

Appendix 1 : Proposals from the sub-group on Industries

- (1) Legal**
- (2) Finance**
- (3) Accountancy**
- (4) Maritime and Logistics**
- (5) Insurance**
- (6) SMEs**
- (7) Innovation and Technology**
- (8) Culture and Creativity**
- (9) Testing and Certification**

Sub-group on Industries—(1) Legal

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Industries

Study area : Legal

Participant(s) : JUNIUS K.Y. HO

Methods of collecting opinions : THE LAW SOCIETY MAINLAND LEGAL AFFAIRS COMMITTEE WAS CONSULTED

Organizations / parties consulted : THE LAW SOCIETY OF HONG KONG

2. Major Request

Under the pilot scheme for trial in Guangdong, permission be granted to the representative offices of Hong Kong law firms in Guangdong to employ qualified Mainland lawyers and to provide Mainland legal services.

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	Under the pilot scheme for trial in Guangdong, permission be granted to the representative offices of Hong Kong law firms in Guangdong to employ qualified Mainland lawyers and to provide Mainland legal services.	<p>The proposal has not been accepted in CEPA 6</p> <p>There are many Hong Kong operated enterprises in Guangdong and many Hong Kong residents doing businesses, working or temporarily staying in Guangdong. But the representative offices of Hong Kong law firms</p>	<p>The proposal should be proceeded with actual consideration for implementation in order that it will be introduced timely in the next round of CEPA negotiations. The Guangdong Department of Justice should set up an administrative framework to resolve the implementation</p>	<p>The proposal is a medium to long term one.</p>	<p>The Ministry of Justice, the Department of Justice of Guangdong , the Department of Justice of Hong Kong.</p>	<p>The Law Society of Hong Kong, The Guangdong Lawyers Association</p>	

		<p>are not in the position to provide legal services related to the Mainland to these enterprises or individuals.</p> <p>To meet the objectives of the Framework Development Plan for 2008 – 2009 in the PRD Region, it is essential to develop and localize their legal services.</p> <p>If this proposal is accepted as a matter of strategy policy, it must be established in compliance with the related Mainland legal requirements of the supervision system by the</p>	<p>measures on the following—</p> <p>(a) Whether the status of the representative office of a Hong Kong firm be changed to that of a branch in order that it may employ qualified Mainland lawyers and provide Mainland legal services;</p> <p>(b) The management mechanism and related supervision unit regulating the recruitment of Mainland lawyers and other legal personnel;</p> <p>(c) The scope of legal services to be provided by the</p>				
--	--	---	---	--	--	--	--

		Mainland authorities and implementation rules.	<p>branch of a Hong Kong law firm in Guangdong and the related regulatory framework for administration and management.</p> <p>The Law Society looks forward to the support of the relevant Mainland government authorities in setting up the above framework for administration and management.</p>				
2	Permitting Hong Kong lawyers with not less than 15 years of post-qualification practising experience to obtain the Mainland lawyer's license on passing the requisite examination/assessment as specified under Article 8 of the PRC	The proposal has not been accepted in CEPA 6	Article 8 of the PRC Lawyers Law provides that "A person applying to practice law who has acquired an undergraduate legal education in an institution of higher learning, or above, and has	The proposal is a medium to long term one.	The Ministry of Justice, Department of Justice of Hong Kong.	The Law Society of Hong Kong	

<p>Lawyers Law.</p> <p>Over the years, through combination with the Mainland law and practice with the laws of Hong Kong, Hong Kong lawyers have developed cross-boundary legal services to develop the foreign related capability of the Mainland law and practice in collaboration with their counterparts in Mainland in legal matters such as mergers and acquisitions in the two places, corporate listings and finance, leveraged buyout, lending & financing, insurance, the resolution of international business disputes, intellectual property transfers and other cross-border or cross-boundary legal services in acute demand in the Mainland</p>		<p>been engaged in professional legal services in areas that are in acute demand for 15 years, and is in possession of a senior professional title or equivalent, shall be granted the qualification as a lawyer, upon approval by the Judicial Administrative Department of the State Council after examination and assessment in accordance with the prescribed requirements.”</p> <p>Clarifications on the following points are suggested:</p> <p>(a) Define what</p>				
--	--	--	--	--	--	--

<p>and to develop the legal expertise of the Mainland lawyers in dealing with foreign-related matters.</p> <p>In order to fully utilise Hong Kong lawyers' experience of legal practice and their command of foreign languages in developing further foreign-related legal services in the Mainland, under Article 8 of the PRC Lawyers Law, permission should be given to Hong Kong lawyers with not less than 15 years of post-qualification practising experience as well as experience regarding the aforementioned legal services that are in acute demand obtain a Mainland lawyer license by passing the specific examination/assessment.</p>		<p>should be regarded as legal service in acute demand?</p> <p>It should include cross-boundary mergers and acquisitions, corporate listings and finance; lending and financing, insurance, bankruptcy, resolution of international trade disputes, intellectual property transfers and management between Hong Kong and the Mainland.</p> <p>(b) Whether Hong Kong lawyers practicing in the</p>				
--	--	---	--	--	--	--

	Such a measure could facilitate the country's economic reforms and developments; and speed up the development of the professional standard of Mainland lawyers to the world class standard, in particular, in foreign-related legal services.		<p>areas of acute demand for 15 years will satisfy the criteria?</p> <p>They should satisfy the criteria.</p> <p>(c) What subjects should be included for examination or assessment?</p> <p>They should model on the Overseas Lawyers Qualification examination administered by the Law Society for the admission of "foreign lawyers" as Hong Kong solicitors.</p>				
3	Shorten the application time needed for Hong Kong law firms in setting up Mainland	The proposal has not been accepted in CEPA 6		The proposal is a medium to long term one.	The Ministry of Justice, the Department of Justice of	The Law Society of Hong Kong	

	offices to 6 months from 9 months.				Hong Kong.		
4	Allowing Hong Kong practicing solicitors to act a civil litigation agent as citizens similar to barristers.	The proposal has not been accepted in CEPA 6		This proposal is a mid-long term one.	The Supreme People's Court , the Department of Justice of Hong Kong.	The Law Society of Hong Kong	

Sub-group on Industries—(2) Finance

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : _____

Study area : Finance

Participant(s) : Industries
Mr. Chan Tsz Ching

Methods of collecting opinions : _____

Organizations / parties consulted : _____

2. Major Request

We suggest governments in Hong Kong and Guangdong to further relax restrictions on Hong Kong banks in the provision of financial services. In particular, Hong Kong banks are looking forward to conducting businesses on the same conditions as their mainland domestic counterparts. Meanwhile, mainland subsidiaries of Hong Kong banks generally lack sufficient yuan deposits for business development. The funding pressure could be eased considerably if the subsidiaries in Guangdong are allowed to borrow yuan deposits from their mother banks in Hong Kong, or even issue yuan bonds directly in the province.

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	<p>Allow Hong Kong banks to conduct a full range of business and on same conditions as banks in Guangdong.</p> <p>The proposed expansion of services could include distributing yuan bonds and investment funds, selling as agents both onshore and offshore investment</p>	<p>According to the mainland laws, wholly-owned foreign banks and joint venture banks can only trade government bonds, financial bonds and marketable securities (excluding stocks).</p> <p>But commercial banks in the mainland can issue financial bonds and act as agents to issue, cash and underwrite government bonds.</p>			<p>Hong Kong Monetary Authority, China Banking Regulatory Commission</p>	<p>Securities and Futures Commission, China Securities Regulatory Commission</p>	

	products and providing wealth management services that cover Hong Kong investment products.	Mainland laws also stipulate that commercial banks are not allowed to sell overseas funds and illegal investment products when providing wealth management services.					
2	Allow Hong Kong banks to lend yuan funds collected in Hong Kong to their subsidiaries or branches in Guangdong.	Currently, banks in Hong Kong, after collecting yuan deposits, cannot offer yuan loans and lend the funds in the inter-bank market.			Hong Kong Monetary Authority, China Banking Regulatory Commission		
3	Allow individuals and enterprises in Guangdong, using their own foreign exchanges, to directly invest in financial products in Hong Kong authorized by the Securities and Futures Commission.	According to the mainland laws, individuals and enterprises in the mainland can invest overseas only through commercial banks with related investment qualifications.			Services and the Treasury Bureau, Hong Kong Monetary Authority, State Administration of Foreign Exchange	Securities and Futures Commission, Hong Kong Exchanges and Clearing Ltd, China Securities Regulatory Commission	

4	Allow Hong Kong individuals and enterprises to remit RMB freely to any accounts in Guangdong.	According to the mainland laws, only individual with a Hong Kong Identity Card can remit from their Hong Kong accounts yuan funds to bank accounts under the same name in the mainland. The maximum amount to be remitted is capped at 80,000 per person per day.			Hong Kong Monetary Authority State Administration of Foreign Exchange		
5	Allow the cross-trading of shares for select companies between the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, i.e., a set of presently listed stocks can be traded on both exchanges subject to certain conditions.				Services and the Treasury Bureau Hong Kong Monetary Authority, State Administration of Foreign Exchange	Hong Kong Exchanges and Clearing Ltd, China Securities Regulatory Commission, Shenzhen Stock Exchange	

Financial

6	Allow subsidiaries of Hong Kong banks in Guangdong to issue yuan financial bonds and subordinate bonds to support long-term business development in the mainland.				Hong Kong Monetary Authority, State Administration of Foreign Exchange		
7	Raise the ratio of shareholding by Hong Kong banks in, and increase their involvement in the management of, the banks in Guangdong.	According to the mainland laws, a single foreign financial institution is limited to a 20% stake in a mainland lender.			Hong Kong Monetary Authority China Banking Regulatory Commission		

Sub-group on Industries—(3) Accountancy

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : _____

Study area : _____

Participant(s) : Sonny Doo, Peter Wong Accountancy

Methods of collecting ^{Industries} opinions : Consult with Hong Kong Institute of Certified Public Accountants and make reference to regulations and practices

Organizations / parties consulted : Hong Kong Institute of Certified Public Accountants (“HKICPA”)

2. Major Request

1. To enhance cooperation and exchange between certified public accountants (“CPAs”) in the Pearl River Delta (“PRD”) region and Hong Kong by establishing a joint professional examination scheme with the provincial / municipal Institute of CPAs in the PRD, with a 2020 vision of training accountants for China that will be able to take Chinese accounting firms and Chinese companies along with them on their international expansion path.
2. To exempt the Chinese national and HK ordinarily residency requirements for CPAs to practice in the respective jurisdictions in conjunction with setting up the joint examination scheme.
3. To pursue allowing Hong Kong CPAs and CPA practices to set up partnership firms in Mainland under the CEPA framework.

3. Recommendations

Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks	
			Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties		
1	To establish a joint professional examination scheme with the provincial / municipal Institute of CPAs in the PRD	<ul style="list-style-type: none"> - Language barrier: Hong Kong practitioners are professionally trained in English and are accustomed to exams conducted in English. Thus, they generally find it difficult to sit a professional examination conducted in Chinese. Similarly, Mainland practitioners also find it difficult to sit an English 	<ul style="list-style-type: none"> - The joint professional examination can be conducted in Chinese by the provincial / municipal Institute of CPAs in the PRD and in English by HKICPA respectively. - The joint examination will be based on the HKICPA qualification program. For subjects like 	Medium to long term	<ul style="list-style-type: none"> - Ministry of Finance - Ministry of Commerce 	<ul style="list-style-type: none"> - HKICPA - CICPA - PRD accounting bodies 	

		<p>examination as Chinese has been their language used for training and examination. The language barrier between the two jurisdictions would adversely affect the participation in each other's professional exams as well as the passing rates.</p> <ul style="list-style-type: none"> - Differences in examination systems and accreditation principles: The subjects of taxation and business law and regulations vary between the two systems. HKICPA's Qualification Program ("QP") is an open-booked exam and tests candidates on 	<p>Accounting, Auditing and Financial Management, the examination papers may be set in both Chinese and English. In light of the differences in tax and business law and regulations in both jurisdictions, separate law variant examination papers may be set for Tax Law and Economic Law.</p> <ul style="list-style-type: none"> - At the same time, both jurisdictions should exempt the nationality and residency requirements for CPAs. 				
--	--	--	--	--	--	--	--

		<p>application of relevant principles in case studies while, the CICPA exams are close-booked and examine candidates' understanding on a broad spectrum of relevant knowledge and theories.</p> <p>- Nationality and residency requirements: The current requirements that only a Chinese national can practice in the Mainland and only a Hong Kong ordinary resident can practice in Hong Kong mean that practitioners in one jurisdiction cannot practice in the other</p>					
--	--	--	--	--	--	--	--

		jurisdiction, even if the practitioners have managed to pass the other jurisdiction's professional exams.					
2	To exempt the nationality and residency requirements for CPAs to practice in the respective jurisdictions in conjunction with establishing the joint examination scheme	<ul style="list-style-type: none"> - Complicated process of amending the existing legislations and systems: The exemption of nationality and residency requirements for CPAs to practice in the respective jurisdictions involves amendments to the laws of both PRC and HK on certified public accountants, which would need a longer timeframe. 	<ul style="list-style-type: none"> - The relevant authorities in the Mainland and HKICPA should consider lowering the current nationality and residency requirements for CPAs in both jurisdictions for the time being and explore the feasibility of removing these requirements through legislative changes in the long run. - The nationality and residency 	Medium to long term	<ul style="list-style-type: none"> - Ministry of Finance - Ministry of Commerce 	<ul style="list-style-type: none"> - HKICPA - CICPA 	

			requirements can be waived in Hong Kong and PRD on a pilot basis.				
3	To pursue allowing Hong Kong CPA firms and CPAs to set up partnership firms in Mainland under the CEPA framework	<ul style="list-style-type: none"> - Legislative restriction: The current Mainland laws on partnership enterprises do not apply to enterprises with foreign partners. Thus Hong Kong CPA firms and CPAs are not allowed to establish partnership firms in the Mainland. (The law on foreign partnership enterprises is in draft status and under review by authorities, yet the exact date of issuance remains uncertain.) 	<ul style="list-style-type: none"> - The relevant authorities should expedite the promulgation of laws and regulations on foreign partnership enterprises to allow the establishment of foreign partnership CPA firms in the Mainland and to allow Hong Kong CPAs, upon attaining the right to practice as a CPA in the Mainland, to establish a CPA firm in the Mainland in partnership with 	Long term	<ul style="list-style-type: none"> - State Council - Ministry of Finance - Ministry of Commerce 	<ul style="list-style-type: none"> - HKICPA - CICPA 	

			<p>qualified Mainland CPAs or to be admitted as a partner of an existing Mainland CPA firm.</p> <ul style="list-style-type: none">- The practice of setting up foreign partnership CPA firms and allowing Hong Kong CPAs to establish a CPA firm in partnership with Mainland CPAs or to be admitted as a partner of an existing CPA firm in the PRD should be permitted on a pilot basis.				
--	--	--	--	--	--	--	--

Sub-group on Industries—(4) Maritime and Logistics

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	<p><u>Improving Cross Border Flow of Goods, People and Funds.</u> It is critical for Hong Kong to ensure there is zero difference on import/ export procedures for goods that flow directly from third party nations to and from China, and that which is conducted through Hong Kong. We believe it may be helpful to explore more strategic</p>	<p><u>Improving Cross Border Flow of Goods, People and Funds</u> Some problems which may be encountered with these proposals include:</p>	<p>Please see column one and two for suggestions of solutions to the identified problems.</p>	<p>The proposed solutions all require long-term planning</p>	<p>HK Immigration Dept, Customs and Excise Dept, China Immigration and Customs</p>	<p>Importers/ Exporters. Third party logistics providers, truckers</p>	

<p>concepts, which seek to reduce the physical and documentation hurdles of trade flow through Hong Kong. This will ensure Hong Kong is on the same platform as that of other Guangdong Province ports. Achieving parity in this regards will allow the natural advantages of Hong Kong (namely rule of Law, information flow, broad international networks and professional workforce etc) to outweigh the disadvantages of our higher cost structure. These include:</p> <p>i) To establish</p>	<p>i) To establish a Single</p>					
--	--	--	--	--	--	--

<p>a Single Window Customs database</p> <p>A single window is a cross-border facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit related-related regulatory requirements. This concept of a Single Window database would allow shippers to conduct one-stop customs data entry while at the same time allowing dual or multi-customs jurisdiction. Due to the fact that this is a</p>	<p>Window Customs database</p> <p>Some industry players may object to such a simplified customs entry platform, for commercial reasons. Establishing such a database would also involve complicated technical/e-commerce capabilities, however political and non-IT issues and challenges must be examined as well.</p>					
--	--	--	--	--	--	--

	<p>database rather than an approval system, jurisdictional issues can be avoided. If the customs database for Hong Kong /Mainland can be setup and proved to be successful in operation, it could serve as a model platform for International trade and custom interface.</p>						
2	<p><u>Strengthening the Hong Kong Maritime and Logistics Cluster</u> The position Hong Kong enjoys today as a maritime and logistics hub goes beyond the movement of physical cargo. This sector demands ancillary services such as legal,</p>		<p>Please see column one and two for suggestions of solutions to the identified problems.</p>	<p>The proposed solutions all require long-term planning</p>			

<p>finance, insurance, ship-management etc. More effort should be made to enhance the maritime and logistics cluster as a whole. Three concepts should be followed up:</p> <p>i) Regional Arbitration Center</p> <p>Hong Kong has an advantageous position in developing arbitration services, with its internationally recognized cluster of high quality maritime law professionals, while sitting at the crossroads of Mainland/ International trade.</p>	<p>i) Regional Arbitration center</p> <p>Although Hong Kong already has a Hong Kong International Arbitration Center (HKIAC), and HKIAC marine arbitration still faces competition exists from Singapore as well as developed markets in the UK and USA. Comments have been made that arbitration procedures are longer</p>			<p><u>Regional Arbitration Center:</u> HKTDC</p>	<p><u>Regional Arbitration Center:</u> HKIAC, Legal community, Ship-owner community, logistic provider community, import/export community.</p>	
---	--	--	--	--	--	--

<p>Hong Kong should support the Hong Kong International arbitration center to become a premier maritime arbitration center like New York and London. Hong Kong's arbitration sector should grasp the opportunities brought about by the rapid development of the Mainland's shipping and logistics market. It should be the long term objective of Hong Kong to have Hong Kong International Arbitration Center to become one of the "default" locations of trade and marine related contracts.</p> <p>Initial target</p>	<p>than other competitive locations. While much promotion has been done by HKIAC, Hong Kong's competitive advantages as a marine arbitration venue is not well established in the international arena – to the scale and degree that it should reach.</p> <p>It may be helpful for the Hong Kong Government to review and update with HKIAC on the promotion efforts, human resources requirement and support procedures. There needs to be targeted and recurring follow up and performance tracking from Hong Kong Government.</p>					
---	--	--	--	--	--	--

<p>markets are not necessarily limited to developed countries, which would already be handled in traditional maritime arbitration centers in UK and USA. Instead, Hong Kong should focus on attracting maritime arbitration cases in Asia, especially from the mainland, Vietnam and Thailand. Particular emphasis should be placed on shipowner, ship operators, ship management companies and import/exporters from the Chinese Mainland. Hong Kong also needs to attract more international arbitrators and</p>						
--	--	--	--	--	--	--

<p>provide more funding to support the training of maritime lawyers and arbitrators.</p> <p>ii) Free Trade Agreements/ Tax agreements/ Avoid Double Taxation Arrangement</p> <p>Like mainland China, Hong Kong should develop as many free trade and tax agreements with other countries as possible. As Mainland China continues to sign on more FTAs, and other nations continue to conclude more DTAs relative to Hong Kong, it is possible that both virtual and physical</p>	<p>ii) Free trade, Tax agreements / Avoid Double Taxation Arrangement</p> <p>More and more countries are implementing free trade agreements with Mainland China. Meanwhile, many countries have had more success in double taxation agreements (DTAs) than Hong Kong. Indeed, since Hong Kong is a naturally low tax environment, the motivation for our counterparts to execute DTAs with Hong Kong is low. Within Hong Kong</p>			<p><u>Free Trade Agreement/ Taxation Agreement/ Avoid double taxation arrangement:</u> Commerce & Economic Development Bureau, Trade and Industry Department, Financial Services and the Treasury Bureau, Inland Revenue Department, Transport and Housing Bureau</p>		
--	--	--	--	--	--	--

<p>trade activities will increasingly bypass Hong Kong. Since 1997, Hong Kong Government has had continued efforts in pursuing DTAs. Progress over the last few years has been slow. Notwithstanding that this is a difficult task, it seems that the Government must take defined, measurable and concrete steps forward in this area, and establish a regular system of review, report, and follow up on Double Tax Agreements (DTAs). One possible solution is to explore whether China could "highly</p>	<p>Government, the DTA effort seems to be lacking organization, follow-up and concerted effort and attention from the highest levels of the Hong Kong Government.</p>					
--	---	--	--	--	--	--

<p>encourage" counter part nations to conclude DTAs with Hong Kong as a condition to its ongoing FTA efforts. Indeed, the actual discussion of terms within these agreements needs to be conducted separately as Hong Kong is a separate tax jurisdiction under One Country Two Systems, but this linkage could help Hong Kong's DTA efforts "piggy-back" on PRC's momentum in reaching trade agreements with third party nations.</p> <p>iii) Insurance The marine insurance business, whether hull, P&I</p>	<p>iii) Insurance There is lack of motivation from shipowners, logistic</p>			<p><u>Insurance:</u> Financial Services and the Treasury</p>	<p><u>Insurance:</u> Insurance Sector, Shipping</p>	
--	--	--	--	--	---	--

<p>or cargo, is an integral part of the maritime sector. China's growing fleet, large trade volume and transportation appetite means there is a genuine need for a well-developed marine insurance sector. Hong Kong's rule of law, information flow and broad international networks offer advantages in this regard, and Hong Kong is already the most open and international insurance market in Asia. Can Hong Kong build itself into a marine insurance center? Can Hong Kong become a marine</p>	<p>services providers or shippers due to limited upside in enduser premium. There is lack of motivation of foreign insurance companies to setup full scale marine insurance businesses in Hong Kong given both that Hong Kong fleets are already well serviced, and due to the fact there is still limited access to Mainland fleets from Hong Kong – based marine insurance companies.</p> <p>There is a lack of motivation from PRC insurance companies to setup full scale marine insurance businesses in Hong Kong given that they have been more focused on the domestic market.</p>			<p>Bureau, Relevant Mainland Authorities</p>	<p>Sector, Legal Sector.</p>	
--	---	--	--	--	------------------------------	--

<p>insurance hub serving both Hong Kong and Chinese-based businesses? Is it possible to attract foreign or China insurance companies in collaboration with the local insurance industry to establish a meaningful marine insurance sector in Hong Kong? What advantages can future rounds of CEPA offer to Hong Kong-based marine insurance companies? It may be worthwhile for the Government to conduct additional consultation with the industry to assess the potential and obstacles</p>						
---	--	--	--	--	--	--

	thereof.						
--	----------	--	--	--	--	--	--

Sub-group on Industries—(5) Insurance

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Industries

Study area : Insurance

Participant(s) : Bernard Chan

Methods of collecting opinions : Market practitioners enquiries

Organizations / parties consulted : The Hong Kong Confederation of Insurance Brokers (HKCIB), Hong Kong Society of Certified Insurance Practitioners (HKCIP), The General Agents and Managers Association of Hong Kong (GAMAHK), Professional Insurance Brokers Association (PIBA), The Hong Kong Federation of Insurers (HKFI), Hong Kong General Insurance Agents Association (HKGIAA)

2. Major Request

- | | |
|--|--|
| 1. (Insurer) | Lower one of the established market access conditions: To commensurately lower the Total Assets requirements of Hong Kong insurance companies for entering the insurance market in Guangdong Province so that Hong Kong insurance companies are qualified to provide insurance services in Guangdong Province. |
| 2. (Insurer & Intermediary)
Insurance | Raise the maximum limit of capital/equity participation by a Hong Kong insurance institution in a Mainland insurance institution from not exceeding 24.9% to 75%. |

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	Favorable entrance requirement to HK service suppliers	Established market access conditions too high	The Total Assets requirements of Hong Kong insurance companies for entering the insurance market in Guangdong Province be commensurately lowered so that Hong Kong insurance companies are qualified to provide insurance services in Guangdong	Short Term	China Insurance Regulatory Commission (CIRC) (Central & Guangdong), Insurance Authority (HK)	The Hong Kong Federation of Insurers (HKFI), Hong Kong Society of Certified Insurance Practitioners (HKCIP)	

			Province.				
2	Favorable entrance requirement to HK service suppliers	Maximum limit of participation in a Mainland insurance institution not exceeding 24.9%, no controlling rights over the company	Participation by a Hong Kong insurance institution in a Mainland insurance institution be raised to 75%.	Short Term	China Insurance Regulatory Commission (CIRC) (Central & Guangdong), Insurance Authority (HK)	The Hong Kong Federation of Insurers (HKFI), Hong Kong Society of Certified Insurance Practitioners (HKCIP)	

**Sub-group on Industries—(6) SMEs:
Transformation & upgrade of manufacturing sector / Promotion of domestic sales**

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Industries Study area: SMEs: Transformation & upgrade of manufacturing sector / Promotion of domestic sales

Participant(s) : _____

Methods of collecting opinions : _____ Through meetings and e-mails with interested parties _____

Organizations / parties consulted : _____

2. Major Request

Transformation & upgrade of the manufacturing sector:

1. Waive or cut down import duties on machinery previously imported by factories engaged in processing trade with supplied materials upon their conversion into wholly-owned/joint-venture/co-operative enterprises if such factories have been in operation for over 3 years. Consideration should also be given to allowing them to pay the import duties by installments.
2. Exempt factories from import duty on importation of new machinery including the one not classified as high technology if such is not available at the Mainland market.
3. Improve administration on land use rights – land use administration in Guangdong should be reformed, such that factories engaged in processing trade with supplied materials, on conversion into wholly-owned/joint-venture/co-operative enterprises, can have legal rights of the land on which their premises are built if the conversion does not involve any land use change. With legal rights of the land, they may use it as collateral in applying for bank loans to finance the upgrade and transformation.
4. Set up special funds to support upgrade and transformation – relief measures to aid enterprises affected by the Global Financial Turmoil should be made permanent and incorporated in the Outline Plan for the Reform and Development of the Pearl River Delta.
5. Expand manpower training – Guangdong should open up the manpower training sector to Hong Kong institutions (first to

organisations with a statutory status, then to other professional bodies) and recognize qualifications granted by these Hong Kong manpower training institutions.

In order to underpin the sustainable prosperity of the PRD economic region and maintain the competitive advantage of its industries, due consideration should be given to the following two issues:

1. The ideal development mode for the PRD is that there is balanced development of low-end, middle-range as well as high-end industries, preferably in the form of a pyramid. Targeting different market segments, these three industry tiers should play complementary roles in driving each other's development. It is suggested that this development mode be incorporated in the Outline Plan for the Reform and Development of the Pearl River Delta as one of its objectives.
2. Instead of using administrative means to push environmental protection, the authorities should encourage green manufacturing through relocating factories to environmental industrial parks and provision of financial incentives and green loans to motivate factories to adopt cleaner production practices and processes. Such measures are more effective in promoting environmental protection and can avoid interfering with the normal operation of factories.

Promotion of domestic sales

1. Establishing a sales and distribution centre for Hong Kong manufacturers to promote their products;
2. Setting up a venue for incubation of brands;
3. Improving regulation of the domestic market and enhancing interconnectivity of different distribution channels;
4. Streamlining the application procedures for domestic sales; and
5. Facilitate the change of business orientation of factories engaged in processing trade from export to domestic sales.

Sub-group on Industries—(7) Innovation and Technology

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Industries

Study area : Innovation and Technology

Participant(s) : Allan Wong Chi Yun

Methods of collecting opinions : Interviews with various industry professionals, research institutes and educational bodies

Organizations / parties consulted : Hong Kong Applied Science and Technology Research Institute (ASTRI), The Hong Kong University of Science and Technology (HKUST), The University of Hong Kong (HKU) as well as individuals in the commerce and industry sectors. The individuals consulted are too numerous to list in detail.

2. Major Request

Strive for Hong Kong to play a more significant and proactive role in the technology development under the plan for the Reform and Development of the Pearl River Delta; in particular, enable Hong Kong to take a leading role in certain major national development projects; ASTRI and the Hong Kong Science Park can become the leading key technology development institutions in China.

- The HKSAR Government can lead the way in setting up an innovation and technology fund with Guangdong province. This fund must be more substantial than the current Innovation and Technology Fund in order to attract foreign technology companies to invest in R&D and manufacturing in Hong Kong and Guangdong province.
- In addition, the HKSAR Government should help the Hong Kong's R&D institutes and technology companies to secure direct participation in the Mainland's R&D projects and standard setting organisations.
- The HKSAR Government could also encourage Mainland technology companies to set up R&D centres in Hong Kong.
- For talent development, the HKSAR Government can allow R&D talents from Shenzhen and Guangdong province to travel to Hong Kong freely and to reside in Hong Kong for an extended period.
- The HKSAR and Shenzhen Governments can work together to develop a high-tech zone with associated residential

facilities in the Shenzhen River Bend (Hetao) Area.

- Both the HKSAR and Shenzhen Governments can encourage venture capitals from Guangdong province to invest in high-tech companies in Hong Kong through schemes like QDII.
- Strive to give priority to use technologies developed in Guangdong province and Hong Kong for infrastructural projects in Guangdong province and Hong Kong.
- The HKSAR Government should communicate its support for innovation and technology in a consistent and explicit manner.
- Raise the status of ASTRI to that of the leading R&D institute in Guangdong province and Hong Kong.
- Strive for Hong Kong to be a testing ground for certain specialised technologies, such as electric vehicle, next-generation broadband wireless mobile communication, new environmentally-friendly and energy conservation technologies etc.

3. Recommendations

Recommendations		Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	The HKSAR and Guangdong Provincial Governments jointly set up an innovation and technology fund of HK\$10 billion or above	<ul style="list-style-type: none"> • The Shenzhen and HKSAR Governments are jointly investing in 8 R&D projects, which are relatively small in scale with limited impact 	<ul style="list-style-type: none"> • Discuss with the Guangdong Provincial Government • Initiate a feasibility study of the proposal 	Long term	The HKSAR and Guangdong Provincial Governments	None	

		<ul style="list-style-type: none"> • Need recognition by both governments 					
2	The HKSAR Government should help Hong Kong's R&D institutes and technology companies to secure direct participation in the Mainland's R&D projects and standard setting organisations	<ul style="list-style-type: none"> • Currently, Hong Kong companies are considered as offshore entities, and Mainland regulations prohibit their participation in China's major R&D projects or standard setting organisations 	<ul style="list-style-type: none"> • Amend relevant rules and regulations 	Long term	Relevant government departments in the Mainland	ASTRI, Hong Kong Science Park	
3	Encourage Mainland technology companies to set up R&D centres in Hong Kong	<ul style="list-style-type: none"> • Hong Kong lacks technology talent, which discourages Mainland companies from investing in R&D projects in Hong Kong • Mainland technology talent cannot travel freely to Hong Kong 	<ul style="list-style-type: none"> • China and HKSAR Governments can provide tax incentives for Mainland companies • China and HKSAR Governments can also provide partial capital subsidy to Mainland companies who 	Interim	Invest Hong Kong, relevant government departments in the HKSAR and China	Hong Kong Trade Development Council	

			<p>are interested</p> <ul style="list-style-type: none"> • China and HKSAR Governments can provide other preferential policies, such as funds for talent training and land for Mainland companies which are interested • Allow Mainland technology talent to travel to Hong Kong freely 				
4	Attract more R&D talent from Guangdong province to come to Hong Kong	<ul style="list-style-type: none"> • There are restrictions on Guangdong R&D talent for travelling to and residing in Hong Kong • High living costs and prices in Hong Kong 	<ul style="list-style-type: none"> • Relax the restrictions on Guangdong R&D talents to let them travel to Hong Kong freely, and reside in Hong Kong for an extended period of time 	Long term	Relevant government departments in the HKSAR and China	None	

5	Develop a high-tech zone with associated residential facilities in the Shenzhen River Bend (Hetao) Area	<ul style="list-style-type: none"> • Development plans for the River Bend Area are still under discussion and yet to be confirmed 	<ul style="list-style-type: none"> • Confirm and implement the development plans for the Area as quickly as possible 	Long term	Relevant departments of the HKSAR and Shenzhen Governments	None	
6	Both the HKSAR and Shenzhen Governments can encourage venture capital companies from Guangdong province to invest in high-tech enterprises in Hong Kong through schemes like QDII	<ul style="list-style-type: none"> • Shenzhen has the largest number of venture capital companies in China. However they are subject to investment restrictions in overseas markets • Not many projects in Hong Kong are currently available for investment 	<ul style="list-style-type: none"> • China Government can set up schemes like QDII to allow Mainland venture capital companies to invest in R&D projects in Hong Kong and overseas • Allow fund managers from the Mainland to work and reside in Hong Kong 	Interim	Relevant departments of the HKSAR and Guangdong Provincial Governments	Hong Kong Monetary Authority and investment banks	
7	Strive to give priority to use technologies developed in Guangdong province and Hong Kong for infrastructural projects in Guangdong province	<ul style="list-style-type: none"> • There are no procurement provisions in either the Mainland or Hong Kong • Competition from other provinces 	<ul style="list-style-type: none"> • Conclude procurement policies giving such priorities 	Long term	Relevant departments of the HKSAR and Guangdong Provincial Governments	ASTRI, technology companies in Hong Kong and Guangdong province, various	

	and Hong Kong	and cities in the Mainland				tertiary education institutions	
8	The HKSAR Government should communicate its support for innovation and technology in a consistent and explicit manner, that to enhance public awareness and recognition of high-tech development. This will attract more young people to the industry	<ul style="list-style-type: none"> • Insufficient understanding towards innovation and technology among the public • The general public are more interested in financial and property investment 	<ul style="list-style-type: none"> • Senior government officials should voice greater support for innovation and technology on the appropriate occasions • Attract more qualified technology professionals to join the HKSAR Government • The HKSAR Government should increase publicity of Hong Kong's technology achievements 	Long term	The Central and HKSAR Governments	ASTRI, Hong Kong Science Park and tertiary education institutions	
9	Raise the status of ASTRI to that of the leading R&D institute in the Pearl River Delta	<ul style="list-style-type: none"> • China Government considers ASTRI an offshore entity which cannot take 	<ul style="list-style-type: none"> • Allow ASTRI not only to conduct research, but also to invest 	Interim measures, until a critical mass is created in the Greater	Department of Science and Technology of Guangdong province,	ASTRI	

		<p>part in Mainland R&D projects</p> <ul style="list-style-type: none"> • ASTRI has limited resources 	<p>directly in the Mainland and Hong Kong R&D projects</p> <ul style="list-style-type: none"> • The Guangdong Provincial Government should regard ASTRI as a recognised R&D institute • Support ASTRI with more resources 	Pearl River Delta	Innovation and Technology Commission of the HKSAR Government		
10	<p>Strive for Hong Kong to be a testing ground for certain specialised technologies, such as electric vehicle, next-generation broadband wireless mobile communication, new environmentally-friendly and energy conservation technologies, etc</p>	<ul style="list-style-type: none"> • High costs in Hong Kong • Competition from other provinces and cities in the Mainland • Barriers for the HKSAR Government to implement the policies 	<ul style="list-style-type: none"> • Support from the Central Government and collaboration from the HKSAR Government 	Interim	The Central and HKSAR Governments	Technology companies and R&D institutions in the Mainland and Hong Kong	

Sub-group on Industries—(8) Culture and Creativity

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : _____

Study area : Culture and Creativity

Participant(s) : Industries Mrs Selina Chow

Methods of collecting opinions : Meeting

Organizations / parties consulted :

Mr Freeman Lau, The Hong Kong Federation of Design Associations Ltd

Ms Amy Chow, The Hong Kong Federation of Design Associations Ltd

Mr Winnif Pang, Hong Kong Designers Association

Mr T K Sin, Mode of Design Alliance

Ms Grace Lau K, School of Design Alumni Association, The Hong Kong Polytechnic University

Mr Eddy Hui, City University of Hong Kong

Prof Lorraine Justice, The Hong Kong Polytechnic University

Dr Raymond Au, The Hong Kong Polytechnic University

Mrs Oi Lin Lo, Hong Kong Institute of Vocational Education

Mr Alex Fung, Hong Kong Institute of Vocational Education

Ms Joanna Cheng, Hong Kong Institute of Vocational Education (Kwun Tong)

Ms Angie Chow, SPACE, The University of Hong Kong

Mr Peter Benz, Academy of Visual Arts, Hong Kong Baptist University

2. Major Request

Follow-up action at policy level is necessary in four aspects :

1. Platforms promoting cooperation should be set up to facilitate interflow of ideas. Necessary resources and venues should be provided for this purpose.
2. Procedures should be streamlined to pave the way for HK designers to provide services for national and private enterprises. Presently applications for business permits, tax returns, export licenses involve extremely tedious and repetitious steps. Different certifications also impose heavy professional fees. All these form heavy burden on the time and funding of SME design companies, and prohibit their existence in the PRD. Without some drastic efforts to simplify these cumbersome procedures, it is extremely difficult, if not downright impossible for Hong Kong design talents to contribute to the development of the creative industry in the Region. The provision of one-stop mechanisms can assist designers' in making a go on the Mainland market; and the granting of "national treatment" can further assist in encouraging such companies to set up shop in the PRD Region, thereby contributing to the development of the creative industry as well as the upgrading of the marketability of Mainland products worldwide.
3. Recently there has been informal briefing by Dongguan officials that the present capital threshold of 100000 RMB will be increased tenfold. We hope this will not materialize, as it will a step backward in helping design talents to operate in the Region.
4. Enhancing the protection of intellectual property rights such that designers can focus their efforts on product design and brand building.

Sub-group on Industries—(9) Testing and Certification

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : _____ Industries _____ Study area : _____ Testing and certification _____
Participant(s) : _____
Methods of collecting opinions : _____ Through meetings and e-mails with interested parties _____
Organizations / parties consulted : _____

2. Major Request

It is requested that in the spirit of CEPA, the Guangdong and HKSAR Governments jointly establish a mechanism for mutual recognition of testing and certification services in their respective jurisdictions, such that test reports issued by laboratories accredited by either the China National Accreditation Service for Conformity Assessment (CNAS) or the Hong Kong Accreditation Service (HKAS) will be accepted by relevant departments of the Guangdong and SAR Governments in charge of product quality and import/export matters.

Appendix 2 : Proposals from the sub-group on Livelihood

- (1) Healthcare**
- (2) Environmental Protection**
- (3) Education**
- (4) Transport**
- (5) Social services**

Sub-group on Livelihood—(1) Healthcare

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	Setting up of clinics	relevant policies not clear; delay in implementations of the relevant policies not outstanding policy approval	to set up inter-departmental bodies to deal with the difficulties	short term	Guangdong	HK and Macau Affairs Office of Guangdong Province; Health Department of Guangdong Province	
2	Setting up of hospitals	same as above	same as above	short to medium term	Guangdong	same as above	
3	Teaching hospitals	same as above	same as above	short to medium term	Guangdong	same as above	

Sub-group on Livelihood—(2) Environmental Protection

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Livelihood

Study area : Environmental Protection

Participant(s) : Peter H. Y. Wong

Methods of collecting opinions : Working together

Organizations / parties consulted : Civic Exchange and BPF

2. Major Request

That Guangdong, Hong Kong, Macau and the Central Government's Ministry of Environmental Protection (MEP) use the momentum of the NDRC's Outline Plan and its implementation timeframe – 2008-2020 – to lay the groundwork for establishing a Greater PRD Regional Air Quality Management Authority (RAMA).

The RAMA would:

- Cover the whole of the regional airshed, including Hong Kong, Macau and Guangdong;
- Have an explicit mission to improve air quality for the protection of public health;
- Set and review common standards for air quality, established in law and based on evidence-based research and international best practice;
- Take responsibility for enforcement, as well as the development of innovative incentives to drive compliance; and
- Account to the authorities in Guangdong, Hong Kong and Macau, and report to MEP, for achievement of the common standards.

The groundwork could be prepared over a number of years in five phases:

1. Joint research and data sharing
2. Each side fine-tunes its own systems

3. Explore common standards and policies for ports and fuels
4. Extend common standards and policies
5. RAMA comes into operation

3. Recommendations

Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks	
			Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties		
1	Implementation of a Greater PRD Regional Air Quality Management Authority (RAMA)	Air moves freely across the region without respect for administrative boundaries, carrying visible smog and pollutants that damage health. Guangdong, Hong Kong and Macau can individually manage <i>part</i> of the air pollution problem in each	Implementation of a RAMA in 5 phases (see below)	2009-2020	HK: EPD, Env, Bureau, Transport Dept, Dept. of Health Regional: Guangzhou EPB Guangdong EPB Shenzhen EPB Macau EPB Central: Ministry of Environmental	Health and environment NGOs, research institutions, local and regional business associations, GPRDBC	

		location but not the <i>whole</i> of the problem. Managing the whole problem requires cross-border collaboration.			protection, NDRC		
2	Phase 1 - Joint research and data sharing	<p>Need to:</p> <ul style="list-style-type: none"> • Improve understanding of the importance of data; • Improve understanding of the working of different politico-administrative systems across the region; • Facilitate cross-border scientific research collaboration. 	<ul style="list-style-type: none"> • Information sharing, trust building, joint scientific enquiry and capacity building, and learning about each other's systems. 	2009-ongoing	As above	<p>Leading air science and health researchers In HK, Macau, & Guangdong (e.g. HKUST, HKU, CUHK, Poly U, South China University of Technology, Guangzhou Environmental Monitoring Center, Guangzhou Research Institute of Environmental Protection, Guangzhou Institute of</p>	

						Geochemistry). NGOs involved in air quality (e.g. Civic Exchange, Clear The Air)	
3	Phase 2 - Each side fine-tunes its own systems	Need to build goodwill by each jurisdiction dealing with air pollution within its control and capacity.	<ul style="list-style-type: none"> Hong Kong, Macau, and Guangdong implement local policies based on evidence-based research to deal with local problems using local administrative mechanisms, but with regular sharing of experience. 	2010-2015	As above	GPRDBC, HKPC	
4	Phase 3 - Explore common standards and policies for ports and fuels	Marine emissions are a growing part of the regional pollution profile, but management is fragmented across the region.	<ul style="list-style-type: none"> Common ports policy for Hong Kong and Shenzhen ports with unified fuels standards for vessels entering Hong 	2012	HK: EPD, Marine Dept, Regional: Shenzhen EPB, Shenzhen Maritime Administration	GPRDBC, Ship owners (e.g. Cosco, CNOC, OOCL, China Navigation, HK Shipowners	

			<p>Kong-Shenzhen ports.</p> <ul style="list-style-type: none"> • Unified standards on local vehicle and vessel fuel. • Consistent parallel enforcement approaches. 		<p>Central: Ministry of Environmental protection, NDRC</p>	<p>Assoc., etc) Ports (e.g. Hutchinson, MTL, New World) NGOs (e.g. Civic Exchange, Business for Social Responsibility – BSR)</p>	
5	Phase 4 - Extend common standards and policies	Need to implement NDRC Outline Plan’s vision to “gradually adopt unified standards on car fuel, vessel fuel, and emission that are the most advanced in the country”.	<ul style="list-style-type: none"> • Common standards for all emissions, independently administered in each jurisdiction, using consistent parallel enforcement approaches 	2013	<p>HK: EPD, Env, Bureau, Transport Dept, Dept. of Health Regional: Guangzhou EPB Guangdong EPB Shenzhen EPB Macau EPB Central: Ministry of Environmental protection, NDRC</p>	<p>GPRDBC, HKPC</p>	
6	Phase 5 - RAMA comes into	Fragmentation of air quality policy,	<ul style="list-style-type: none"> • RAMA comes into operation 	2015-2020	<p>HK: EPD, Env, Bureau,</p>	<p>Health and environment</p>	

	operation	management, enforcement and accountability across the region.	and is accountable to the authorities in Guangdong, Hong Kong and Macau, and reports to MEP for the record.		Transport Dept, Dept. of Health Regional: Guangzhou EPB Guangdong EPB Shenzhen EPB Macau EPB Central: Ministry of Environmental protection, NDRC	NGOs, research institutions, local and regional business associations, GPRDBC	
--	-----------	---	---	--	---	---	--

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : _____ Study area : Environmental Protection

Participant(s) : David T.C. Lie Peter H. Y. Wong

Methods of collecting opinions : Forum, Face-to-Face Interview, Telephone Interview and Exchange of Documents, Research Livelihood

Organizations / parties consulted : Constitutional and Mainland Affairs Bureau, Environment Bureau, Environmental Protection Department, Guangdong Development and Reform Commission, Guangdong Economic and Trade Commission, Guangdong Environmental Protection Bureau, Guangdong Foreign Affairs Office, Federation of Hong Kong Industries, Civic Exchange

2. Major Request

Green energy is the way forward for environmental protection in Guangdong and Hong Kong. To achieve the ultimate goal of embracing cleaner technologies, steps may include, abandoning the use of poor-quality oil for power generation. Secondly, introducing incentives such as tax rebates to encourage the production and use of clean energy. Thirdly, formulating and implementing appropriate legislative measures to effectively control and reduce carbon emission.

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	Instill new ways of thinking in energy production	Use of poor-quality oil to generate energy is a crucial problem in the Pearl River Delta; regulatory measures currently in place are inadequate and lack teeth	i) Abandon the use of poor-quality oil for power generation; ii) introduce incentives such as tax rebates to encourage the use of clean energy; iii) formulate and implement appropriate legislative measures to effectively control and reduce carbon emission	Medium to long-term	Guangdong Development and Reform Commission; Guangdong Economic and Trade Commission; Guangdong Environmental Protection Bureau;	Guangdong Electric Power Design Institute	

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
2	Avoid the use of different types of alternative energy resources for different types of vehicles in the Pearl River Delta.	The ancillary facilities (such as gas stations) now in use in Guangdong and Hong Kong are following different standards.	Establish timely communication by maintaining close contact with the Guangdong Government.	Medium to long-term	Guangdong Development and Reform Commission; Guangdong Economic and Trade Commission; Guangdong Environmental Protection Bureau;	Chinese Association of Automobile Manufacturers; Guangdong Association of Automobile Manufacturers	
3	Develop the recycling industry in Hong Kong.	Hong Kong lacks the economies of scale.	Carry out regional cooperation with the Guangdong Province and make good use of domestic technology.	Medium to long-term	Guangdong Development and Reform Commission; Guangdong Economic and Trade Commission; Guangdong Environmental	Guangdong Association of Environmental Protection Industry	

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
2	Avoid the use of different types of alternative energy resources for different types of vehicles in the Pearl River Delta.	The ancillary facilities (such as gas stations) now in use in Guangdong and Hong Kong are following different standards.	Establish timely communication by maintaining close contact with the Guangdong Government.	Medium to long-term	Guangdong Development and Reform Commission; Guangdong Economic and Trade Commission; Guangdong Environmental Protection Bureau;	Chinese Association of Automobile Manufacturers; Guangdong Association of Automobile Manufacturers	
					Protection Bureau		

Sub-group on Livelihood—(3) Education

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Livelihood Study area : Education

Participant(s) : Members of the Education Task Group

Methods of collecting opinions : Questionnaire survey, interview, references online, relevant reports and HK-Shenzhen Education Cooperation Report by the Bauhinia Foundation Research Centre in April 2009

Organizations / parties consulted : Related departments in the University of Hong Kong, the Hong Kong University of Science and Technology, the Hong Kong Polytechnic University, the City University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong Baptist University, the Hong Kong Institute of Education, the Open University of Hong Kong, the Vocational Training Council

2. Major Request

With the transformation and development of the Guangdong Province, manpower development and training is a key aspect. Bringing in modern professional development and international certification programmes is of particular importance. Initiatives such as allowing professional bodies with international standings and training institutes of excellence to offer their services in the Pearl River Delta (PRD), introducing professional certification and establishment of training colleges can be experimented. This will enable the PRD to become a marketplace of professional expertise for the hi-tech industry, advanced manufacturing and service industry. As a result, the PRD will become a testing ground for such policy.

3. Recommendations

Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
			Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
<p>1 More comprehensive mutual recognition of qualifications and certifications, especially professional qualifications and certifications.</p> <p>Establish training and examination centres in the PRD region.</p> <p>Open up the PRD market for internationally recognized</p>	<ul style="list-style-type: none"> ● Currently only undergraduate and above qualifications received mutual recognition. This has not been extended to professional and sub-degree level qualifications and certifications. ● International professional 	<ul style="list-style-type: none"> ● GD and HK government to explore the feasibility of mutual recognition of professional qualifications and certifications. ● Model on HK's excellence as a professional certification and examination centre and extend such services to the PRD. ● Establish certification and examination centres with related 				

<p>professional bodies and training providers to establish independent colleges to offer training programmes.</p>	<p>bodies need to go through complicated processes if wanted to establish training centres and award certifications. This hindered Mainland professionals to obtain international professional qualifications and certifications.</p>	<p>supporting services in the PRD region.</p> <ul style="list-style-type: none"> ● Engage well established and recognized professional bodies, training providers and certification/accreditation authorities to develop a framework for joint programmes and mutual recognition. ● Allow well recognized and established international bodies to establish centres to provide training and certification services in the areas of high technology and advanced service industry. This in turn elevates the status of the PRD region as a centre of international 				
---	---	---	--	--	--	--

			professionals.				
2	HK and the PRD region jointly to establish pre-employment and on-the-job training services based on market needs. The focus should be on technologically- and application-based professional expertise.	<ul style="list-style-type: none"> ● The vocational education & training (VET) and skills certification system between HK and the PRD region differs significantly. ● The Mainland VET system is diverse and managed by multiple departments. 	<ul style="list-style-type: none"> ● Establish a mutual recognition system for VET in the aspects of qualifications, certifications and teacher expertise to form a platform to build the PRD regional training base. ● Based on the strengths of HK's VET system to develop curriculums, training standards and joint courses for the PRD region. 				
3	Based on the policy direction of experimentation to eliminate barriers of education collaborations through special arrangements.	<ul style="list-style-type: none"> ● HK education institutions are considered outside Mainland and hence governed by China-Foreign education 	<ul style="list-style-type: none"> ● HK education institutions collaborating with counterparts in the PRD region should be exempted from the governance of China-Foreign collaboration 				

		<p>collaboration regulations. This resulted in a complicated and drawn out application process.</p>	<p>regulations.</p> <ul style="list-style-type: none"> ● Establish clear guidelines and authorize provincial and local governments to give flexibility for HK operators to establish colleges independently. ● Establish clear and simple policies to address the process, financial and taxation issues related to the establishment of colleges in the PRD region by HK operators. 				
4	<p>Jointly establish an “Education Collaboration Hub” to enable HK higher education institutions to establish independent colleges through</p>	<ul style="list-style-type: none"> ● Limitation of land resources in HK stopping expansion of educational services for Mainland students. ● The costs 	<ul style="list-style-type: none"> ● Leadership by government of both sides to resolve financial, policy and manpower resources barriers hindering the establishment of PRD colleges. ● Establish high quality training 				

	sharing of resources and curriculums and recruit students independently.	<p>differential between HK and the PRD region makes it difficult to reach a viable costing model.</p> <ul style="list-style-type: none"> ● Unhealthy competition might result if HK institutions establish a PRD college. 	<p>institutions and/or research schools with international articulation pathways to fulfill manpower needs of the region.</p> <ul style="list-style-type: none"> ● Consider the establishment of an independent university in the PRD region staffed with outstanding faculties from HK and/or international sources. 				
5	Explore different channels to facilitate educational collaborations	<p>Many applications of collaboration projects between HK and Mainland were not getting reply from approving bodies and lacking transparency during the process.</p>	<ul style="list-style-type: none"> ● Apart from riding on the policy direction of experimentation, governments can explore other approaches such as additional terms in CEPA with a focus on educational collaboration and/or education hub. 				
6	Establish a long-term exchange and	<p>Currently, collaboration projects between</p>	<ul style="list-style-type: none"> ● HK and PRD regional education and training 				

	<p>collaboration mechanism.</p>	<p>HK and the Mainland have to go through numerous departments and approval processes hence the duration of schedule is unpredictable.</p>	<p>departments should establish a regular exchange and discussion platform to address issues arise.</p> <ul style="list-style-type: none"> ● Governments of both sides need to invest additional resources (particularly financial resources) on collaboration projects to enable more providers to operate in the region. ● Governments should provide leadership to close the gap on policy and cultural differences to enable smoother collaboration to be developed. 				
--	---------------------------------	--	--	--	--	--	--

Sub-group on Livelihood—(4) Transport

The Greater Pearl River Delta Business Council
Ad Hoc Group on the Outline Plan for the Reform and Development of the Pearl River Delta

1. Background Information

Sub-group : Livelihood Study area : Transport
Participant(s) : _____
Methods of collecting opinions : Through meetings and e-mails with interested parties
Organizations / parties consulted : Transport and Logistics Services Council

2. Major Request

1. Improving the quota system for issuing Mainland vehicle licenses for Hong Kong private cars – a pilot scheme should be introduced to allow Hong Kong private cars to take one-off cross-boundary round-trips using pre-purchased temporary licenses. Given the lead time required for putting in place the necessary infrastructure, initially the pilot scheme may be restricted to the Shenzhen Bay crossing only. As for the validity period of temporary licenses, it may be set at 7 days;
2. Facilitating the development of a common stored-value card in Hong Kong and Guangdong and the integration of Hong Kong/Guangdong telecom roaming services – the development of a common stored-value card for use by Hong Kong and Guangdong citizens should be expedited so that they may use a single card for payment of transport fees whilst traveling in Hong Kong and PRD cities. This card should be able to handle transactions in Hong Kong dollars or Renminbi;
3. The Hong Kong-Shenzhen Western Express Line (the former direct rail link between Shenzhen and Hong Kong Airports) and Qianhai supporting facilities – The Hong Kong-Shenzhen Western Express Line (Western Express Line) aims to enhance connectivity between the Western districts and airports of both Hong Kong and Shenzhen. Railing networks of the two cities will be linked up by Shenzhen’s Qianhai transport hub and the Hong Kong north-west rail extension.
In order to encourage fuller use of the Western Express Line, it should have seamless connections with air transport in all aspects, by means of better integrating luggage transit, and operations management of the Hong Kong International Airport and Shenzhen Baoan International Airport, linking the Western Express Line with the local railing networks.
The Qianhai station should tie in with the regional strategic development plan, provide seamless connection to all aspects of intermodal transport, have efficient and user-friendly interchanges with other transportation facilities, and be well-equipped

to handle immigration clearance and provide airline check-in services etc (akin to the services currently provided at Airport Express' Hong Kong Station and Kowloon Station).

4. Provision of one-stop cross-boundary customs clearance;
5. Acceptance of driving licenses issued by each other's authorities; and
6. Promoting cross-boundary helicopter services.

Sub-group on Livelihood—(5) Social services

government in the below areas to the beneficiary of people of the two places:

1. To develop project or service directly
2. To develop joint-project with Mainland partners;
3. To assist in incubating the professionalism of social service in Guangdong through providing capacity building programmes and consultancy services

3. Recommendations

	Recommendations	Difficulties currently encountered	Proposed solutions	Follow-up details			Remarks
				Recommendations are short term, medium term or long term	Responsible Bureaux / Departments in HK, GD and Central Governments	Relevant Organizations / parties	
1	<u>Service Provision, Corporate Management and Efficiency Enhancement</u>	<ul style="list-style-type: none"> • The existing liberation measures under CEPA could not effectively solve the problems that the Hong Kong NGOs are facing in Guangdong • There is no integral system for Hong Kong NGOs registration and 	<ul style="list-style-type: none"> • To set up a one stop co-ordination team in facilitating the entry of Hong Kong NGOs • To set up a bilateral communication mechanism between two places that consists of representatives 	Short and middle-term	The Central , Guangdong and Hong Kong SAR government		

		<p>the role of relevant governmental department is not clearly defined</p> <ul style="list-style-type: none"> • There are a lot of practical problems arose when working with Mainland partners especially those on finance control, accounting and remittance issues • Hong Kong NGOs are not easy to hire suitable staff (Guangdong-based) neither in Guangdong nor in Hong Kong • As Hong Kong and China have been adopting two different legal systems, the Hong Kong NGOs staff have to spend extra efforts and time working in Guangdong 	<p>from both governments and NGOs</p> <ul style="list-style-type: none"> • To issue a special supplement for NGOs under CEPA • To review the existing social policies and make relevant amendments so that social policies could move forward with time • To issue clearer instructions on remittance • To settle the issue on income tax - the income tax rate is higher in the mainland so that HK NGOs have to pay extra money for their staff working in China to level off the tax difference 				
--	--	---	--	--	--	--	--

		<ul style="list-style-type: none"> • Practical problems on transportation, human resources and accounting remain unsolved • China so far has no registration system for Hong Kong NGOs • There are a lot of restrictions in allocating resources in the Mainland according to the existing funding policies of the HKSAR Social Welfare Department 					
2	<u>Resources Development</u>	<ul style="list-style-type: none"> • Buying service is in the incipient stage in Guangdong as the government-NGO partnership is not that mature • Charitable donation is in the 	<ul style="list-style-type: none"> • The registration issues of the private non-enterprise unit (民非企) such as their property rights and registration procedures are 	Short and middle-term	The Central 、 Guangdong and Hong Kong SAR government		

		<p>incipient stage. The charity accountability and culture are not well established in Guangdong, which in turn affects the fund-raising outcome</p> <ul style="list-style-type: none"> • Business-NGO partnership is in the incipient stage in Guangdong, which in turn affects the social work and social development in Guangdong 	<p>needed to be solved– e.g. all properties will be confiscated if a private non-enterprise unit is closed. This will cause trouble not only in receiving donations, but also in entry-exit procedures</p> <ul style="list-style-type: none"> • While Hong Kong NGOs are willing to enter China with money, technology and knowledge, Chinese government should also make relevant efforts to facilitate the process such as providing welfare premises and other supportive schemes 				
--	--	---	---	--	--	--	--

**Ad Hoc Group on the Outline of
the Plan for the Reform and Development of the Pearl River Delta Report
Greater Pearl River Delta Business Council
Membership List**

Chairman

Dr. Fung Kwok-king, Victor

Convenor

The Hon Cheng Yiu-tong

Mr Tung Chee-chen

The Hon Yang Mun-tak, Marjorie

Member

Mr Bernard Chan

Mr Kwok Ping-luen, Raymond

Mr Chan Kwok-wai, Felix

The Hon Leung Kwan-yuen, Andrew

Mr Chan Tze-ching, Ignatius

Mr Lie-A-Cheong Tai-chong, David

Mr Chan Wing-kee

Mr Anthony Nightingale

Mr Chen Cheng-jen, Clement

Dr Tai Tak-fung

The Hon Mrs Chow Liang Shuk-ye, Selina

Dr Wong Chi-yan, Allan

Mr Chung Po-yang

Mr Wong Hong-yuen, Peter

Mr Sonny Doo

Mr Wong Tung-shun, Peter

Mr Hui Hon-chung, Stanley

Mr Wu Ting-yuk, Anthony

Mr Hung Hak-hip, Peter

Mr Yu Kwok-chun

Mr Ip Shing-hing, Simon