Force on Economic Challenges, in its recent deliberation on the development of creative industries, recommended that consideration be given to supplying premises or land for the development of Hong Kong's creative industries.

International experience clearly demonstrates the importance of creative clusters to creative industries development, and many cities have formulated plans and policies to facilitate and support the development of creative clusters or use creative clusters as a tool in urban or regional regeneration, thereby creating more attractive locations for work, living or leisure, as well as instilling and reinforcing a sense of identity and vitality within the community.

In Hong Kong, there have been several public sector led creative clusters projects, including Cyberport, the Hong Kong Science and Technology Parks and the Jockey Club Creative Arts Centre (premises at the Centre was almost five times over-subscribed) with varying degrees of success. There are also organically formed clusters such as the concentration of arts, crafts and antique shops and galleries along Hollywood Road and its surrounding area, art studios in factory buildings in Fo Tan, and fashion wholesale outlets in Shamshuipo and Lai Chi Kok. Given the relatively high cost of real estate in Hong Kong and the large number of small to medium sized firms, it is extremely difficult for the vitality and ability of the creative sectors alone to create and sustain creative clusters.

It is recommended that the Government identify opportunities and invite proposals for converting obsolete factory, school or other Government buildings, or revitalising historical buildings into affordable cluster space for the creative industries, in particular for small players, incubation and training schemes, industry associations important for fostering cross-sector collaboration and establishing linkages with other industries, etc. Government funding could be matched or supported by private foundations/donations where feasible. Carefully planned and executed and with input from the respective district councils, these could also provide opportunities for the creation of distinctive identities for different districts of Hong Kong, with spinoffs for tourism and/or social enterprises.

One promising site very suitable for conversion to a creative cluster is the former Hollywood Road Police Married Quarters located at the junction of Hollywood Road and Aberdeen Street. Site of the former Central School, the first school in Hong Kong founded and funded as a government school in 1862, the site occupies an area of about 6,000 square meters, with two blocks of old quarters (with 196 units) and a small adjacent building.

The Centre also supports the proposal for a fashion design creative cluster made by the Hong Kong Apparel Society which is detailed in Annex 5 of this paper.

## **RECOMMENDATION 6**

### **Providing Support for New Entrants**

The creative economy is dependent on the continuous supply of high-calibre talent. This would require stimulating the interests of students and youngsters in pursuing studies and careers in the creative industries. These in turn are dependent on the availability of information on learning programmes and careers and the degree of support provided for new entrants.

It is recommended that:

- a) An Online Information Service for the Creative Industries be established. Modelled on the “Creative Choices” ([www.creative-choices.co.uk](http://www.creative-choices.co.uk)) online career support programme in the United Kingdom, this one-stop information service aims to provide, on a sector-by-sector basis, information on educational, training and learning opportunities, qualification framework, career paths and job opportunities and openings, industry/professional associations, Government and industry support initiatives, and the latest sector information available. This would be of immense help to young people and students aspiring to pursue formal and informal studies or a career in the creative industries.

The Create Hong Kong Office could spearhead this initiative, with implementation immediately following the Mapping Exercise (see Recommendation 9 below), with a target for launch at the end of 2010.

- b) Apart from the incubation programmes currently in place for some sectors and initiatives launched recently by the Create Hong Kong Office for training schemes, the Create Hong Kong Office consider providing more funds and support for mentorship and apprentice schemes initiated by industry/professional associations as well as international exchange programmes.

## **RECOMMENDATION 7**

### **Establishing a Television Channel for Arts, Culture and Creativity**

Television has been and still is the most influential medium. Hong Kong is conspicuous by its absence amongst developed cities and countries in having a television channel dedicated to arts and culture, and there is a serious lack of arts and cultural content in the programmes provided by the existing television stations. In February 2009, a group of local artists launched an experimental Hong Kong Arts Discovery Channel on the Internet (see [www.hkadc.blogspot.com](http://www.hkadc.blogspot.com)).

Having a dedicated free television channel for arts, culture and creativity will be a big step forward in making the arts accessible to all and in nurturing creativity in the community. Properly planned and executed, it will fulfil the following objectives:

- a) cultivating Hong Kong citizens' interest in the arts, culture and the creative industries;
- b) serving as a useful vehicle in audience building and development which is of utmost importance for the West Kowloon Cultural District Development project;
- c) serving as an important platform for arts and creative education which is an integral part of the "other learning experiences" under the curriculum reform introduced by the Government;
- d) providing continuous inspiration and stimulus for people interested or practising in the creative industries;
- e) providing a useful platform for budding artists and creative industry practitioners to showcase their work and obtaining useful feedback.

It is proposed that the Government consider the best way forward for introducing such a channel. Possible means include a requirement for the existing commercial television stations to provide such a channel in their next franchise review, the airing of publicly produced arts and culture programmes on commercial television channels, issuing new licenses for free TV channels with special incentives provided for the provision of such a dedicated channel, or providing this channel through a public broadcaster. The Government is currently deliberating on the future of Radio Television Hong Kong and there is a strong body of opinion arguing for a revamped RTHK to be providing the new arts, culture and creative industries television channel.

The new channel could also make use of the Internet platform to encourage the younger generation to develop creativity and skills in writing, the arts, media as well as software development.



## **RECOMMENDATION 8**

### **Nurturing Creativity and Building Up Hong Kong's Cultural Fabric**

An environment favourable to the nourishment and development of creativity and a rich and vibrant creative core are essential for the development of a creative economy. In almost all debates, forums and studies on Hong Kong's creative industries, the subject most discussed is education. It is internationally agreed that creativity and the arts can be taught, and that the education should commence at a young age to allow inspiration, creative space, skills and capacity to grow, develop and mature. It is also generally agreed that arts and culture are the cradle of creativity, providing and enriching the talents and ideas and assisting to build up the solid foundations for creative industries to grow and prosper.

Almost all developed countries recognise the importance of public investment in the arts and arts education and the contribution they make to national and economic development, and Hong Kong's neighbours such as Singapore and Korea have national initiatives in promoting arts education (e.g., a national arts education programme known as "Creative Singapore" launched in 1998, the establishment of a dedicated agency known as the Korea Arts & Culture Education Service in Korea in 2005, a pilot programme launched in 2008 in the United Kingdom for five hours of culture a week for children and young people in and outside school, for example).

Our recommendations fall into two areas, as follows:

#### a) Arts Education

- i) embed arts and creativity in school education through mandatory inclusion of arts subjects in the kindergarten to secondary school curriculum;
- ii) encourage and facilitate the use of arts in education, i.e. with emphasis placed on creative learning experiences. utilising arts, design and media as important learning tools;
- iii) encourage and develop a mechanism for deploying practicing artists and creative industry practitioners in education delivery, both inside and outside the classroom. This could be "artist in residence" programmes, partnering projects between arts organisations and schools in extra-curricular activities, etc;

- iv) speed up the training of arts and culture education professionals at teacher-training institutes and provide general arts training for teachers;
  - v) develop teaching materials for arts education, including e-learning materials; and
- b) Arts for All and Building Up Hong Kong's Cultural Fabric
- i) put arts and culture high on the Government's agenda;
  - ii) introduce a new mechanism for public funding for the arts. Consideration could be given to using the Lotteries Fund as the key source of public support for arts and culture and introducing a "matching fund" scheme to encourage arts organisations to seek alternative source of support;
  - iii) actively promote the setting up of private foundations to support arts and culture and consider the provision of special tax incentives;
  - iv) review the admission charges for public museums. Consider abolition of the charges, at least for students, except for special exhibits;
  - v) consider the introduction of an "arts and culture voucher" scheme for underprivileged students to experience the arts, similar to the transport subsidy or textbook subsidy schemes;
  - vi) review rules and regulations governing art performances in public spaces; liven up the use of waterfront promenades and introduce arts in public buildings and facilities (see also Recommendation 4 of this paper);
  - vii) make use of the opportunity brought about by the West Kowloon Cultural District project to review Government policies on museums and the operation of public performance venues;
  - viii) deploy arts and cultural tourism as a key strategy in tourism promotion for Hong Kong;
  - ix) review Government planning and building regulations to facilitate the provision of art and cultural space or performance venues by the private sector.

## **RECOMMENDATION 9**

### **Developing the Evidence Base for the Creative Industries: Creative Industries Mapping**

The development of statistical frameworks and methodologies for measuring the creative industries are of critical importance in providing the evidence base for policy formulation. Many countries have found their national statistics wanting in providing adequate and meaningful data for understanding and analysing their creative industries as well as for international comparison. In Hong Kong, the “Baseline Study on Creative Industries in Hong Kong” (Centre for Cultural Policy Research, HKU for the Central Policy Unit, 2003) and “A Study on Creativity Index” (Centre for Cultural Policy Research, HKU for Home Affairs Bureau, 2005) were well-received internationally, but there has been no follow-up study or update. There is a general lack of information on many sectors of the creative industries, the creative workforce in other industries, as well as the linkage between the creative industries and the wide economy.

It is recommended that the Create Hong Kong Office, supported by the Census and Statistics Department and working together with industry and professional associations and academic institutions, come up with agreed methodologies in mapping the creative industries of Hong Kong, including their linkages with the wider economy, the creative workforce in other industries, and the public sector’s involvement in creative industries, and embark on a detailed and comprehensive mapping exercise, to be completed within one year (by mid-2010). Key industry statistics should then be produced annually thereafter, and detailed mapping repeated every three to five years to keep pace with changes in industry landscape.

## **RECOMMENDATION 10**

### **Government/Industry/Academia Cooperation in Developing Creative Talent**

Many commentators and industry experts have pointed out that compared with other developed economies, Hong Kong has fallen significantly behind in higher education in the arts, design, film and media, and many have suggested the creation of a creative industries faculty at our universities.

It is recommended that the Government, working together with tertiary and sub-tertiary educational institutions and industry experts, take a critical look at the talent and manpower requirements of the creative industries, including the impact of new technologies thereon, and the current education programmes available, identify the gaps and shortfalls, and make suggestions for changes. These should include not only degree and sub-degree programmes, but also continuous learning opportunities for industry practitioners to upgrade and improve their skills and knowledge. There could also be collaboration and exchange with training and industry organisations in the Greater China region.

The Quality Migrant Admission Scheme introduced in recent years by the Government has attracted numerous immigrants of international acclaim in the areas of arts and culture and of different nationalities and cultural backgrounds to come to live and work in Hong Kong. It is recommended that the Government make full use of their talents and experience and introduce as a vetting criteria applicants' willingness to participate in training and development programmes for Hong Kong.

## **RECOMMENDATION 11**

### **Establishing a Creative Industries Task Force and Upgrading the Status of the Create Hong Kong Office**

The establishment of the Create Hong Kong Office in June 2009 is a step in the right direction in establishing a dedicated agency within the Government to lead, champion and drive the development of a creative economy in Hong Kong. However, it falls short of truly becoming a one-stop agency covering the wide ambit of public policy arenas to enable and ensure a focused and integrated approach to the development of creative industries for the following reasons:

- a) Established as a small unit under the Communications and Technology Branch of the large Commerce and Economic Development Bureau, its ambit covers only a few sectors of the creative industries and has no organisational or work linkages to other Government bureaus such as Home Affairs which support other sectors, nor has it any direct links with agencies responsible for promoting and nurturing creativity in schools or in the community, which is one of the key drivers in developing a creative economy.
- b) The Office is headed by a grade D3 staff, which, compared with other Government agencies, is a relatively junior rank in the Government directorate hierarchy, making it difficult for the Office to muster and command necessary support from other Government units and agencies and properly coordinate its work relating to the creative industries. Given the heavy workload and diversified portfolios of the Secretary for Commerce and Economic Development and its Permanent Secretaries, the degree of attention and support they could give the Create Hong Kong Office is also limited.
- c) Apart from the Head of the Office, other staff members have been redeployed from different units of the Commerce and Economic Development Bureau. Ideally, the Office should have more expertise coming from or knowledgeable about the creative industries, as staff or as full-time advisors.

Overseas experience clearly demonstrates the need for a dedicated high-level agency within the Government to spearhead and promote creative industries development, one that can cut across departmental/ministerial boundaries, steered or supplemented by cross-functional high-level task forces or committees for strategy development and linkages. Creative industries development in the United Kingdom is the responsibility of the Minister for Culture, Creative Industries and Tourism, China has a Cultural Industry Division under the Minister for Culture, and Premier Liu Chao-shiuan is reported to be personally heading a new Committee for Cultural Creative Industries in Taiwan. The United Kingdom has also led the world in developing the concept of creative industries as a focus of policy, and has in the past decade developed an elaborate system to facilitate Government/industry/academia/community collaboration in the promotion and development of its creative industries. Hong Kong can certainly learn from their experience.

It is recommended that:

- a) As an immediate measure, a Creative Industries Task Force be established by the Government, with industry experts as members. The Task Force should determine key strategies for the promotion and development of creative industries in Hong Kong and specific action plans on these strategies. It should also come up with medium-term (5 or 10-year) key targets for Hong Kong to aim at, such as economic contribution, the growth of the creative workforce, enhanced cultural participation, the creation of creative clusters, etc.
- b) Consideration be given to upgrade the position of the Head of the Create Hong Kong Office to “head of department” level and to recruit more staff from the private sector.

For the longer term, it is recommended that consideration be given to creating a new policy bureau to take charge of all matters relating to the creative industries as well as cultural, sports and media portfolios of the Government.

## Annex 1

### Definition of Creative Industries

Creative industries are defined as “a group of economic activities that exploit and deploy creativity, skill and intellectual property to produce and distribute products and services of social and cultural meaning – a production system through which the potentials of wealth generation and job creation are realized.”

Hong Kong’s creative industries comprise 11 sectors:

1. Advertising
2. Architecture
3. Art, Antiques and Crafts
4. Design
5. Digital Entertainment
6. Film and Video
7. Music
8. Performing Arts
9. Publishing
10. Software and Computing
11. Television and Radio

Source: Centre for Cultural Policy Research, HKU for Central Policy Unit, HKSAR Government (Sept. 2003)

“Baseline Study on Hong Kong’s Creative Industries”.

## Annex 2

### Contribution of Creative Industries to Hong Kong's Economy and Employment

#### 1. Economic Contribution of the Creative Industries Compared with Four Key Industries – Value-Added as % of GDP, 2007

	% of GDP	
<b>Four Key Industries</b>		
Financial services	19.5	
Tourism	3.4	
Trading & Logistics	25.8	
Professional services & other producer services	11.0	
Total		<b>59.6%</b>
<b>Creative Industries</b>		<b>3.9%</b>

Source: Census and Statistics Department.

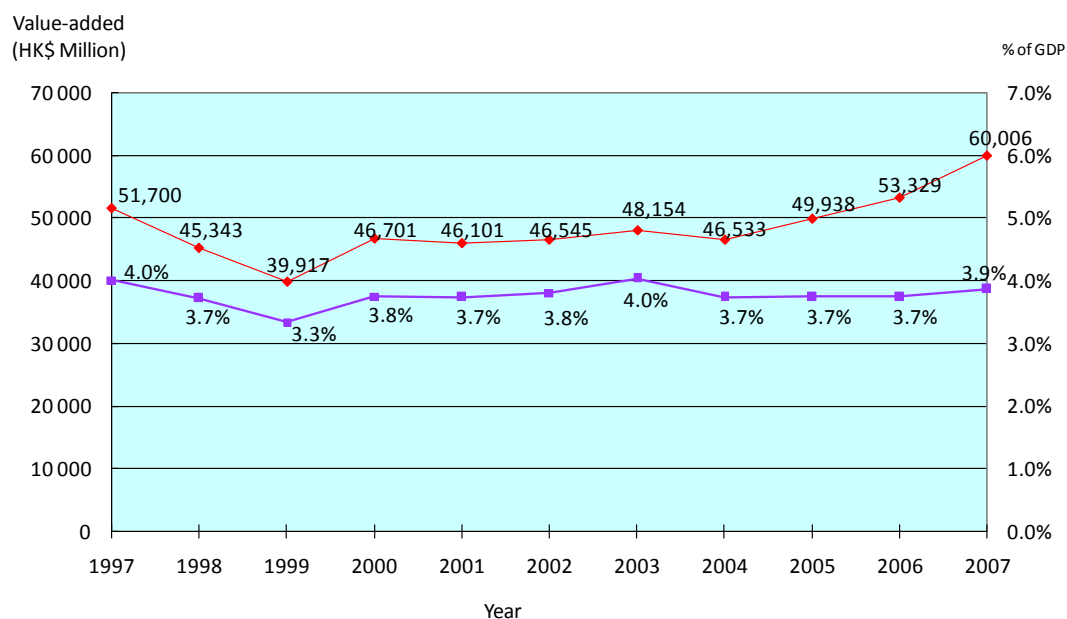
#### 2. Economic Contribution of the Creative Industries Compared with Four Key Industries – Employment as % of Total Employment, 2007

	% of GDP	
<b>Four Key Industries</b>		
Financial services	5.5	
Tourism	5.6	
Trading & Logistics	24.2	
Professional services & other producer services	11.7	
Total		<b>46.9%</b>
<b>Creative Industries</b>		<b>4.9%</b>

Source: Census and Statistics Department.

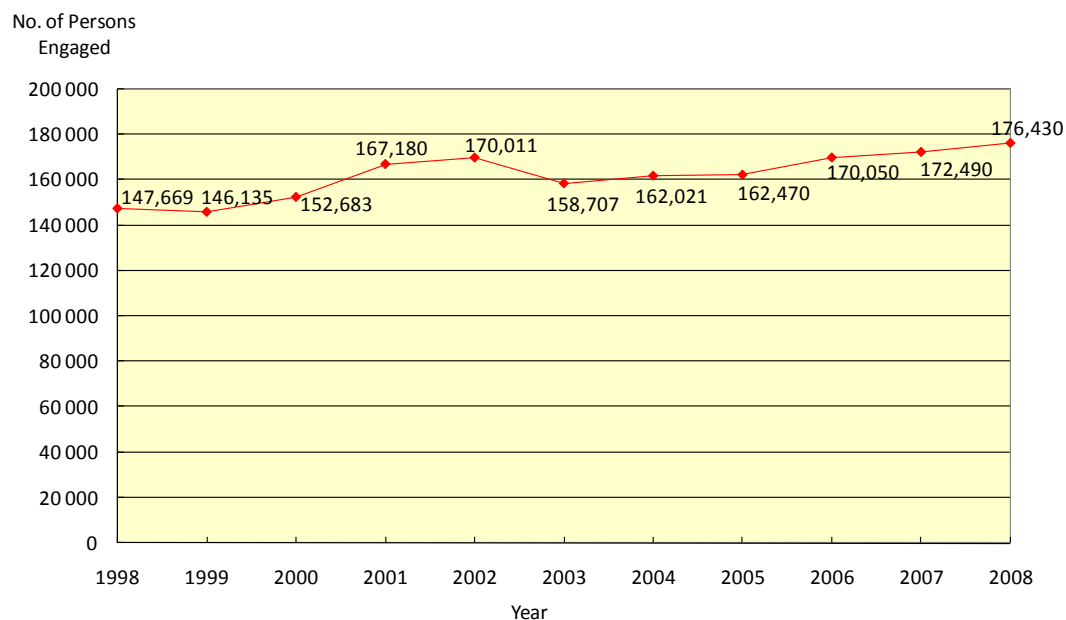


### 3. Value-Added of Hong Kong's Creative Industries, 1997-2007



Source: Programme of Annual Economic Surveys, Census and Statistics Department.

### 4. Number of Persons Engaged in Hong Kong's Creative Industries, 1998-2008



Source: Quarterly Survey of Employment and Vacancies, Census and Statistics Department.

## **What the creative industries mean to Hong Kong:**

### **Contribution:**

- overall economic contribution of the creative industries has remained at more or less the same level (about 4% of GDP and 5% of employment in last decade), i.e. growing at the same pace as the economy
- compared with Tourism (3.4% contribution to GDP and 5.6% of employment in 2007) and Manufacturing (2.5% contribution to GDP and 4.9% of employment in 2007), the creative industries are of considerable importance

### **Limitations of statistics:**

- Government and public sector not included but they are important consumers and providers of creative services
- increasingly blurred boundaries between different sectors of the creative industries
- large creative workforce in other sectors of the economy
- induced impact and spillover effects on wider economy not included

*Hence, the importance and contribution of the creative industries are likely to have been understated.*

## Annex 3

### Hong Kong's Advantages, Opportunities, Limiting Factors and Challenges

#### Advantages and Opportunities:

- open and free society for creativity, information, capital, talent and goods flow
- robust IP protection framework
- pluralistic and cosmopolitan society
- confluence of Eastern and Western ideas and cultures
- good IT and communications infrastructure
- long history and solid foundation of many creative sectors
- experienced talents with good international exposure, adaptability and sound management/marketing skills
- easy access to efficient support services
- benefiting from Mainland hinterland for production facilities and talent support; large potential market and strategic alliances for exports
- ready adoption of new technology
- established quality image
- West Kowloon Cultural District Project

#### Limiting Factors and Challenges:

- small domestic market
- high costs, in particular high land costs
- difficulty in retaining and attracting talent
- increasing competition and Hong Kong's advantages quickly eroding
- importance of design and branding not well recognised
- government procurement policy does not promote creativity
- difficult for SMEs to scale-up and to embrace new technology
- lack of R&D, information and mapping
- education system not conducive to nurturing creativity
- not enough formal or skills training to groom new talent
- arts and culture not treasured
- not enough interdisciplinary collaboration
- lack of coherent, inter-disciplinary Government policy for promoting/developing creative industries

Annex 4

Creative IN Zone in Central District



For images of the district at present, please access HKIC's photo gallery at [www.ideascentre.hk](http://www.ideascentre.hk)

## Annex 5

### Establishing a Fashion Design Support Centre

The Hong Kong Ideas Centre supports the proposal by the Hong Kong Apparel Society (HKAS) for establishing a “Fashion Designers Management House”. With the objective of promoting the concept of original fashion design in Hong Kong and assisting the apparel industry to move from OEM to ODM to OBM, HKAS’s proposal calls for professional fashion industry veterans to come together under one roof to form a one-stop talent grooming and management mechanism to:

- link up young talented fashion designers with manufacturers and buyers;
- provide consultancy, training and marketing/promotion services; and
- showcase the work of young fashion designers.

It is understood that the HKAS is looking for a space for perhaps one to two floors of a suitable building which can accommodate about 100 small units of design/working space, in addition to space for exhibition, training, meeting and offices.

Fashion design is closely linked with Hong Kong’s garment industry, which used to be one of Hong Kong’s major manufacturing industries. Though it has been in continuous decline since the 1980s with the shifting of its manufacturing base to the Pearl River Delta region, the industry still employed over 16,000 people in Hong Kong in 2007 and added a value of \$2.2 billion to our GDP. If one also takes into account the trading and export of wearing apparel, an additional 160,000 employees were involved, showing that while an increasing number of Hong Kong’s garment companies have relocated their manufacturing base elsewhere, Hong Kong still remains a major fashion sourcing and trading centre. Hong Kong hosts many garment trade fairs and fashion shows every year for the international garment trade. A survey by the Hong Kong Trade Development Council in 2008 shows that most Hong Kong fashion designers and garment manufacturers still considered Hong Kong to be an important garment centre which attracted buyers from all over the world, and over two-thirds thought that Hong Kong was a trendsetter for fashion business in the growing Mainland market.

While many fashion designers are interested in creating their own brands and fashion entrepreneurs are attaching increasing importance to ODM and OBM, most young designers lack the capital, experience and support to start their own business or the opportunity to showcase their work and to link up with manufacturers and buyers. Industry experts maintained, however, that Hong Kong-designed fashion still commands a considerable

premium in the Mainland market, and Hong Kong designs and brands compare favourably with those in the Asian region. What is missing appears to be the linkage with consumers and manufacturers, largely a result of the high cost of land and space in Hong Kong, making it difficult for consumers to find locally designed brands and for new entrants to create, showcase and market their products.

It is recommended that the Government and the apparel industry, supported by the Hong Kong Design Centre and the fashion design institutes (i.e. the Hong Kong Polytechnic University and the Vocational Training Council) explore the feasibility of setting up such a fashion design support/enabling centre. Established and renowned Hong Kong fashion designers can act as mentors at the Centre and rendering other support. If a suitably located site could be found, the Centre could provide space for design, office, networking, incubation and training, exhibitions and showrooms, and perhaps even include retail outlets to enable it to operate in the long run without subsidy.