

大珠三角商務委員會
The Greater Pearl River Delta
Business Council

The Honourable Donald Tsang
The Chief Executive of
the Hong Kong Special Administrative Region

31 July 2007

Dear Mr Tsang,

On behalf of members of the Greater Pearl River Delta Business Council, I am honoured to convey to you our Annual Report on the work of the Business Council in the year 2006/2007.

Since its establishment in 2004, the Business Council has served as an important platform for exchange between the private sectors of Hong Kong and Guangdong, to explore ways to promote Hong Kong/Guangdong cooperation and channel their views to the two governments.

In the past year, the Business Council continued to focus on key issues for the development of the Greater Pearl River Delta (GPRD) region. These include facilitating cross-boundary passenger and cargo flow, attracting Guangdong enterprises to Hong Kong, promoting sustainable development and enhancing cooperation in other areas.

Cross-boundary passenger and cargo flow : the Cross-boundary Passenger and Cargo Flow Sub-group has discussed and put forward its views to the HKSAR and Guangdong governments on streamlining customs clearance procedures and enhancing the efficiency of passenger and cargo flow between Hong Kong and Guangdong. The Sub-group has also met with the study group on "Coordination and Development Plan of the Greater Pearl River Delta City Cluster" to exchange views on the scope of the study and the issues to be covered.

Attracting Guangdong enterprises to Hong Kong: the Joint Investment and Trade Promotion Sub-group and its Guangdong counterpart have joined hands to organise seminars and visits to introduce Hong Kong's business environment to Guangdong enterprises interested in "going out". The Sub-group has also considered ways to strengthen support services for Guangdong enterprises operating in Hong Kong.

Sustainable development : the Sustainable Development Sub-group has continued to collaborate with the China Council for the Promotion of International Trade (CCPIT) Guangdong Sub-Council, the Guangdong Environmental Protection Industries Association, the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment. To improve the air quality of the GPRD region, they have organised study visits and seminars through which enterprises in Guangdong are encouraged to adopt clean production and reduce energy consumption and pollution.

Services industry development : the Services Industry Development Sub-group has strived to identify the difficulties encountered by Hong Kong's professional sectors in accessing the Mainland market. Moreover, the Sub-group has put forward the idea of promoting training services provided for GPRD enterprises by tertiary institutions, training institutes and professional bodies in Hong Kong. The Sub-group is considering the creation of a webpage designed to provide training information to GPRD enterprises and their staff, so as to promote the training services of Hong Kong.

Technology, education and manpower training : the Technology, Education and Human Resources Sub-group has looked into ways to meet the educational needs of Hong Kong children residing in the Mainland with their families. The Sub-group has also worked with the Services Industry Development Sub-group to develop a webpage dedicated to disseminating information on training services for GPRD enterprises and their staff.

On top of these initiatives, the Business Council has also conducted a study to assess the impact of changes in Mainland's processing trade policy upon Hong Kong so as to enable our business sector to be better informed and prepared for the challenges and opportunities brought by the new policies.

The impact of Mainland's processing trade policy upon Hong Kong : since 2006, the Mainland authorities have introduced a number of measures to upgrade the processing trade and restrict the export of products of high pollution, high energy consumption and resource type. These policy changes have had a significant bearing upon Hong Kong's business sector. In this regard, the Business Council commissioned a study on the subject. The report recommends that Hong Kong-invested enterprises should appreciate the necessity of the adjustment of processing trade policy and take positive measures to cope with the changes. The report puts forward the view that restructuring and upgrading are the shared aspirations of the Mainland and Hong Kong, that market forces would continue to facilitate the upgrading, relocation or restructuring of the processing trade. The report also recommends that the Mainland government should maintain a clear and stable policy direction. It should also conduct consultation before introducing any specific policy changes, allow reasonable grace period, and step up communication with the HKSAR. For processing and assembling enterprises intending to convert to foreign-invested enterprises, the study recommends that the Central Authority and the Guangdong provincial government should provide clear guidelines and facilitating arrangements where possible. The study report also recommends that the HKSAR government should strengthen its communication with the Central Authority and the Hong Kong business community in relation to the policy change on processing trade. The HKSAR government should also make greater efforts to provide market information for enterprises, assist more enterprises in developing their own brand products, and help them tide over the transitional financial difficulties stemming from restructuring.

In carrying out its work, the Business Council has maintained a constructive dialogue with the two governments, the CCPIT Guangdong Sub-Council and its sub-groups. We will continue to enhance this working relationship in the years ahead.

I look forward to your continued support in the Business Council's work.

Yours sincerely,



Dr Victor Fung
Chairman

The Greater Pearl River Delta Business Council