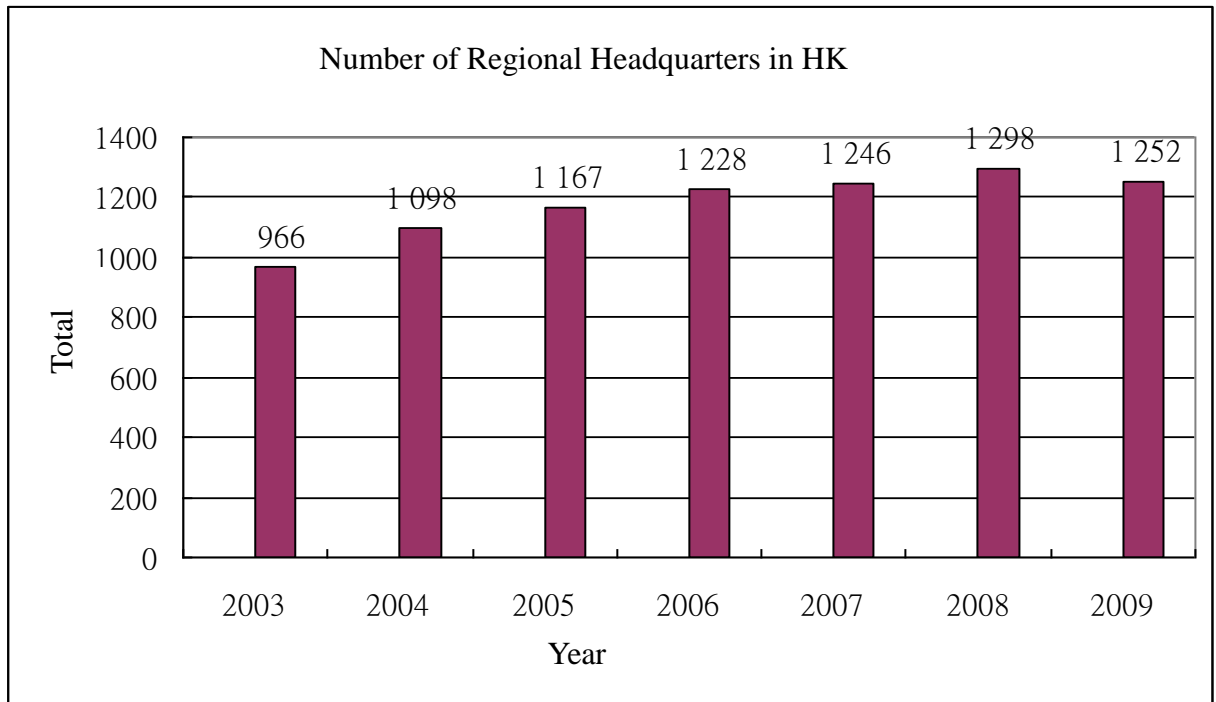


Chart and Schedules

Chart 1 : Number of Regional Headquarters in HK between 2003 and 2009



Source: Census and Statistics Department of HK

Schedule 1: The GDP Percentage Share of the Four Key Industries in the Economy of HK

Percentage Share (%)	2004	2005	2006	2007	2008
Financial Services	12.3	12.8	15.9	19.5	16.1
Tourism	3.0	3.2	3.2	3.4	2.8
Trading and Logistics*	27.9	28.9	27.4	25.8	25.9
Professional Services and Other Producer Services**	10.6	10.7	10.5	11.0	11.9

*Trading includes wholesale trade, and import and export trade; and logistics include freight transport and storage services, and postal and courier services.

** Other producer services refer to producer services other than financial services, trading and logistics, tourism and professional services.

Source: Census and Statistics Department of HK

Schedule 2: Percentage Share of Employment in the Four Key Industries to Total Employment in the Economy of HK

Percentage Share (%)	2004	2005	2006	2007	2008
Financial Services	5.2	5.4	5.5	5.5	5.9
Tourism	4.7	4.9	5.2	5.6	5.6
Trading and Logistics*	24.3	24.7	24.6	24.2	23.6
Professional Services and Other Producer Services**	11.0	11.1	11.3	11.7	12.1

*Trading includes wholesale trade, and import and export trade; and logistics include freight transport and storage services, and postal and courier services.

** Other producer services refer to producer services other than financial services, trading and logistics, tourism and professional services.

Source: Census and Statistics Department of HK

Schedule 3: Contents concerning HK in National 11th Five-Year Plan and major reports

Documents	Contents concerning HK
<p>National 11th Five-Year Plan</p>	<p>To maintain HK's and Macao's long term prosperity and stability; to strictly observe a high degree of autonomy – “One Country, Two Systems”; “HK people governing HK” and “Macao people governing Macao”; to strictly comply with the basic laws of the special administrative regions; to strengthen and promote co-operation in business and trade, science and education, culture, sanitation, sports, etc. among the Mainland, HK and Macao; to continue to implement CEPA with HK and Macao; to strengthen co-operation in infrastructure, development of industry sectors, resources utilisation, environmental protection, etc. among the Mainland, HK and Macao; to support HK's development in services sector, such as finance, logistics, tourism, and information services; and to maintain HK's status as international financing trading, shipping and transportation centre. To support Macao's development in services sector, such as tourism, and to promote appropriate diversification in the development of Macao's economy.</p>
<p>Report made at the 17th National Congress of the Communist Party of China</p>	<p>Since the return of HK and Macao to the motherland, more and more experience has been gained in putting into practice the principle of "One Country, Two Systems". The principle is perfectly correct and full of vigor. To realise the Mainland's peaceful reunification on this principle accords with the fundamental interests of the Chinese nation. A major task the Party faces in running the nation in the new circumstances is to ensure long-term prosperity and stability in HK and Macao. We will unswervingly implement the principle of "One Country, Two Systems," under which HK people administer HK and Macao people administer Macao with a high degree of autonomy, and act in strict accordance with the basic laws of the two special administrative regions. We will render full support to the Governments of the two regions in their administration in accordance with the law and in their efforts to promote economic growth, improve people's lives and advance democracy. We encourage people from all walks of life in HK and Macao to work with one accord to promote social amity under the banner of love for the motherland and devotion to their respective regions. We will increase exchanges and co-operation between the Mainland and the two regions so that they can draw on each other's strengths and develop side by side. We will actively support the two regions in their external exchanges and firmly oppose attempts by any external force to interfere in their affairs. Our compatriots in HK and Macao, without doubt, have the wisdom and ability to successfully administer and develop their regions. Both regions have played and will continue to play an important role in the Mainland's modernisation drive, and the great motherland will always provide them with strong backing</p>

	for their prosperity and stability.
Report on the Work of the Government made at the 3rd Session of the 11th National People's Congress	We will unswervingly implement the principle of “One Country, Two Systems”, under which the people of HK administer HK, and the people of Macao administer Macao both with a high degree of autonomy, and fully support HK and Macao in maintaining long-term prosperity and stability. We will support HK in consolidating and elevating its position as an international financial, trade, and shipping center; developing industries with local advantages; and fostering new areas of economic growth. We will support Macao in developing its tourism and leisure industry and appropriately diversifying its economy. We will conscientiously implement the Outline of the Plan for Reform and Development of the Pearl River Delta, vigorously promote the construction of the HK-Zhuhai-Macao Bridge and other major cross-boundary infrastructure projects as well as the development of Zhuhai's Hengqin Island, deepen co-operation between GD and the HK and Macao regions, and increase economic ties between the Mainland and these two regions. The great motherland will remain a staunch supporter of HK and Macao forever. As long as the Governments of the HK and Macao Special Administrative Regions and their people from all walks of life work together, accommodating and helping each other, and jointly safeguarding overall prosperity, stability, and development, HK and Macao will definitely enjoy a brighter future.

Sources: The National 11th Five-year Plan; the Report made at the 17th National Congress of the Communist Party of China; and the Report on the Work of the Government made at the Third Session of the Eleventh National People's Congress

Schedule 4: A Timeline of Development of Renminbi (RMB) Business in HK

Dec 2003	The People's Bank of China announced the appointment of the Bank of China (HK) Limited as the clearing bank for RMB business in HK.
Feb 2004	Licensed banks in HK started to provide RMB-related business including deposit-taking, currency conversion, remittance and bank card services.
Dec 2005	Certain restrictions on RMB business were relaxed, and designated merchants were permitted to open RMB deposits accounts.
Mar 2006	RMB cheque service was introduced.
Jan 2007	Mainland financial institutions with approval by relevant Mainland authorities can issue RMB-denominated bonds in HK.
Dec 2008	Premier Wen Jiabao introduced 14 measures supporting the financial development of HK, and announced that the Mainland would soon allow eligible enterprises to use RMB to settle trade transactions in HK.
April 2009	The Standing Conference of the State Council decided to launch a Pilot Program of RMB Settlement of Cross-border Trade Transactions in Shanghai, Guangzhou, Shenzhen, Zhuhai and Dongguan.
May 2009	HK-invested banks incorporated in the Mainland were allowed to issue RMB-denominated bonds in HK.
July 2009	RMB trade settlement business was officially launched.
September 2009	The Chinese Ministry for Finance issued RMB sovereign bonds in HK for the first time.
December 2009	The Chief Executive Mr. Donald Tsang revealed that the Central Authorities were examining the option of allowing RMB direct investment in HK by individual investors and enterprises of the Mainland.
June 2010	Hopewell Highway planned to sell two-year RMB corporate bonds to institutional investors. It would become the first local enterprise to issue RMB bonds in HK.
July 2010	The Hong Kong Monetary Authority (HKMA) and the People's Bank of China signed a Supplementary Memorandum of Co-operation on the expansion of the RMB trade settlement scheme which permitted cross-bank RMB transfer, lifting the RMB-HK dollar exchange limit for enterprises, and allowing enterprises (including financial institutions) to open RMB accounts at banks.
August 2010	The People's Bank of China promulgated the notice on the Pilot Scheme for RMB Clearing Bank and Other

	Eligible Institutions outside the Mainland to Invest in the Mainland's Interbank Bond Market, allowing central banks abroad, clearing banks of RMB business in HK and Macao and participating banks of cross-border RMB trade settlement to invest their RMB funds in the Mainland's interbank bond market.
--	---

Sources: Economic Research Division, Bank of China (HK) and consolidated press reports

Schedule 5: Development of Major Co-operative Regions: HK-Shenzhen River-Loop Area, Qianhai Region in Shenzhen and Nansha in Guangzhou

Major Co operative Region	Direction of Development	Suggested Pilot Project
HK-Shenzhen River-Loop Area	The leading land use in the loop could be higher education, to be complemented by hi-tech R&D facilities as well as cultural and creative industries with a view to providing impetus for the development of human resources in South China and enhancing the competitiveness of the PRD.	Taking into account the demand and feasibility, the authorities concerned should explore the establishment of a post-production base for creative industries and theme park(s) integrating elements of creative industries and tourism with a view to promoting the development of cultural and creative industries.
Qianhai Region in Shenzhen	Focus development of modern services industries	The authorities concerned should explore the implementation of an innovative trade management system by taking “early and pilot implementation” measures in the areas of mutual recognition of professional qualifications between the two places; lowering of entry thresholds for services sector; and streamlining approving procedures. For example, consideration can be given to co-location of boundary crossing facilities similar to Shenzhen Bay at Qianhai and providing more convenience to rail passengers in the aspects of customs clearance procedures and air services with a view to developing Qianhai into a sophisticated transport hub.
Nansha in Guangzhou	Promoting the development of intellectual industries like the internet of things, and exploring the development of a bulk commodity trading centre and a major logistics base in South China in the vicinity of the	The authorities concerned should explore the pilot implementation of innovative customs clearance measures with a view to achieving seamless connection within the

	Nansha Bonded Port Area	<p>co-operative regions. Consideration should also be given to pioneering a unified electronic system that serves as a common customs platform for implementing “Two Customs, One Checkpoint”. Under the precondition of not affecting both sides as independent customs duty territories, HK should pursue co-operation with the Mainland in building a cross-boundary electronic sharing platform for storage of information of residents of both places for customs purposes and information of cross-boundary cargoes of both places for customs declaration purposes. The aim is to enable the customs authorities of both places to retrieve separately from the platform necessary information for verification and customs clearance purposes with a view to implementing one-stop customs clearance.</p>
--	-------------------------	---

Schedule 6 : 47 Recommendations Put Forward by the Greater Pearl River Delta Business Council

Seven Headings	47 Recommendations
<p>1. Co-ordinating Hard and Soft Infrastructures and Facilitating the Four Flows (Information, People, Logistics and Capital Flows)</p>	<ul style="list-style-type: none"> - Improving the Regulatory System for Cross-border Vehicles# - Co-ordinating Port Resources in PRD# - Co-ordinating Airport and Airspace Resources in PRD# - Expediting Integration of Octopus Card and GD's Transport Card# - Strengthening Postal Co-ordination between HK and GD# - Expediting Integration of Cross-border Roaming Services#
<p>2. New Systems and Common Standards</p>	<p><u>Mutual Liberalisation in Professional Areas</u></p> <ul style="list-style-type: none"> - Mutual Recognition of Professional Qualifications in More Areas# - Establishing a Joint Professional Examination Scheme and Waiving the Nationality and Residence Requirements on a Mutual Basis - Allowing HK Law Firms' Representative Offices in GD to Employ Mainland Practising Lawyers - Mutual Recognition of Testing and Certification Reports - Raising the Status of HK's Research and Development Institutions <p><u>Networking HK and PRD Customs Systems</u></p> <ul style="list-style-type: none"> - Expediting the Formation of a Joint Customs Information System
<p>3. Streamlining Procedures and Lowering Entry Threshold</p>	<p><u>Shortening Approval Time and Streamlining Procedures</u></p> <ul style="list-style-type: none"> - Exemption of Re-examination for Product Certification - Helping Export Processing Enterprises Tap the Domestic Market# - Requesting Equal Treatment for HK Designers in the Mainland - Shortening Processing Time for Setting Up Law Firms' Representative Offices - Exempting Duplicate Submission of Documents for Customs Clearance <p><u>Lowering the Threshold for Entering HK Market</u></p> <ul style="list-style-type: none"> - Facilitating Business Establishment by Mainland Companies in HK# - Facilitating the Intake of Outstanding Mainland Graduates to Work in HK - Relaxing the Restrictions for Mainland Talents to Work in HK

	<p><u>Lowering the Threshold for Entering Mainland Market</u></p> <ul style="list-style-type: none"> - Assisting Development of Tertiary Industries in GD - Lowering the Capital Asset Requirements for Insurance Companies# - Relaxing the Restrictions on Setting Up Accounting Firms in Partnership - Relaxing the Restrictions on Setting Up Medical Institutions# - Relaxing the Restrictions on Entering Cultural and Creative Industries - Reviewing and Reducing Salary Tax
<p>4. Seeking Sustainable Development and Building a Quality Living Area</p>	<ul style="list-style-type: none"> - Abandoning the Use of Poor-quality Oil for Power Generation - Developing Uniform Environmental Protection Standards in the Long Run# - Becoming the Pilot Area of Specialised Environmental Technologies# - Establishing a HK-GD Products Recycling Platform#
<p>5. Integrating Social Service Resources and Facilitating Cross-border Living</p>	<p><u>Integrating Resources of Social and Charitable Services</u></p> <ul style="list-style-type: none"> - HK-GD Co-operation in Provision of Social Services - Promoting HK's Experience in Charitable Services <p><u>Facilitating Life for Mainlanders Living in HK</u></p> <ul style="list-style-type: none"> - Reviewing the Feasibility of Bridging the Retirement Protection Schemes of HK and the Mainland - Considering the Possibility of Schools for Mainland Children <p><u>Facilitating Life for HK People in the Mainland</u></p> <ul style="list-style-type: none"> - Reviewing the Scope of Social Welfare for Elderly# - Assisting Children of HK Residents Receiving Education across the Border# - Assisting in Bettering Healthcare Services for HK People in PRD
<p>6. Furthering Collaboration in Education and Technology and Improving Overall Workforce Quality</p>	<p><u>Education Co-operation</u></p> <ul style="list-style-type: none"> - Allowing Independent Institutes Established by HK's Training Institutions - Enhancing Collaboration in Vocational Education and Training# - Promoting Innovative Co-operation in Education between HK and GD# - Attracting More Mainland Students to Study in HK

	<u>Technological Collaboration</u> - Using HK's International Experience to Bring Out PRD's Strengths in R&D#
7. Optimising Financial Infrastructure and Preventing Financial Risks	- Providing More Variety in Financial Services - Facilitating Flow of RMB Capital between HK and GD# - Facilitating Remittance by HK Residents - Relaxing Restriction on Bank Shareholdings - Preventing Financial Risks Together

Relevant/similar recommendations have been incorporated in the Framework Agreement for HK/GD Co-operation

Source: Study Report in Response to the Outline of the Plan for the Reform and Development of the Pearl River Delta

References

1. *A Guide (輔導讀本) on Government Work Report*, The Third Session of the Eleventh National People's Congress, March 2010
2. *Study Report in Response to the Outline of the Plan for the Reform and Development of the Pearl River Delta*, Greater Pearl River Delta Business Council, September 2009
3. *China's New Development Strategy and Hong Kong after the Report to the 17th National Congress of the Communist Party of China* (中國十七大報告後的新發展策略與香港), Institute of World Economics & Politics, Chinese Academy of Social Sciences, 20 April 2010
4. "Positioning Hong Kong" (定位香港), *Economy of China*, February 2010
5. *The Positioning of Hong Kong-Guangdong Co-operation in the National Development under the New Situation* (《新形勢下粵港合作在國家發展大局中的定位》), One Country Two Systems Research Institute, May 2010
6. *Proposal on the National 12th Five-Year Plan* (「十二五」規劃建議書), Hong Kong Chamber of Commerce, 26 February 2010
7. "Chairman's Message: The 12th Five-Year Plan – An Opportunity for Hong Kong to Address Deep-rooted Issues", Chinese General Chamber of Commerce, 5 April 2010
8. *Hong Kong's Role in the Development of the Mainland*, Commission on Strategic Development, 19 April 2010
9. Chen Wenling, Wang Fei, Wang Jianguai (陳文玲、王飛、王檢貴), *Ideas and Strategies for Giving Full Play to Hong Kong's Strengths under the New Situation* (新形勢下充分發揮香港優勢的思路與對策), Research Team on Guangdong, Hong Kong and Macao (赴粵港澳調研組) under the Research Office of the State Council, Vol. 11, 2009
10. *Promoting Close Co-operation among Hong Kong, Guangdong and Macao and Enhancing the Level of Reform and Opening-up – The Final Report of the Research on Deepening Reform and Opening-up in Pearl River Delta Region under the New Situation*, Research Panel under the Research Office of the State Council, November 2008
11. *The Interim Review on the 11th Five-Year Plan: the Implementation of Policies concerning Hong Kong*, The Land Resource Development Institute's Research Panel under the State Council Development and Reform Commission, 14 December 2009
12. Mr Tse Kwok-leung, *New Directions and Measures for Deepening Hong Kong-Guangdong Co-operation*, Economic Research Division, Bank of China (Hong Kong), April 2008

Acknowledgements

We would like to express our gratitude to the following persons/organisations (in alphabetical order) for their contribution to the compilation of this report:

Professor Feng Xiaoyun	Professor of College of Economics, Jinan University
Dr Hong Wen	Senior Researcher, Central Policy Unit
Dr Liu Xu	Director of International Trade Office, Institute for International Economic Research of National Development and Reform Commission
Mr Tse Kwok-leung	Head of Economic Research Division, Economic and Strategic Planning Department, Bank of China (Hong Kong)
Dr Ye Fujing	Deputy Director of Institute for International Economic Research of National Development and Reform Commission
Dr Justina Yung	Research Fellow of China Business Centre, The Hong Kong Polytechnic University
Dr Zhu Wenhui	Senior Research Fellow of Bauhinia Foundation Research Centre, Hong Kong

The Greater Pearl River Delta Business Council

**Proposal by Cross-boundary Passenger and Cargo Flow Sub-group on
Hong Kong's Roles and Positioning in the Economic Development of the Nation**

I. Background Information

Sub-group: Cross-boundary Passenger and Cargo Flow Sub-group

Sub-group Convenor: Mr Tung Lieh-sing, Alan

Study Area(s): Consolidating and enhancing Hong Kong's position as an international shipping and logistics centre; Positioning Hong Kong and Guangdong as demonstration zones for "early and pilot implementation"; Positioning Hong Kong and Guangdong as a modern economic circulation sphere with a view to becoming Asia's international gateway.

Sub-group Members: Mr Hui Hon-chung, Stanley, Ms Lam Shuk-ye, Mr Lau Chun-hon, Anthony, The Hon Mrs Leung Lau Yau-fun, Sophie, Mr Shiu Sai-cheung, Ian, Dr Wong Chi-yun, Allan

Consulted Bod(ies)/Organisation(s)/Person(s): Mr Sin Chung-kai, Mr Ng Win-kong, Daryl

II. Recommendations

Analysis from a sectoral perspective of Hong Kong's positioning in the nation's economic development			
Consolidating and enhancing Hong Kong's position as an international financial centre, a trade centre and a shipping and logistics centre#			
	Key recommendations	Details	Ways of implementation
Consolidating and enhancing Hong Kong's position as an international shipping and logistics centre#	<p>1. Attract more shipping (sea and air freight) and logistics companies in Mainland or foreign countries to establish business and/or their bases in Hong Kong.</p> <p>2. Further develop and extend the shipping logistics clusters to sustain and enhance Hong Kong's leading position as an international shipping (sea and air freight) centre.</p> <p>3. Define clearly the positioning of PRD airports, help consolidate and enhance Hong Kong's position as an international aviation hub.</p>	<p>1. Reaffirm the importance and contribution of shipping and logistics centre and industries to Hong Kong.</p> <p>2. Provide favourable policy and a one-stop platform to accelerate the influx of maritime logistics cluster sector in Mainland and/or overseas to establish business and/or their bases in Hong Kong. These include maritime insurance, ship finance, maritime research and consultancy, international marine arbitration, trading, freight forwarding, logistics management, shipping management, brokerage services, ship registration,</p>	<p>1. Provide favourable policy and related measures, in accordance with the relevant legal requirements, to attract more shipping (sea and air freight) and logistics companies in Mainland and/or overseas to establish business in Hong Kong.</p> <p>2. Strengthen professional training and develop regional professional training system. Attract more industry professionals from Mainland and overseas to be stationed in Hong Kong. The Hong Kong Special</p>

	<p>4. Under the principle of "One Country, Two Systems", the Central Government to encourage more countries to reach Double Taxation Agreements (DTAs) with Hong Kong.</p> <p>5. The Hong Kong SAR Government and Guangdong Government to formulate a unified set of standards/regulations for vessels emission control in Hong Kong and PRD, consistent with international regulatory standards. This regulatory framework can be the basis of a nation-wide emissions control scheme.</p>	<p>ship inspection and port industries and related professions.</p> <p>3. Develop the airspace capacity which supports the needs of aviation infrastructure and civil aviation development, to strengthen the economic ties between Hong Kong and the Mainland, and support the long-term economic growth in Hong Kong and the Mainland. Include the "Framework Agreement on Hong Kong/Guangdong Co-operation" signed in early April 2010 into the "National 12th Five-Year Plan", in particular the part mentioning the functional positioning of HKIA and other PRD airports at Point 3 of Article 1 (Integrated Transportation System) in Chapter 2 (Cross-boundary Infrastructure).</p>	<p>Administrative Region (SAR) Government and Guangdong Government, in collaboration with industry stakeholders and universities, to formulate the strategies and plans for the professional and human resources development of the shipping and logistics industry in the region.</p> <p>3. To fully demonstrate Hong Kong's strengths in Mainland's overall economic planning and to contribute our competencies to the development of the Nation, we should elevate HKIA's role, which had been identified in the "Framework Agreement on Hong Kong/Guangdong Co-operation" (in particular Hong Kong's</p>
--	---	--	---

		<p>4. Improve and implement comprehensive policy to optimise the efficiency of Hong Kong as an international shipping and logistics hub.</p> <p>5. Utilise Hong Kong's competitive shipping (sea and air freight) network and comprehensive service system to provide high-quality, value-added, comprehensive, professional, and multi-functional logistics services.</p> <p>6. The Hong Kong SAR Government and Guangdong Government, in collaboration with the industry stakeholders, to work together to formulate a set of practical, fair and feasible regulatory framework that is consistent with international standards, for use of low sulfur fuel for vessels in PRD.</p>	<p>position as an international aviation centre) to the national strategic level. Coordinate and improve the PRD's airspace resources arrangements and related policies, making long-term and strategic development plans for HKIA's future airspace capacity to address the development needs of the aviation industry.</p> <p>4. In respect of air traffic control, best effort has to be made to enhance the docking of the airspace planning and management, such as the flight altitude conversion and interface between different air traffic control centres etc.</p> <p>5. Work with Guangdong Government in an effort to rationalise and ensure overall efficiency of</p>
--	--	---	--

		<p>This will effectively improve the air quality in Hong Kong and the PRD, while ensuring the level playing field in the industry and sustaining the competitiveness of the ports.</p>	<p>logistics and port related infrastructure in the region.</p> <p>6. Leverage information technology and well established legal system and related policies to support a highly efficient, seamless point-to-point and transfer service for passenger and cargo flow. To achieve an integrated intermodal transfer flow of people and cargo flow via different modes of transportation including sea, land, air and rail etc, enhancing the efficiency of Hong Kong as an international shipping and aviation hub.</p> <p>7. Target for goods with high value, time sensitive and requiring professional management services while in transit, such as dangerous goods. Provide</p>
--	--	--	--

			<p>professional logistics services, such as storage, consolidation, stuffing/unstuffing, and inspection for cargoes from/to Mainland and South East Asia countries.</p> <p>8. The Hong Kong SAR Government and Guangdong Government, in collaboration with industry stakeholders to introduce regulations, that are practical, feasible, and consistent with international standards for vessels emission control in Hong Kong and PRD.</p> <p>9. Before Hong Kong SAR Government and Guangdong Government have formulated the appropriate regulatory framework for vessels emission control in Hong Kong and PRD, the Hong</p>
--	--	--	---

			<p>Kong SAR Government could take reference of its existing practices for other transport modes, provide partial subsidies or incentives to encourage broader industry participation in voluntary initiative of use of low sulphur fuel.</p>
--	--	--	--

#An international shipping centre provides a wide range of services, including shipping insurance, legal services, arbitration, ship financing, brokerage, management, ship registration, ship survey and port services. The scope of aviation industry includes air transport operations and aviation support services covering areas such as logistics, distribution, marketing and overseas tourism promotion etc. supported by professional knowledge such as flight operations, aircraft maintenance, aviation medical, insurance, legal and finance and other administration and management services etc.

Analysis from a regional perspective of the positioning of Hong Kong and Guangdong in the nation's economic development			
Positioning Hong Kong and Guangdong as demonstration zones of early and pilot implementation			
	Key Recommendations	Details	Ways of implementation
Which domains in Hong Kong and Guangdong can be put into “early and pilot implementation”?	1. Further integrate Hong Kong and Guangdong cross-boundary flows for people, vehicles and goods, achieving seamless connection.	<p>1. Hong Kong and the related Mainland authorities should act in concert with the “early and pilot implementation” spirit under the “Framework Agreement on Hong Kong/Guangdong Co-operation” to develop a unified electronic communication platform for cross-border customs control to achieve a common customs platform of “Single Customs Clearance for Two Checkpoints” (“兩關一次通”).</p> <p>2. Hong Kong has to further cooperate and coordinate with the Mainland in more aspects, establishing more efficient and more convenient</p>	1. Without affecting the status of independent customs of Hong Kong and Guangdong Governments, the Hong Kong SAR Government shall strive to work with Guangdong Government, to establish a common electronic platform that stores the required data for immigration purposes and customs clearance for cargoes. The respective Customs authorities in Mainland and Hong Kong can get the related data as required from the platform to perform customs clearance, to implement a one-stop immigration and customs clearance service.

		<p>cross-boundary checkpoints for people, vehicles and cargoes.</p> <p>3. Furthermore, through the integration of immigration procedures, immigration clearance could be done by using a smart card in cross strait and four places (Mainland, Taiwan, Hong Kong and Macao), strengthening the exchanges among all those places, enhancing the immigration efficiency and also reducing the associated costs.</p> <p>4. In addition, both Hong Kong and Guangdong Governments need to coordinate on issues relating to the containers movement between Hong Kong and Guangdong. Increase number of customs-supervised depots to improve the efficiency of container</p>	<p>2. Cross-border electronic platform can be further extended to Cross-Strait flows. Visitors can use one smart card to entre and exit Cross-Strait-Four-Places. Immigration departments of the three places work together to develop a common platform with similar operating system, applying same technical standard but operating independently, thus no direct linkage among the computer systems. Visitors' data will be encoded separately and classified accordingly and immigration departments of the three places can only get related data for immigration and customs clearance.</p> <p>3. Shorten the time required for customs</p>
--	--	---	--

		<p>transportation and to reduce emissions.</p>	<p>clearance, for example, by extending the "express e-channel" to other control points. Increase the number of BCF (Border-crossing Facilities) that allows 24-hours customs clearance. The relevant authorities of Guangdong Government to provide 24 hour customs clearance service (e.g. CIQ). Standardise and reduce the submission required time to customs in Hong Kong and Guangdong from 1 hour to 30 minutes, etc.</p> <p>4. Further promote the "simplified entry arrangement for a period of 144 hours" measure in the Pan-PRD by considering the relaxation of the eligibility and simplification of the application process, set up dedicated counters or</p>
--	--	--	---

		<p>implement electronic immigration and customs clearance for visitors from the Mainland who are holding multi-entry VISA to Hong Kong.</p> <p>5. Expand the coverage of Individual Multi-Visit Scheme to further increase the benefits brought about by visitors of high consumption power. Provide dedicated counters to visitors at designated checkpoints.</p> <p>6. Encourage the Mainland authorities to establish more hub-and-spoke container depots under customs supervision in Shenzhen, adjacent to the border, improve the utilisation of "4 Up 3 Down" and "Green Lane" service. Besides, implement mutual recognition of the</p>
--	--	---

			<p>cross-border vehicles annual inspection by both authorities in Hong Kong and Guangdong. Reduce the application requirements for cross-border transportation vehicles (e.g. allow Hong Kong licensed truckers drive freely in the Mainland), thus removing the distress and social costs brought by the two sets of vehicle licensing policies and to save the administrative costs of the transportation industry, as well as enhancing the cost competitiveness.</p> <p>7. The Governments to define details for the implementation plan for "ad-hoc quota scheme for private cars", including the number of one-off ad hoc quotas, arrangements for</p>
--	--	--	--

			<p>cross-border driving license application, etc. Besides, issues relating to insurance, driving skill adaptation, vehicle emission control regulation, the policy and procedure for agency to issue driving license, etc. need to be coordinated and refined.</p>
<p>Which domains in Hong Kong and Guangdong can be put into “early and pilot implementation” ?</p>	<p>2. Further support the development of port services in Guangdong and Hong Kong and to enhance the service level and competitiveness through better resources reallocation and leverage of comparative advantages of respective ports and infrastructure.</p>	<p>1. Enhance the efficiency of transport of cargoes from Guangdong and South West to Asia and other parts of the world via Hong Kong through introduction of Hong Kong’s professional barge management and services to Guangdong Province and to the provinces in the Southwest. Facilitate more companies in Mainland to extend their business to the markets in Asia and the rest of the world through the superior shipping network.</p> <p>2. Taking reference to the</p>	<p>1. Propose to the Mainland authority to apply the same policy to Hong Kong-registered ships in Class 1 and Class 2 ports, relaxing the limitations imposed upon Hong Kong-registered ships at Class 2 ports, allowing Hong Kong flag ships to berth at Class 2 ports. Apply the “early and pilot implementation” principle to launch pilot run at Class 2 Ports in Guangzhou, Foshan and Zhongshan Alternative consideration is to allow Hong Kong</p>

		<p>trend of the increasing size of the barge/feeders in the PRD, to allow domestic/foreign cargoes to be loaded on the same barge/feeder to optimise the utilisation of barge/feeder and costs.</p>	<p>company to own Mainland flag ships via CEPA.</p> <p>2. Propose to the Mainland Customs to allow barges/feeders calling at terminals along the PRD to load / discharge domestic transshipment cargoes to also carry Hong Kong import/export cargoes at the same time, or to load/discharge Hong Kong import/export cargoes to carry domestic transshipment cargoes at the same time.</p>
Positioning Hong Kong and Guangdong as a modern economic circulation sphere with a view to becoming Asia's international gateway			
	Key Recommendations	Details	Ways of implementation
<p>How to take forward the development of Hong Kong and Guangdong into a modern economic circulation sphere?</p>	<p>1. Further integrate the flow of people, vehicles and goods crossing Hong Kong and Guangdong, improve the connection of cross-boundary software and hardware infrastructure, moving towards</p>	<p>1. Ensure the customs clearance for people, vehicles and cargoes at cross-boundary checkpoints between Guangdong and Hong Kong is more convenient and efficient than other customs</p>	<p>1. Regular review and reference to the customs clearance procedure in the Mainland and neighboring countries. Further simplify the procedure of export and import (Mainland cargo and</p>

	<p>seamless connection. Enhance the competitiveness, economic robustness, and strategic advantages of Guangdong and Hong Kong,</p> <p>2. To effectively enhance the free flows of cross-boundary business and visitors between Hong Kong and the Greater Pearl River Delta, suggest Hong Kong SAR Government to consider to allow the usage of left-hand vehicles in Hong Kong with special permission.</p>	<p>checkpoints in the Mainland.</p> <p>2. Ensure that customs clearance for cargoes transshipped from/to the Mainland via Pearl River Delta (including Hong Kong and Macao) is more convenient and efficient than other Asian countries, and at lower cost.</p> <p>3. Include the "Framework Agreement on Hong Kong/Guangdong Co-operation" signed in early April 2010 into the "National 12th Five-Year Plan", in particular the part mentioning the functional positioning of HKIA and other PRD airports at Point 3 of Article 1 (Integrated Transportation System) in Chapter 2 (Cross-boundary Infrastructure). Ensure connection of HKIA with the express rail links and other</p>	<p>International cargo transship via Hong Kong) customs clearance and license application. Simplify point-to-point information communication flow between the Government and business enterprises through high speed data interchange to achieve more direct and efficient information communication.</p> <p>2. Create favourable environment and conditions for the Hong Kong-Zhuhai-Macao Bridge connections to provide convenience and ease of flows for passengers and cargoes. For example, relaxing the border-crossing vehicle control, allowing check-in procedures at HKIA, developing unified procedures and system to</p>
--	---	---	--

		<p>transportation infrastructure network of Mainland to develop intermodal and comprehensive services.</p> <p>4. Hong Kong and the Mainland Governments should apply the spirit of “early and pilot implementation” as stated in the " Framework Agreement on Hong Kong/Guangdong Co-operation" to take a lead in implementing a common electronic platform to realise "two customs one inspection" via a common shared customs platform. Further simplify and integrate immigration clearance via One Smart Card for four places (Mainland, Taiwan, Hong Kong and Macao), to enhance the efficiency of entry and exit and to strengthen professional exchange among Cross-Strait-Four-Places, thereby developing</p>	<p>handle the cargo flow between Hong Kong, Zhuhai and Macao, 24-hour customs clearance for cargoes, green lane for cargo to/from airport, setting up designated waiting areas for trucks and logistics areas near the Hong Kong border area of the Hong-Kong-Zhuhai-Macao Bridge to create convenience to truckers for pre-declaration clearance procedures, stuffing/unstuffing operations for logistics, etc.</p> <p>3. Provision of seamless air-rail intermodal connections and services can create greater convenience for passengers along the Express Rail Link to take the international flights of HKIA. The Governments should consider the provision of</p>
--	--	---	---

		<p>Cross-Strait-Four-Places into a modern economic circulation sphere.</p> <p>5. Hong Kong needs to have more co-operation and coordination with the Mainland to establish more efficient and convenient cross-boundary checkpoints for people, vehicles and cargo crossing, so as to accelerate the flows and development of people, vehicles and goods in the region.</p> <p>6. Currently, there are many left-hand drive cars entering and leaving Hong Kong every day, and it is common to see left hand drive cars in commercial areas in Central. Majority of left-hand drive cars have driving plates in both Hong Kong and the Mainland. Hong Kong using right-hand drive cars is due to the fact that Hong Kong was a</p>	<p>favourable conditions to enable more effective connections between the Express Rail Link and HKIA to facilitate efficient and convenient transfer of passengers.</p> <p>4. Consider to establish a “one place 2 inspections” cross-boundary checkpoints in Qianhai like the one already set up in Shenzhen Bay in order to fully realise the multi-function of the Hong Kong-Shenzhen Western Express Line. In addition, the immigration / customs clearance procedure and air service arrangement should be convenient to railway passengers, in order to develop Qianhai to be a comprehensive transportation hub.</p> <p>5. Respective immigration</p>
--	--	--	--

		<p>British colony in the past. With the return of sovereignty, Hong Kong should allow the use of left-hand drive car as early as possible to meet the diversity development of Hong Kong. Reference can be referred to other cities or countries including Macao, United Kingdom, Japan and many countries using right-hand drive cars while allowing the registration of left-hand drive car.</p>	<p>department of the 3 places work together to develop a common platform with similar operating system, applying same technical standard but operating independently, thus no direct linkage among the computer systems. Visitors' data will be encoded separately and classified accordingly and immigration departments in the 3 places can only get related data for immigration and customs clearance. Visitors can use 1 Smart Card to entre and exit Cross-Strait-Four-Places.</p> <p>6. Following the development trend, the nation will soon become the number one market for cars. Hong Kong SAR Government is encouraged to review this important</p>
--	--	--	---

			<p>trade and the related transport issues; and take a lead to work with concerned authorities in Mainland to enhance Hong Kong's status as other "right-hand drive car" countries in sustaining our competitiveness.</p>
<p>How to take forward the development of Hong Kong and Guangdong into a modern economic circulation sphere?</p>	<p>2. One Smart Card for use for entre and exit Cross-Strait-Four-Places</p>	<p>Currently, Cross-Strait-Four-Places (Mainland, Taiwan, Hong Kong and Macao) use different traveling documents. The Governments should jointly develop a platform applying similar operating system using one Smart Card for entre and exit Cross-Strait-Four-Places.</p>	<p>Hong Kong SAR Government should work with Mainland, Taiwan and Macao to jointly discuss and develop Smart Card to facilitate the entry and exit among the four places</p> <p>In the initial stage, it can be applied to the Mainland, Macao and Hong Kong if there are concerns to include Taiwan. The initiative, if successfully implemented, will significantly reduce the cost of professional exchanges between the 4 areas.</p>

The Greater Pearl River Delta Business Council

Proposal by Joint Investment and Trade Promotion Sub-group on Hong Kong's Roles and Positioning in the Economic Development of the Nation

I. Background Information

Sub-group: Joint Investment and Trade Promotion Sub-group

Sub-group Convenor: Mr Wu Ting-yuk, Anthony

Study Area(s): Consolidating and enhancing Hong Kong's position as a trade centre ; Promoting the development of the six priority industries ; Positioning Hong Kong and Guangdong as demonstration zones of "early and pilot implementation"

Sub-group Members: Mr Fan Chun-wah, Andrew, The Hon Fang Kang, Vincent, S.B.S., J.P. , Mr. Fok Chun-wan, Ian, S.B.S., J.P., Mr Hung Hak-hip, Peter, Mr. Lam Hau-yin, Lester, Mr. Lam Tin-fuk, Frederick, J.P., Mr. Lau Ming-wai, J.P., Mr. Li Wenyue, Mr. Lie-A-Cheong Tai-chong, David, S.B.S., J.P., Mr. Sun Kai-lit, Cliff, B.B.S., J.P. , Mr. Sze, Irons, Mr. Wong Tung-shun, Peter, J.P.

Opinion Collection Method(s): internal discussion; consultation among members

Consulted Bod(ies)/Organisation(s)/Person(s): Hong Kong General Chamber of Commerce, Federation of Hong Kong Industries, Hong Kong Trade Development Council, GDH Limited, Mr Sin Chung-kai, S.B.S., J.P.

II. Recommendations

Analysis from a sectoral perspective of Hong Kong's positioning in the nation's economic development			
Consolidating and enhancing Hong Kong's position as an international financial centre, a trade centre and a shipping and logistics centre			
	Key recommendations	Details	Ways of implementation
Consolidating and enhancing Hong Kong's position as a trade centre	We recommend making full use of our service advantages to enhance Hong Kong's position as a trade centre. In addition, Hong Kong should seize the opportunity to participate in regional economic cooperation, especially with Guangdong Province. In addition, Hong Kong should capitalise on the opportunity of participating in regional economic cooperation and leveraging Hong Kong's advantages in terms of the rule of law, reputation, information, professional skills and product quality with a view to developing a new manufacturing industry in Hong Kong and promoting the "Made in Hong Kong" brand concept.		

	<p>In more details: 1. Strengthen Headquarters Economy in Hong Kong</p>	<p>1. Headquarters economy in Hong Kong could be enhanced when the multi-national corporations enjoy the convenience of logistics, transportation, financial services and information flow, which will promote the status as trade centre at the same time.</p> <p>Results of the “2009 Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong”, show that the key favorable factors affecting the choice of Hong Kong as a location for RHQ/RO/LO are: Simple tax system and low tax rate; Free flow of information; Absence of exchange controls; Corruption-free government; Communication, transport and other infrastructure; Rule of</p>	
--	--	---	--

		<p>law and independent judiciary; Political stability and security; Free port status; Geographical location; Availability of financial services.</p> <p>In view of this, we propose:</p> <p>1.1) Hong Kong's future should continue to maintain and strengthen the existing advantages, and deepen the cooperation with Mainland, particularly the infrastructure cooperation with Pearl River Delta region, which is one of the most important factors for Hong Kong to attract large companies or the Asia-Pacific Headquarters to choose Hong Kong as regional headquarters.</p> <p>1.2) Hong Kong is facing keen competition from other Asia-Pacific region cities, like Singapore, Tokyo, Sydney,</p>	
--	--	--	--

	<p>2. Make full advantage of Hong Kong's talents</p>	<p>Shenzhen and Shanghai, which have been promoting their headquarters economies. So it is necessary for Hong Kong to further strengthen economic cooperation with the Mainland in developing headquarters economy.</p> <p>2.1) Further simplify the procedures of visa arrangements for Mainland talents to come to Hong Kong;</p> <p>2.2) Universities in Hong Kong have pursued international management modes, consequently for those with research departments, they could cooperate with PRD and overseas researchers and industries for further knowledge exchanges, deepen research and development, and personnel training, etc., to promote the national innovation system.</p>	
--	--	---	--

		<p>2.3) Deepen the education cooperation between Hong Kong and Mainland. In 2009, Hong Kong Coalition of Service Industries issued a research report on human resources cooperation between Mainland and Hong Kong, which provided a range of feasible suggestions in education, such as:</p> <p>2.3.1) The universities and training institutions in Hong Kong could provide higher levels of academic and professional training courses for the Mainland people (for example in accounting and the construction industry).</p> <p>2.3.2) Further relaxation of the limits for self-financing Mainland students coming to Hong Kong to study for the associate degree and bachelor degree.</p>	
--	--	---	--

	<p>3. to enhance Hong Kong's status as a trading centre for intellectual property</p>	<p>2.3.3) Encourage accredited colleges and universities, including the university and its school of continuing education to attract Mainland students to have part-time study, distance learning and short courses.</p> <p>2.3.4) During the study period in Hong Kong, students from Mainland should be allowed to participate in internships outside campus. The nature of internship is not necessarily related to their field of study.</p> <p>3.1) To comply with Mainland's demand of advanced technology for industrial upgrading.</p> <p>3.2) To comply with the Mainland's demand of environmental technology for energy-saving and emission reduction</p>	<p>3.1) To open up Mainland's technology and environmental market to allow more Hong Kong enterprises to participate.</p> <p>3.2) To enlarge the coverage of nationals for the "avoidance of double taxation agreement"</p>
--	---	--	---

	<p>4. Enhance Hong Kong's position as a development platform for Mainland's enterprises' internationalisation process.</p>	<p>3.3) To comply with the development of authorised dealership in Mainland prompted by individual consumer market.</p> <p>3.4) To comply with the need of independent research and commercialisation of products in Mainland.</p> <p>4.1) To utilise Hong Kong's advantage as an international trade centre to explore overseas market</p> <p>4.2) To utilise Hong Kong's advantage as international financial centre to optimise</p>	<p>3.3) To encourage Hong Kong and other different countries to sign up free trade agreement, and to avoid the status of Hong Kong as a port of transshipment being marginalised by the limitation of other bilateral or multi-lateral trade agreements.</p> <p>3.4) To enhance the cooperation for the protection of intellectual property rights obtained between Hong Kong and Mainland.</p> <p>4.1) To enhance Hong Kong's functional status as RMB offshore centre, especially as a channel for RMB to turn back to Mainland.</p> <p>4.2) To enhance the</p>
--	--	--	---

	<p>5. Strengthen Hong Kong's functional status as a regional logistics management centre</p>	<p>finance and asset management</p> <p>4.3) To utilise Hong Kong's advantage as international logistics centre to co-ordinate regional and global buying and sales businesses</p> <p>5.1) To enhance the efficiency of production and supply chain in different production sites in Asia</p> <p>5.2) To strengthen Hong Kong's status as air cargo handling hub</p> <p>5.3) To strengthen Hong Kong's capability in logistics and information management in the cross-strait area as well</p>	<p>cooperation between Hong Kong and Mainland's customs, and to further simplify customs formalities.</p> <p>4.3) Further simplify procedures and limitations for Mainland companies to establish their business in Hong Kong</p> <p>5.1) To speed up e-customs services between Hong Kong and the Mainland and the coordinated development of GPS systems</p> <p>5.2) To strengthen Hong Kong's external sea and air transport links</p>
--	--	---	---

	<p>6. Take full advantage of tax tariffs and trade facilitation, opening more measures for CEPA's "early and pilot implementation"</p>	<p>the Association of South East Asian Nations (ASEAN) region.</p> <p>6. To allow more Hong Kong enterprises to use raw materials from free trade zone and to process semi-manufactured goods.</p> <p>6.1) Proposal on optimising the rules on origin criteria under CEPA.</p> <p>CEPA stipulates that goods not wholly obtained in one side are considered as originating in that side only if they have undergone substantial transformation in that side. And the criteria for determining "substantial transformation" under CEPA may include "manufacturing or processing operations", "change in tariff heading", "value-added content", "other</p>	
--	--	--	--

		<p>criteria” or “mixed criteria”.</p> <p>In view of the above, it is proposed that Regional Value Content (RVC) in Economic Cooperation Framework Agreement (ECFA) and Rules of Cumulative Origin in China-ASEAN Free Trade Area (CAFTA) shall be subsumed under the Rule of Origin in CEPA. As a result, the materials from any of the contracting parties can be counted towards RVC, thus improving the existing CEPA origin criteria of providing 30% of value-added part must be completely finished in Hong Kong.</p> <p>6.2) Suggestion on materials and labour expenses originated in Mainland shall be counted under the ad valorem percentages of Rules of Origin in CEPA.</p>	
--	--	--	--

		<p>Under ECFA, when goods are made in one side and both sides which are not produced by raw material, its status of origin could be determined by change of tariff classification, regional value content, processing procedures standard or other standard.</p> <p>However, under the provisions of CEPA, 30% or more of the raw materials, component parts, labour costs and product development expenditures must be obtained in Hong Kong. And the final manufacturing or processing operations should be completed within Hong Kong.</p> <p>In view of this, in assessing the Regional Value Content, originating materials, components and labour value used by the Mainland side will be counted in Ad Valorem</p>	
--	--	---	--

		<p>Percentage (value-added ratio requirement) of CEPA rules of origin.</p> <p>This will facilitate Hong Kong products to meet CEPA 30% value-added ratio requirement when using Mainland raw materials, components, or labour. Meanwhile, this encourages Hong Kong enterprises to use Mainland raw materials and semi-finished goods in their manufacturing process.</p> <p>6.3) Suggestion on adjusting the existing CEPA origin criteria to mainly adopting the "Regional Value Content" and "Change of Tariff Classification" standard, and further enrichment in the content of Process Criterion.</p> <p>CEPA requires that "the total value of raw materials, component parts, labour costs</p>	
--	--	--	--

		<p>and product development costs exclusively incurred in one side should be greater than or equal to 30% of the FOB value of the exporting goods" and "the final manufacturing or processing operations should be completed in the area of that side." However, "final manufacturing operations" are not clearly defined in CEPA.</p> <p>When referring to "manufacturing or processing operation standard", it basically adopts a mixed standard of "main manufacturing processes", and some "specific processes" must be executed in Hong Kong.</p> <p>In view of this, we suggest to adopt "Regional Value Content" and "Change of Tariff Classification" in</p>	
--	--	---	--

		<p>assessing the origin criteria in CEPA, and further enrich the content of Process Criterion. The benefit of adopting "manufacturing or processing operations standard" is clear and workable. But it ignores product design and quality test during the production processes. If the role of the above two could be clarified in Regional Value Content, and agreed as the "main manufacturing processes" and " final manufacturing operations", this will turn some Hong Kong products from not qualified to state as Hong Kong origin to being able to obtain Hong Kong Certificate of Origin. This new arrangement will also encourage more Hong Kong enterprises to keep their</p>	
--	--	--	--

		product development and quality inspection departments and operations in Hong Kong. Only through producing more local products, Hong Kong could enhance its position in the international economic arena	
--	--	--	--

Promoting the development of the six priority industries (i.e. testing and certification services, medical services, innovation and technology, cultural and creative industries, environmental industries, and education services)			
	Key recommendations	Details	Ways of implementation
Promoting the development of testing and certification services	1. The proposed testing and certification systems in the Mainland should be in line with those in Hong Kong so that the testing results and certificates issued by Hong Kong organisations will be more easily recognised by the Mainland.	<p>1.1) A mutual accreditation mechanism should be set up for testing and certification organisations in Hong Kong and the Mainland.</p> <p>1.2) Qualifications should be established for testing and certification organisations in the region to take part in developing and operating various quality products and services.</p> <p>1.3) Under Supplement VII to CEPA, testing organisations in Hong Kong to cooperate with designated Mainland organisations can undertake testing of products under the China Compulsory Certification (CCC) System</p>	<p>1.1) Hong Kong and Guangdong should discuss, select and work on the types and priorities of quality products and services needed to be developed. With regard to the mutual accreditation mechanism, it is suggested that it can begin with some items related to people's livelihood such as the safety and functions of consumer products, food, healthcare services, etc.</p> <p>1.2) Related testing and certification authorities of the two places should mutually recognise each other's testing and certification organisations</p>

	<p>2. Call for recognition of the safety and quality logos issued by Hong Kong enterprises</p>	<p>on a pilot basis, in respect of selected products listed in the CCC Catalogue and processed in Hong Kong (i.e. the processing facilities are located in Hong Kong). These testing organisations have to be accredited by the accreditation body of the Hong Kong Special Administrative Region (SAR) Government (i.e. the Hong Kong Accreditation Service) to be capable of performing testing for the relevant products under the CCC System. Therefore, it is suggested that on the basis of Supplement VII to CEPA, the testing results of all related products issued by accredited laboratories in Hong Kong should also be recognised by the CCC System.</p> <p>2. For enterprises, products or services which have attained these Hong Kong logos, they</p>	<p>and simplify the customs clearance procedures of the related testing samples.</p> <p>1.3) The Commerce and Economic Development Bureau should continue to negotiate with the Mainland through CEPA to urge for recognition of testing reports issued by accredited laboratories in Hong Kong.</p> <p>2. The Commerce and Economic Development Bureau should negotiate</p>
--	--	---	--

	<p>3. facilitate Hong Kong companies to operate in the Mainland</p> <p>4. R&D organisations and technology companies taking</p>	<p>can skip the testing procedures when applying for certification in the Mainland and they can also join the reward schemes in the Mainland.</p> <p>3. urge for introducing facilitative measures in Guangdong on a pilot basis to help Hong Kong companies set up business in the province and later expand to other places around the nation</p>	<p>with related authorities in Guangdong and the Mainland. Hong Kong Economic and Trade Office in Guangdong, Hong Kong Trade Development Council and various business organisations should cooperate in promoting Hong Kong's safety and quality logo.</p> <p>3. The Commerce and Economic Development Bureau should negotiate with related authorities in Guangdong and the Mainland and urge them to provide simple and easy measures to facilitate Hong Kong enterprises intended to set up business in the Mainland.</p>
--	---	---	--

	part in the testing and certification sector in Hong Kong are suggested to directly participate in the standard setting council in the Mainland		
Promoting the development of medical services	<p>1. strengthen cooperation between the Mainland and Hong Kong in Chinese medicine service</p> <p>2. cooperation between Hong Kong and the Mainland in setting up medical institutes and teaching hospitals</p>	1. promote the modernisation of Chinese medicine	<p>1. Graduates of Chinese Medicine courses in Hong Kong can go to Chinese medical institutes in the Mainland for internship training.</p> <p>2. arrange exchanges between Chinese medicine practitioners in the Mainland and Hong Kong</p>
Promoting the development of innovation and technology	<p>1. enhance industry-university-research collaborations between Hong Kong and the Mainland</p> <p>2. allow technological research and innovation to play a central role in the National 12th Five-Year Plan</p>	<p>1. consolidate R&D resources between the Mainland and Hong Kong to promote upgrading of industries and R&D</p> <p>2.1) allow Hong Kong enterprises to take part in Mainland's major projects</p> <p>2.2) allow R&D organisations, universities</p>	1. provide tax reduction or exemption measures or policy incentives for joint projects between the Mainland and Hong Kong

	<p>3. develop Hong Kong into Asia's data centre</p>	<p>and technology companies in Hong Kong such as ASTRI (Applied Science and Technology Research Institute) to take part in R&D projects, e.g. electronic vehicles, new energy and environmental projects, in the Mainland</p> <p>3. Cloud computing will be included in the National 12th Five-Year Plan. To get in line with the development in this aspect, Hong Kong should be developed into a data centre as the development of cloud computing hinges on the development of a data centre</p>	<p>The Hong Kong SAR Government should provide land for the construction of a data centre and introduce measures to attract foreign data companies to set up in Hong Kong.</p>
<p>Promoting the development of cultural and creative industries</p>	<p>1. relax restrictions on Hong Kong's animation industry in the Mainland and develop Hong Kong into a base for international culture and creative industries</p>	<p>1. establish a base for international culture and creative industries in the PRD region, so that Hong Kong can serve as an attractive platform for introducing international culture and creative industries to the</p>	<p>1. The works of Hong Kong enterprises are still regarded as "foreign works" which do not enjoy the same treatment as domestic works produced in the Mainland. For instance, works of Hong</p>

		<p>Mainland through a convenient transport network. Mainland enterprises can also make use of Hong Kong to connect and exchange with the world. This base of world-class culture and creative industries can be a place to cultivate a new generation of Mainland talent with international vision which benefits the growth of culture and creative industries in future.</p>	<p>Kong enterprises are still subject to a very long approval process (it normally takes three months for Mainland works to obtain approval but it takes up to 18 months for works of Hong Kong to obtain approval). In addition, Hong Kong works are not allowed to be broadcast at prime time on CCTV channels. Besides, the kind of tax that works undergone digital post-processing in Hong Kong are subject to when entering the Mainland is still not clear. More worryingly, different places in the Mainland may have different interpretations and implementation measures.</p> <p>It is suggested to select an area in PRD which is adjacent to Hong Kong</p>
--	--	--	---

	<p>2. Relax the access restrictions for Hong Kong enterprises investing in the Mainland cultural and creative industries</p>	<p>Allow the Hong Kong enterprises to wholly or jointly invest in the Guangdong cultural and creative industries that are now under restrictions</p>	<p>and has good transport facilities, so that the Hong Kong service providers can settle in this “International Cultural and Creative Industries Base” in the form of a wholly-owned subsidiary or private business. The cultural and creative products and services (e.g. online games, comic & animation, videos, post-production etc.) developed in the Base will enjoy the same privileges as the local productions, such as the approval time, VAT calculation and TV broadcasting.</p> <p>Further broaden and enrich the contents of CEPA</p>
--	--	--	---

	<p>3. Encourage the enterprises in the Mainland to use Hong Kong as a regional film financing centre</p> <p>4. Encourage the enterprises to use Hong Kong as a regional administrative centre for the creative industry</p> <p>5. Refine the intellectual property right protection systems in Hong Kong and Mainland</p>	<p>Lead the Mainland and overseas cultural industry funds to use Hong Kong as a film financing platform</p> <p>Attract the enterprises to retain creative talents and develop a creative centre in Hong Kong</p> <p>Integrate the registration and certification systems for IPR protection in the two places</p>	<p>Solve the film financing-related RMB exchange problems</p> <p>Further relax immigration restrictions for creative talents</p> <p>Establish a cross-region IPR database</p>
--	---	---	---

Analysis from a regional perspective of the positioning of Hong Kong and Guangdong in the Nation's economic development

Positioning Hong Kong and Guangdong as demonstration zones of early and pilot implementation

	Key Recommendations	Details	Ways of implementation
1. Which domains in Hong Kong and Guangdong can be put into “early and pilot implementation” ?	1. Implement the Guangdong pilot measures under CEPA	<p>1. The Central Government has been giving greater support since 2008, when 25 Guangdong pilot measures were announced. There are 9 measures under Supplement VI to CEPA in 2009, and 7 under Supplement VII in 2010.</p> <p>These measures cover many sectors, including banking, securities, shipping, railway transportation, convention & exhibition, public utilities, telecommunication,</p>	

		<p>legal and medical services etc. The Hong Kong-Guangdong cooperation in services industries much depends on the further implementation of these measures.</p>	
	<p>2. Implement the “Framework Agreement on Hong Kong/Guangdong Cooperation”</p>	<p>2.1) Strengthen the cooperation in infrastructure construction. In addition to hardware construction, software improvement is also important. The two places should have better policy arrangements, resource allocation and greater determination.</p> <p>2.2) Currently, there are already 44</p>	

		<p>liberalised service sectors under CEPA. By the liberalisation measures for services sectors under CEPA, simplified approval procedures and speeding up the mutual recognition of professional qualifications, we hope Hong Kong services industries can enjoy easier access to Mainland market, and the services trade between Hong Kong and Guangdong will be further promoted.</p> <p>2.3) For financial services, we suggest to establish a RMB offshore centre in Hong Kong, and develop Hong Kong into Mainland's "wealth management</p>	
--	--	--	--

		<p>centre” and “capital formation and going-out centre”. Then we can issue more RMB-denominated investment products, assist the Mainland enterprises, esp. the Guangdong enterprises, to list in Hong Kong, and encourage the Mainland investors manage their wealth more proactively. These will ultimately bring prosperity and creativity to the Mainland, esp. the PRD financial market.</p> <p>2.4) Enhance the cooperation in environmental protection and recycling industries.</p>	
--	--	--	--

<p>2. How to coordinate with the developments of the major cooperation zones, such as the Qianhai area in Shenzhen, the Shenzhen-Hong Kong Loop and Nansha in Guangzhou?</p>	<p>1. Develop a post-production base for the creative industry</p>	<p>1. Offer tax incentives in these cooperation zones and use imported hi-tech equipments to develop a post-production base</p>	<p>Guangdong-Hong Kong negotiation</p>
	<p>2. Build a theme park which integrates creative and tourism industries</p>	<p>2. Based on the consideration for demands and feasibility, build a theme park to attract investment and broaden the income source for the industries</p>	

The Greater Pearl River Delta Business Council

Proposal by Sustainable Development Sub-group on

Hong Kong's Role and Positioning in the Economic Development of the Nation

I. Background Information

Sub-group: Sustainable Development Sub-group

Sub-group Convenor: The Hon Yang Mun-tak, Marjorie

Study Area(s): Promoting the development of Hong Kong's environmental industries; Positioning Hong Kong and Guangdong as demonstration zones of "early and pilot implementation"; Building a national pioneer system of environmental and ecological protection and creating a quality living circle

Sub-group Members: Mr Andrew Brandler , Mr Clement Chen, Prof Lam Kin-che, Ms Lam Shuk-ye, Mr David Lie, Mr Daryl Ng, Mr Sin Chung-kai, Mr Cliff Sun, Dr Patrick Wang

II. Recommendations

Promoting the development of the six priority industries (i.e. testing and certification services, medical services, innovation and technology, cultural and creative industries, environmental industries, and education services)			
	Key recommendations	Details	Ways of implementation
Promoting the development of environmental industries	1. The upstream and downstream areas of Dongjiang River should partner up and share the responsibility to develop environmental industries at the river's headwaters in Jiangxi Province.	The headwaters of Dongjiang River in Jiangxi is of the utmost importance to the living standard of the 40 million people living in the Greater Pearl River Delta (PRD) regions, which is why we hope that the water in that area can be protected. However, we do understand that the water conservation efforts might get in the way of the economic development at the headwaters area. So we suggest that the Central Government, together with the governments of Guangdong and Hong Kong, to conduct research and studies to look for a solution that can accommodate the needs for development at the headwaters area, while the water quality there can be protected for the Greater PRD (GPRD) regions.	<p>1. Help the residents at the headwaters of Dongjiang River develop environmental industries to create job opportunities, while making the best efforts to protect the source of Dongjiang River.</p> <p>2. Design an eco-tourism program that has commercial benefits and attracts tourists from all over the regions, and at the same time should have zero impact on the environment and be pollution-free. A Guangdong-Hong Kong fund will support the program.</p> <p>3. A working group, consisting of experts from Guangdong and Hong Kong, should be set up to analyse the issues and difficulties in the headwaters</p>

			area.
--	--	--	-------

	Key recommendations	Details	Ways of implementation
Promoting the development of environmental industries	2. Ensure uniformity in the standard and monitoring mechanism for environmental protection in the Mainland	<p>Lack of uniformity has impeded the roll out of the relevant environmental policy.</p> <p>Relatively more developed cities such as those along the coastal areas can afford to cope with the higher and tightened environmental standard. Inland and remote cities and areas may face huge difficulties in adopting higher standard as it would impede their development.</p> <p>The non-uniformity has brought out a number of practical problems, e.g. mobile vehicles entering the coastal areas such as the PRD (with more stringent emission standard) from the inland cities (with less stringent emission standard) may bring higher pollution level up in these areas which would be difficult to control.</p> <p>Although allowing less-affordable cities to adopt inferior standard may help more rapid development of these cities, it may be difficult for infrastructure and system, once developed in these cities, to be upgraded or renewed to meet tighter environmental standard in future.</p>	<p>1. Set up uniform standard and reinforce the monitoring mechanism of environmental protection for all provinces and cities in the Mainland, and enforce the compliance of such standard</p> <p>2. For regions and cities that are not ready and/or affordable to cope with the standard, government subsidies and assistance would be considered</p> <p>3. Establish a public reporting system to improve transparency; enhance awareness and facilitate benchmark of the environmental performance of regions and cities</p>

	Key recommendations	Details	Ways of implementation
Promoting the development of environmental industries	3. Promotion of energy efficiency and conservation	<p>Besides the optimisation of energy structure to utilise more zero/low carbon energy sources to meet the nation's need, energy efficiency and conservation (EE&C) is a key element in supporting the nation to achieve the voluntary target of carbon intensity reduction by 2020.</p> <p>Policy support is vital to encourage and foster EE&C initiatives to be implemented in the Mainland. An effective energy service market is yet to be established. Hong Kong's experience in EE&C would help – introduction of a mandatory building energy code plus an incentive scheme would be enablers.</p> <p>Professional services providers in Hong Kong with Hong Kong and international experience and expertise in consultancy, planning and engineering could help the Mainland cities embark the EE&C programs with an energy services and performance contracting market established to sustain the EE&C efforts.</p>	<ol style="list-style-type: none"> 1. Develop, enact and enforce mandatory building energy code and energy efficiency labeling for energy appliances 2. Incentivise industries, factory owners and estate/facilities management to implement EE&C initiatives by providing tax benefits 3. Encourage Hong Kong professionals with expertise in consultancy, planning and engineering in the EE&C areas to establish companies in the Mainland to perform EE&C services including energy planning and audits, energy performance contracting services, installation/retrofitting qualified EE&C equipment/system to industrial processes/buildings

	Key recommendations	Details	Ways of implementation
Promoting the development of environmental industries	4. Promotion of wider-use of emissions-free vehicles	<p>Road-side air pollution remains a key area of air quality problems that needs to be addressed.</p> <p>Early adoption of fully electric vehicles (including buses and goods vehicles) is currently hindered by availability of cost-competitive EV fleets and the varieties of battery charging systems</p> <p>Provision of an electric charging infrastructure is critical to enable such adoption but due to technology development of different EV manufacturers there is a lack of standardised charging infrastructure. This impedes the wider use of EV.</p>	<ol style="list-style-type: none"> 1. Accelerate the retirement of aging and highly polluting vehicles through a coordinated combination of incentives and disincentives according to a specified timeframe 2. Develop a national standard for EV charging to standardise charging facility (on-board normal and quick charging) for the required infrastructure to be established that are compatible to EV suppliers of different models 3. Designate a number of zero- or low-emission zones as pilot areas into which only EV or other emissions-free vehicles are allowed to enter

	Key recommendations	Details	Ways of implementation
Promoting the development of environmental industries	5. Hong Kong joins hand with the Guangdong Province to develop and forge a Southern Low Carbon Quality Living and Economy Demonstration District. The results and experience can be widely promoted to the rest of the nation and the World.	<p>1. Establish Hong Kong and Guangdong joint targets on the collaborative development and utilisation of low carbon and renewable energy resources so as to strengthen the decarbonisation of the energy supply.</p> <p>2. Carry out research on sectoral energy consumption pattern in industry, commerce and building so as to establish the optimum energy consumption indicators and practices for the region.</p>	<p>1. Organise the major companies within the region to set up a voluntary “Cap and Trade” carbon emission trading platform so as to accumulate experience in carbon trading and thereby forming a basis to respond to the demand on greenhouse gas (GHG) emission from the international community.</p> <p>2. Research and develop unified infrastructural support for electric vehicles including repair stations and battery charging etc so as to encourage the use of electric vehicles in the region.</p> <p>3. Facilitate the liberalisation of the regional environmental service market such as consulting, engineering, and environmental impact assessment so as to expedite the transfer of overseas advanced environmental management practices and technologies from Hong Kong into the nation.</p> <p>4. Strengthen regional promotion and</p>

			support on the use of cleaner production technologies in industry so as to increase energy efficiency.
--	--	--	--

Analysis from a regional perspective of the positioning of Hong Kong and Guangdong in the nation's economic development

Positioning Hong Kong and Guangdong as demonstration zones of early and pilot implementation

	Key Recommendations	Details	Ways of implementation
Which domains in Hong Kong and Guangdong can be put into "early and pilot implementation"?	Establishing the Joint office of cross-boundary social affairs (Joint office), with the aims to facilitate the closer co-operation between Hong Kong-Guangdong governments and relevant authorities; and to resolve a basket of subjected cross-boundary social issues.	Co-establish the Joint office of cross-boundary social affairs by Hong Kong-Guangdong governments; and it functions as an body of consultation and implementation.	With the help of the co-operation mechanism of the Joint office, a specialised working platform is provided for consultation and implementation over the cross-boundary social integration issues that of "Outline of the Plan for the Reform and Development of the Pearl River Delta" and "Agreement on Hong Kong / Guangdong co-operation".

Building a national pioneer system of environmental and ecological protection and creating a quality living circle			
	Key Recommendations	Details	Ways of implementation
How to take forward the creation of a quality living circle in Hong Kong and Guangdong?	1. Establishing the mechanism for cross-boundary medical evacuation.	The Hong Kong and Guangdong immigration departments should exchange views over a basket of issues concerning the arrangement of cross-boundary ambulance services, patient evacuation, insurance, and the qualification of equipments and escort crew.	Exchange views on respective concerns through the co-operation mechanism of the Joint office.

	Key Recommendations	Details	Ways of implementation
How to take forward the creation of a quality living circle in Hong Kong and Guangdong?	2. Share our urban planning experiences on developing new towns and satellite cities in Hong Kong with the rural townships in PRD.	A lot of the rural townships in the PRD have gone through rapid urbanisation in recent years. For example, many towns and areas at the outskirts of Dongguan have been urbanised already. Unfortunately, these newly-developed areas have not worked with each other during development, causing the lack of systematic coordination in their public facilities and infrastructure. The lack of coordination in transportation networks, electricity supply and water services leads to the failure to utilise these facilities to the fullest extent, and that significantly affected the overall development of PRD.	<ol style="list-style-type: none"> 1. Urban planning experts in PRD can visit Hong Kong to study our experiences in developing Hong Kong. 2. Hire Hong Kong professionals to participate in urban development projects on the Mainland so they can share their past experiences and contribute in the nation's development. 3. Hong Kong might not be the most successful example in urban development. However, the city has a lot of experiences that should be relevant to the on-going development projects in PRD. We believe this is a win-win situation, as more collaboration of the two regions will definitely help optimise the infrastructure development in Hong Kong.

III. Other proposals on “Hong Kong's Role and Positioning in the Economic Development of the Nation”

Topic	Key recommendations	Details	Ways of implementation
Establish the regional management system for the infrastructure of the cross-boundary healthcare and social welfare services.	Explore the possibility of establishing a regional management system to tackle those issues of integration of healthcare and social welfare in GPRD.	Exchange data, related information and views with authorities, social communities and related academic institutions in GPRD through the regional management system, and it is expected to throw light on relevant issues, and provides policy suggestions.	Suggesting those advices to the Joint office of cross-boundary social affairs based on those analytical feedbacks. And the joint office should be responsible for conducting feasibility study in the area of subjected regional social issues.

The Greater Pearl River Delta Business Council

**Proposal by Services Industry Development and Human Resources Sub-group on
Hong Kong's Roles and Positioning in the Economic Development of the Nation**

I. Background Information

Sub-group: Services Industry Development and Human Resources Sub-group

Sub-group Convenor: Mr Chan Tze-ching, Ignatius

Study Area(s): Consolidating and enhancing Hong Kong's position as an international financial centre; Promoting the development of the six priority industries; Positioning Hong Kong and Guangdong as demonstration zones of "early and pilot implementation"

Sub-group Members: Mr Ho Kwan-yiu, Junius; Prof. the Hon. Lau Juen-ye, Lawrence; Mr Sin Chung-kai; Dr Tai Tak-fung; Mr Yu Pang-chun

Consulted Bod(ies)/Organisation(s)/Person(s): Mr Hung Hak-hip, Peter; Mr Lam Hau-yin, Lester; Mr Irons Sze; Mr Chen Cheng-jen, Clement; Prof. the Hon. Cheung Bing-leung, Anthony

II. Recommendations

Analysis on the Positioning of Hong Kong in the Economic Development of the Nation from a Sectoral Perspective

Consolidating and enhancing Hong Kong's position as an international financial centre, a trade centre and a shipping and logistics centre

	Key recommendations	Details	Ways of implementation
Consolidating and enhancing Hong Kong's position as an international financial centre	1. Strengthen and enhance Hong Kong's role as an offshore Renminbi (RMB) financial centre	1. To enhance Hong Kong's role as an offshore RMB financial centre, Hong Kong requires further strengthening its capacity on RMB fund raising, investment, trading and hedging.	1.1 Regarding the fund raising, Hong Kong can develop into a platform for raising RMB, so as to facilitate large enterprises from the Mainland to raise RMB funds in support of their overseas investments and RMB businesses, and to provide small-and-medium sized enterprises (SMEs) from the Mainland as well as foreign enterprises with a channel to raise RMB in support of their Mainland operations.

			<p>1.2 Regarding investment, the market has shown great interests in investing RMB-denominated products. If Hong Kong can offer a full range of RMB financial products and services, including RMB bonds and funds as well as the trading of H shares and their dividends in RMB in Hong Kong, the willingness of local and overseas institutions in holding RMB funds would increase. This would help consolidate Hong Kong's role as a reservoir of RMB.</p> <p>On the other hand, if RMB in Hong Kong is allowed to invest in the fixed-income products in the Mainland, the attractiveness of</p>
--	--	--	---

			<p>depositing RMB in Hong Kong would be further strengthened as investment options have increased.</p> <p>However, the implementation of related policies must be especially prudent to avoid shocks to the financial system and macroeconomic austerity policies in the Mainland.</p> <p>1.3 Regarding trading and hedging, allowing non-Hong Kong residents to open RMB accounts, and relaxing the daily conversion limit of RMB20,000 per person are recommended. With the expansion of the RMB cross-border trade</p>
--	--	--	---

	<p>2. Strengthen Hong Kong’s role as an investment platform for the Mainland</p>	<p>2. In view of the substantial needs of capital outflow from the Mainland, the Central Government launched the QDII program in 2004. Yet Mainland investors are still facing many restrictions when investing in Hong Kong. For instance, Mainland individuals and institutions may only invest in overseas markets through domestic financial institutions, whose investment amount</p>	<p>settlement pilot scheme and the launch of more RMB-denominated products by the financial sector in the future, the transaction volume and investment amount in RMB will increase. To provide global traders and investors with a channel to hedge against RMB exchange rate risk, Hong Kong needs to develop futures and options markets for RMB interest rate and foreign exchange.</p> <p>2.1 Recommend the introduction of a “capital free flow” scheme, allowing Mainland individuals and institutions to invest overseas directly</p>
--	--	--	---

	<p>3. Strengthen co-operation with the Guangdong province</p>	<p>is also restricted.</p> <p>3.1 With rich business experience and extensive commercial network in the Mainland and overseas markets, SMEs in Hong Kong may contribute to the industrial upgrading and transformation in the Guangdong province.</p>	<p>or through authorised financial institutions in the Mainland.</p> <p>3.1 Recommend co-operation between Governments in Guangdong and Hong Kong in assisting Hong Kong SMEs to enter the Guangdong market, so as to enable Hong Kong business firms to bring their accumulated experience and network to the service sector in the Guangdong Province. The Hong Kong Special Administrative Region (SAR) Government may offer assistance to SMEs in such areas as financing arrangements, research and development, personnel training, information exchange and</p>
--	---	---	--

		<p>3.2 Abundant capital and a highly efficient financial system are important elements in supporting enterprises to undergo industrial upgrading and transformation.</p>	<p>marketing.</p> <p>It is also hoped that the Guangdong Government will formulate relevant policies that offer more facilitating arrangements for Hong Kong enterprises targeting sales in the Mainland and service-oriented SMEs in such sectors as accounting, medical care and legal services, for them to explore the opportunities in Guangdong market.</p> <p>3.2 To further strengthen the financial co-operation between Guangdong and Hong Kong, Guangdong Government may further utilise the opportunity of ‘early</p>
--	--	--	---

			<p>and pilot implementation' arrangements granted by the Central Government, to launch more innovative financial reform and relax business restrictions of Hong Kong financial institutions operating in the Guangdong Province.</p> <p>Regarding banking services, recommend relaxation of the prevailing limit on the shareholding ratio by Hong Kong banks in banks of the Guangdong Province; and recommend allowing Hong Kong banks to conduct a full range of businesses in the Mainland, and enjoy same treatment</p>
--	--	--	--

			<p>as banks in the Guangdong Province.</p> <p>Regarding the development of securities market, support further strategic co-operation between stock exchanges in Hong Kong and Shenzhen, such as share swap arrangements, cross-listing of shares and personnel exchange between the two bourses; allow Hong Kong securities firms (including investment banks) and fund management firms (via their wholly owned firms, subsidiaries or joint venture firms with Mainland partners in the Mainland) to conduct full range of</p>
--	--	--	--

			<p>services in the Guangdong Province, and enjoy the same treatment as their counterparts in the Province, including arranging bond issuance, listing and other fund raising activities in the Mainland.</p> <p>Regarding the insurance sector, recommend allowing insurance companies from Hong Kong (via their wholly owned firms, subsidiaries and joint venture firms with Mainland partners in the Mainland) to enjoy broader business scope and wider market coverage in such areas as reinsurance, life insurance, property insurance, medical</p>
--	--	--	---

	<p>4. Develop Hong Kong as a centre of overseas headquarters for Mainland enterprises aspiring to go global</p>	<p>4. Buttressed by the government's encouragement, more Mainland enterprises are exploring overseas market. In the process of going global, these enterprises need a mature and efficient overseas commercial platform to coordinate their production, research and development, supply chain management, marketing and sales, and financing around the world.</p> <p>As a premier international business and wealth management centre in the Asia Pacific region, Hong Kong enjoys cutting edges in terms of talents, information, capital, technology and the rule of</p>	<p>insurance and pensions.</p> <p>4. Recommend further relaxation by the Mainland Government on the procedures for Mainland enterprises (particularly private enterprises) to trade and invest in Hong Kong; and offer facilitating arrangements including simplifying application process, facilitating people and moving across the border, and relaxing fund procurement.</p> <p>Recommend directly opening of the migrant admission scheme in the form of investment information to Mainland individuals. The Central</p>
--	---	--	---

		<p>law. It also has an extensive global commercial network, in-depth knowledge on international business and legal environment, as well as rich experience in marketing. As such, Hong Kong could serve as the centre of overseas headquarters for Mainland enterprises aspiring to go global.</p>	<p>Government, Hong Kong SAR Government and the industrial and commercial sectors across the border may consider forming a specialised unit to expedite this policy's implementations. The unit will, on the one hand, play the role of overall coordination and planning, and on the other, provide assistance to state-owned enterprises and private enterprises in the Mainland that have established headquarters in Hong Kong to go global.</p>
--	--	--	--

Facilitate the development of the six priority industries (Testing and certification services, medical services, innovation and technology, cultural and creative industries, environmental industries and education services)			
	Key recommendations	Details	Ways of implementation
Facilitate the development of testing and certification services	1. The Mainland can leverage on Hong Kong's sophisticated testing and certification industry to make up for its deficiency.		1. Riding on "CEPA 7," actively seek support from the Mainland Government for allowing testing and certification institutions from Hong Kong to take part in CCC testing and certification works in Guangdong Province; and improving transparency of entry barriers and related procedures, to enable a clear benchmark for Hong Kong institutions aspiring to enter the Mainland market to attain relevant qualifications in accordance with

			<p>relevant regulations, and to make more contributions in terms of uplifting the quality of made-in-China products.</p> <p>2. Hong Kong has long been acting as an independent third party in providing Mainland exporters with high-quality certification and testing services. However, inconvenience and barriers still arise due to the different systems in the Mainland and Hong Kong. The Hong Kong SAR Government has set up the Hong Kong Council for Testing and Certification and the board of directors</p>
--	--	--	--

			<p>to promote the services provided, so as to solicit such Mainland industries as food industry to utilise Hong Kong's testing and certification services. Mainland authorities concerned shall consider making an equity participation in such institutions in Hong Kong, and offer convenience via opening a "Green Channel" for products sent to Hong Kong for testing and certification procedures.</p> <p>3. Develop websites with the Mainland as information platforms on quality inspection, and timely updates on the latest benchmarks</p>
--	--	--	--

			adopted by the nation and the world, so as to minimise unnecessary expenses by enterprises.
Facilitate the development of cultural and creative industries	<ol style="list-style-type: none"> 1. Relax the entry limits for Hong Kong companies aspiring to invest in cultural and creative industries in the Mainland. 2. Encourage participants in the Greater China Region to utilise Hong Kong as a regional financing centre for film production. 3. Encourage creative industries to base their regional administrative centres in Hong 	<ol style="list-style-type: none"> 1. Allow Hong Kong companies, whether in the form of wholly-owned companies or joint ventures, to invest in sectors of cultural and creative industries that are currently under restrictions in Guangdong Province. 2. Attract funds for cultural industries from both the Mainland and overseas to utilise Hong Kong as a financing platform for film production. 3. Attract enterprises to pool creative talents and build a creative hub in Hong 	<ol style="list-style-type: none"> 1. Further expand the scope of CEPA 2. Settle the RMB settlement issue related to financing for film production. 3. Further relax the requirements for creative talents

	<p>Kong.</p> <p>4. Improve the systems of protecting intellectual property rights in Hong Kong and the nation.</p> <p>5. Open up market networks in the Mainland.</p>	<p>Kong.</p> <p>4. Merge the systems of registration and certification of intellectual property rights in the Mainland and Hong Kong.</p> <p>5.1 The completion of Hong Kong portion of high speed railway will bring about new opportunities for Hong Kong in exporting cultural services to the Mainland.</p> <p>5.2 The Hong Kong SAR Government should reinforce its coordination with cultural departments in the Mainland,</p>	<p>migrating to Hong Kong</p> <p>4. Build a cross-regional intellectual property rights database for Hong Kong and the Mainland.</p> <p>5.1 Against the backdrop of accelerating integration with the Mainland, Hong Kong should review, explore and design its local culture, in a view to determine the positioning, goal and promoting strategy for the development of local cultural industry.</p> <p>5.2 By opening up market networks in the Mainland, attract overseas organisations to regard Hong Kong</p>
--	---	--	---

	<p>6. Forge an “international cultural and creative industries hub”</p>	<p>especially in facilitating the entry of Hong Kong’s cultural products and services into the Mainland market via “CEPA” arrangements.</p> <p>6. Developing an “international cultural and creative industries hub” in Pearl River Delta, which is well-connected to and can easily commute to Hong Kong, enables Hong Kong to act as an attractive platform, where cultural and creative industries from Hong Kong and the world can be brought to the Mainland via quick</p>	<p>as a base for entering the Asian market; and thereby facilitate a virtuous cycle of demand and supply, so as to quickly promote the scale, quality, internationalisation and market elements of Hong Kong’s cultural industry.</p> <p>6. At present, the works of Hong Kong enterprises, being “foreign institutions” themselves, are regarded as foreign publications and hence do not enjoy equal treatment as works produced locally in the Mainland. For example, works by Hong Kong enterprises need to undergo a lengthy process of content</p>
--	---	---	--

		<p>and advanced transportation network, and hence deepen the cultural and creative elements. Meanwhile, Mainland enterprises may utilise Hong Kong as a platform to be brought in line with international trends, interact with the rest of the world, and explore world market. With international cultural and creative enterprises clustering in this hub, a new generation of Mainland talents with global perspective could be nurtured, thus laying the cornerstone for cultural and creative industries in the new era.</p>	<p>approval (while local works are normally approved in 3 months, it takes as long as 18 months for Hong Kong works); and works by Hong Kong enterprises are not broadcasted during popular timeslots of CCTV. In addition, currently there is ambiguity on the type of tax to be levied on the import of works that receive digital post-production in Hong Kong (whether on the basis of value-added tax of 17.5% on value-added goods, or business tax of 5% on service provision). There are also worries on different interpretations and applications of taxation issues in different regions within the</p>
--	--	--	--

			<p>Mainland.</p> <p>Recommend the adoption of an “outside the customs and within the boundary” concept in the Pearl River Delta, which is well-linked and can easily commute to Hong Kong; allow Hong Kong service providers to settle in the “international cultural and creative industries hub” as wholly-owned subsidiaries or independent entities. Cultural and creative products and services (eg. online games, comic and animation, short films and post-production, etc.) developed in the hub will enjoy equal treatment as works produced in the Mainland in terms of</p>
--	--	--	---

	<p>7. Forge a “new media creative industry cluster” in the Pearl River Delta</p>	<p>7. Forge a “new media creative industry cluster” centred in the Pearl River Delta that promotes products with new media creative features to the world market by innovative methods. Outside the nation, creative industry is often driven by popular movies such as “Star Wars”, from which a number of products are developed, for example, video games,</p>	<p>duration for approval, calculation of value-added tax, TV broadcasting and so on. Inside the hub, Hong Kong and international enterprises may concentrate in producing works enjoying local status in a convenient and efficient manner.</p> <p>7. Leverage on the unique strengths of each city and region in the Pearl River Delta to build a “new media creative industry cluster” in the region. Suggestions are as follows:</p> <ul style="list-style-type: none"> • Led by the Central Government, the Governments of Guangdong, Hong Kong and Macau collaborate in
--	--	---	---

		<p>toys, gifts, watches, clothes and accessories. The “new media creative industry cluster” will be based on cultural and creative industries, including films, TV programs, shows, animation, games and product design, and will bring in partners from various industries, including those engaging in clothing, toy, watch, home appliance and gift; and hence, forge a regional industry cluster with synergy achieved. With the lead of policy initiatives and collaboration from the industries, products with new media creative features can be developed, and creative products originated in the Mainland can be promoted in the world market. In fact, the</p>	<p>planning, division of labour, co-ordination and achieving the “new media creative industry cluster”.</p> <ul style="list-style-type: none"> • Formulate accommodative policies for such development, and provide tax benefits and financial help encourage participation by the industries. • On the basis of “international cultural and creative industries hub”, encourage creative industries from Guangdong, Hong Kong and Macau to cooperate with their international counterparts. • Simplify and
--	--	---	--

	<p>8. Launch a “regional digital film distribution centre”</p>	<p>Pearl River Delta is well-equipped to establish an industry cluster that embodies creative and cultural industries, finance, manufacturing, global marketing and modern services, etc. that embraces a number of cities and regions; reference can be made to the development model of these industries overseas, so as to facilitate entry into the international market.</p> <p>8. Given the sound digital infrastructure and technology, legal protection on intellectual property rights, and long connection with overseas enterprises, and long</p>	<p>shorten the approval procedures relating to new media creative content.</p> <ul style="list-style-type: none"> • Encourage and support the industries to work together in developing flagship projects. • Organise big international events such as “new media creative industry festival”; and promote the international brands of the “industry cluster” <p>8. Recommend the setting up a “digital film distribution centre” to distribute digital films through the internet and in decoding mode to digital cinemas in</p>
--	--	--	---

		<p>being a international and Asia-Pacific film distribution and production centre, Hong Kong is well qualified to develop a “regional digital film distribution centre” that distributes digital films to digital cinemas in the Mainland through the internet and in decoding mode. With such digital streaming technique, it can be ensured that films would not be pirated, and thereby protect intellectual property rights and interests of film makers and cinemas.</p> <p>As such, Mainland cinemas can show high quality international films in a timely and more cost-efficient way. Overseas film makers would also feel secured in working with Mainland</p>	<p>the Pearl River Delta on an “early and pilot implementation” basis. As this is a brand new idea, it requires the Mainland Government to set up a new system to approve the content of streaming films to be distributed, so as to facilitate compliance by film makers, distributors and cinemas.</p> <p>Upon policy support by the Mainland Government, a “regional digital films distribution centre” can act as a bridge for films from Mainland, Asia and the rest of the world in a convenient manner and under an internationally trusted system of copyright protection; and</p>
--	--	---	--

	<p>9. Launch a world-class exposition that facilitates global exchange in cultural</p>	<p>cinemas, while Mainland audience can enjoy timely and cheaper high-quality international digital films. These will reinforce the exchanges in cultural and creative areas between the Mainland and overseas. The Hong Kong International Film and TV Market (FILMART), which has been successfully held for six times, attracts Asian and international film makers to trade in Hong Kong. This demonstrates that Hong Kong may further perform the role of film distribution centre and consolidating the entire process, thereby maximising economic benefits.</p> <p>9 Shenzhen's International Cultural Industries Fair, Shanghai's World Expo, as</p>	<p>Mainland films can open up Asian and the world film markets through this platform.</p> <p>9. Select Hong Kong or cities in Pearl River Delta with experience</p>
--	--	---	---

	<p>and creative areas.</p>	<p>well as Hong Kong’s various expos held each year specifically for individual cultural and creative industries (e.g. film, book, fashion and design, etc.), have succeeded in promoting these industries concerned and extending their influence in society. On top of this foundation, recommend the building a more world-class “international cultural and creative industries expo”. There are two key elements for success of this expo, namely, “international” and “specialised”. The cultural and creative industries may include digital entertainment, film, TV broadcasting, music, design, advertising, publishing, architecture, performance arts, etc.</p>	<p>and competence, and study on how to launch an “international” and “specialised” cultural and creative industries expo. The expo should, following a gradual approach, start with some specialised sectors of importance, and expand in scale thereafter. The point is to promote the expo to national level and encourage participation of individual specialised sectors from provinces and cities across the Mainland. More important is leveraging Hong Kong as a channel, with the Mainland Government support, to invite industry representatives from other regions of the</p>
--	----------------------------	--	---

		<p>The holding of expo can allow cultural and creative talents from Hong Kong, the Mainland and the world to assemble, interact and explore business opportunities; and thereby, enable the public to receive the latest development of various cultural and creative industries.</p>	<p>world to participate in the expo.</p>
<p>Enhance the development of education service</p>	<p>1. Lift the concept of ‘Hong Kong being a regional education hub’ to a national strategic level, with the Government should provide relevant policy support.</p>	<p>1.1 Conduct studies on developing basic education, tertiary education and continuing education in Hong Kong and Guangdong; enhance resource integration between the two places; help nurture more global talents; and promote leadership, execution capacity and effectiveness of education</p>	<p>1.1 Leverage on the “early and pilot implementation” arrangements; explore various co-operation modes; allow Hong Kong tertiary institutions to utilise the land supply, talents, research technology and cultural resources in the Mainland, to further lift the standard</p>

		<p>1.2 Promote projects where Hong Kong has accumulated some experiences and achieved outcomes, e.g. institutional reform, school leadership, curriculum reform, building teachers' group, etc. and strengthen co-operation with the Mainland.</p> <p>1.3 Strengthen the internationalisation of</p>	<p>of the schools.</p> <p>1.2 Strive for support from the Ministry of Education, and discuss with the Department of Education of Guangdong Province, various tertiary institutions or regional governments, so as to reach consensus on operation of joint school system on a mutual beneficial basis; increase recruitment of students and nurture professional talents on educational disciplines with comparative advantage.</p> <p>1.3 Recommend the Education Bureau to</p>
--	--	--	--

		<p>Hong Kong's tertiary education; support Hong Kong's famous educational institutions to develop educational services and establish branches in the Mainland and overseas; and forge Hong Kong as a top-ranking education city in the world.</p> <p>1.4 Support the extension and coverage of Hong Kong's professional and international examination operations to the Mainland (e.g. Hong Kong Examinations and Assessment Authority, Hong Kong Council for Accreditation of Academic and Vocational Qualifications)</p>	<p>establish designated department, to be responsible for co-operation among the Mainland, Taiwan and the rest of the world; and engage in planning and development of Hong Kong as an educational hub</p> <p>1.4 Conduct study on establishing special procedures and designated regulations on cross-border joint school operations that differs from the prevailing 《 Regulations on Chinese-Foreign Co-operation in Running Schools 》</p> <p>1.5 Re-investigate the Memorandum of</p>
--	--	--	---

			<p>Co-operation signed by the Ministry of Education and the Education Bureau in 2005, as it could broaden the recognition of Hong Kong's Sub-degree Programmes.</p> <p>1.6 Evaluate the issue of double taxation for teaching and research staff engaging in teaching and research in the Mainland; relax and encourage teaching and research staff to participate in teaching and research activities in the Mainland</p> <p>1.7 Promulgate the roles of Hong Kong Examinations and Assessment Authority and Hong Kong</p>
--	--	--	---

	<p>2. Develop the Pearl River Delta as an exemplary zone for national integrated education reform</p> <p>2.1 Strengthen the nurture of innovative scientific and technology talents in the Pearl River Delta region, so as to lift the overall</p>	<p>2.1 With regard to joint school programs between tertiary institutions of two places, expand autonomy and scope for</p>	<p>Council for Accreditation of Academic and Vocational Qualifications; join hands with the examination and degree authorities in the Mainland to study the national benchmark examination and academic accreditation standards; and/or adopt Hong Kong benchmark examinations and introduce ‘Hong Kong examinations’ to the Mainland.</p> <p>2.1 Establish standing, multi-level communication mechanism between education authorities</p>
--	--	--	---

	<p>advantage and competitiveness of the region.</p> <p>2.2 Complement each other's advantages in industry and research arenas, and take in the vision of the Pearl River Delta as an education and research community.</p>	<p>school operations; explore the modes for Hong Kong tertiary institutions to operate schools in Guangdong; innovate modes for joint school operations with Guangdong tertiary institutions.</p> <p>2.2 Combine Hong Kong's research advantage with the Mainland's manufacturing capacity, fully promote regional co-operation on science and technological research and education. The direction of science and technological research should shift</p>	<p>and institutions of Hong Kong and Guangdong; launch discussion on co-operation issues; implement pilot schemes on important aspects of university management such as policy, administration, research, teaching and back office support; and gradually broaden the coverage of this system to the whole nation.</p> <p>2.2 Depending on the predominant arena of the institutions, cooperate and connect with leading enterprises in those respective industries; leveraging on Hong Kong's predominance in education and management, integrate</p>
--	--	---	--

	<p>2.3 Encourage mobility of talents with the region, and establish a system for mutual recognition of certificates.</p>	<p>from industrialisation to applied technological research and even basic research, whilst science and technological co-operation should shift to innovation, so as to provide new paths and resources for Hong Kong's science and technology.</p> <p>2.3 Gradually establish uniform benchmarks for various professional certificates, and strengthen the prevailing communication channels.</p>	<p>resources, develop training industry, and provide professional training of professional talents needed by schools and various industries in Guangdong; encourage Hong Kong students to join internship and work in Guangdong.</p> <p>2.3 Adopt incentive system, and encourage Hong Kong science and technological researchers to participate in the nation's key experimental projects.</p> <p>2.4 Discuss with Education Bureau or relevant Guangdong departments (e.g.</p>
--	--	--	--

			<p>Education Department, Human Resources and Social Security Department), establish uniform benchmark systems for the certificates of various professions; implement uniform examinations by the same institutions; and confer the same certificates to enhance mutual professional recognition</p> <p>2.5 Strengthen the role of ‘Coalition of Teacher Education of Pan-Pearl River Delta Region’; broaden the scope of regional co-operation and the contribution by Hong Kong teachers in the Mainland</p>
--	--	--	---

	<p>3. Regarding international exchanges and co-operation as well as bringing in advanced education theory and resources, the Pearl River Delta can leverage on the resources of Hong Kong, to enable complementary development and formation of strategic partnership</p>	<p>3.1 While considering the internationalisation of Hong Kong, create opportunities and platforms for internationalisation of Mainland tertiary institutions; bring in high-quality resources from Mainland's tertiary institutions; and provide new options via tertiary education management concept and quality assurance system of Hong Kong.</p> <p>3.2 Promote multi-level exchanges and co-operation between education management institutions in the Mainland and Education Bureau, sponsoring body and schools of Hong Kong; lift the opening standards for education; and optimise resource</p>	<p>3.1 Bring in good universities from the Mainland to organise joint courses with Chinese characteristics, or even consider joint school operation, to attract students from the Mainland and overseas to study in Hong Kong;</p> <p>3.2 Promulgate the roles of Hong Kong Examinations and Assessment Authority and Hong Kong Council for Accreditation of Academic and Vocational Qualifications; join hands with the</p>
--	---	--	--

		<p>sharing.</p> <p>3.3 Support Hong Kong to act as intermediaries for international qualifications, authentication and examination; so as to facilitate international acceptance of Mainland' s standards.</p>	<p>examination and degree authorities in the Mainland to study the national benchmark examination and academic accreditation standards; in order to provide two-way options platform of education advancement for both Mainland and Hong Kong students</p> <p>3.3 Enhance Hong Kong's provision of training courses related to secondary and primary curriculum reform, assessment, pre-school education, special education, pre-service and in-service teacher education, etc. for Mainland education management institutions, principals and teachers.</p>
--	--	--	--

			<p>3.4 Proactively encourage the holding of international academic conferences in Hong Kong through various channels and associations; and encourage the publication of Greater China and international academic journals to position Hong Kong at the forefront role.</p>
--	--	--	--

Analysis on the Positioning of Guangdong and Hong Kong in the Economic Development of the Nation from a Regional Perspective

Positioning Guangdong and Hong Kong as Early and Pilot Implementation of Exemplary Zone

	Key recommendations	Details	Ways of Implementation
1. Which domains in Hong Kong and Guangdong can be put into “early and pilot implementation” ?	Despite agreements for avoidance of double taxation between Singapore and Malaysia, and between United States and Canada, on the basis of 183-days rule for the allocation of taxing rights, the relationship between Hong Kong and the Mainland is guided by the ‘One Country, Two Systems’ concept. The close relationship between Hong Kong and Guangdong far surpasses the economic, trade and cultural exchanges between different countries. Hence, there is substantial room for improvement of the ‘183-days tax rule.’		Exclude days of which Hong Kong residents travelling to Mainland for consumption from the calculation of 183 days. In this modern society with computer technology available to all, technical problems should be easy to overcome. Meanwhile, the new calculation method explicitly differentiates working in the Mainland from consumption in the Mainland, and in turn, promotes cross-border exchanges, and gives further impetus to urban integration among Hong Kong, Macao and Guangdong regions, and promotes the development

			<p>of consumer service industries among the three places.</p> <p>Governments of both places should amend and refine regulations. Hong Kong residents who have fully paid personal tax in the Mainland may apply for full exemption from income tax in Hong Kong. This measure can promote closer partnership between Hong Kong and Mainland, alleviate Hong Kong residents working in the Mainland from additional tax burden, encourage more outstanding talents from Hong Kong to work in the Mainland, and spur economic development and prosperity.</p>
--	--	--	---

<p>2. How to coordinate with the developments of the major co-operation zones, such as the Qianhai area in Shenzhen, the Shenzhen-Hong Kong Loop and Nansha in Guangzhou?</p>	<p>1. construct post-production base for innovative industry</p> <p>2. construct theme parks that blend innovative industry with tourism</p>	<p>1. explore the feasibility of constructing bonded zones in these areas; leverage on foreign high-tech equipment to develop post-production base.</p> <p>2. attract investment in theme parks for innovative industry, in order to increase income source for the industry</p>	<p>1. dialogues between Hong Kong and Guangdong</p> <p>2. dialogues between Hong Kong and Guangdong</p>
---	--	--	---

Greater Pearl River Delta Business Council
Membership List
(1.3.2010-29.2.2012)

Chairman

Dr. Fung Kwok-king, Victor

Sub-group Convenors

Mr Chan Tze-ching, Ignatius (Services Industry Development and Human Resources)

Mr Tung Lih-sing, Alan (Cross-Boundary Passenger and Cargo Flow)

Mr Wu Ting-yuk, Anthony (Joint Investment and Trade Promotion)

The Hon Yang Mun-tak, Marjorie (Sustainable Development)

Member

Mr Andrew Brandler

The Hon Chan Kin-por

Mr Chen Cheng-jen, Clement

Prof the Hon Cheung Bing-leung, Anthony

Mr Fan Chun-wah, Andrew

The Hon Fang Kang, Vincent

Mr Fok Chun-wan, Ian

Mr Ho Kwan-yiu, Junius

Mr Hui Hon-chung, Stanley

Mr Hung Hak-hip, Peter

Mr Lam Hau-yiu, Lester

Prof Lam Kin-che

Ms Lam Shuk-yee

Mr Lam Tin-fuk, Frederick

Mr Lau Chun-hon, Anthony

Prof the Hon Lau Juen-yee, Lawrence

Mr Lau Ming-wai

The Hon Mrs Leung Lau Yau-fun, Sophie

Mr Li Wen-yue

Mr Lie-A-Cheong Tai-chong, David

Mr Ng Win-kong, Daryl

Mr Shiu Sai-cheung, Ian

Mr Sin Chung-kai

Mr Sze, Irons

Dr Tai Tak-fung

Dr Wang Shui-chung, Patrick

Dr Wong Chi-yun, Allan

Mr Wong Tung-shun, Peter

Mr Yu Pang-chun