

For Information

Legislative Council Panel on Commerce and Industry

Hong Kong/Shanghai Economic and Trade Cooperation Conference

Purpose

This paper briefs Members on the major outcome of the Hong Kong/Shanghai Economic and Trade Cooperation Conference (the Conference) held on 5 January 2012 in Shanghai.

Background

2. Co-chaired by the Chief Executive and the Mayor of Shanghai, the Conference brought about consensus on nine areas of cooperation, namely, commerce, trade and investment; financial services; civil aviation, maritime transport and logistics; tourism, convention and exhibition industries; innovation and technology; cultural and creative industries and sports; exchange of professionals; education, medical and health care; as well as youth development and social management. The Government of the HKSAR (HKSARG) and Shanghai Municipal Government also signed three cooperation agreements at the Conference, including the Agreement on Strengthening Commerce and Trade Cooperation, the Agreement on Cultural Exchange and Cooperation, and the Agreement for Civil Service Exchange (the texts of the agreements are at **Annex**). The Hospital Authority and the Shanghai Shenkang Hospital Development Centre also entered into a cooperation agreement. Major progress made and directions for future cooperation are set out below.

Progress and Directions of Cooperation

Commerce, trade and investment

3. Economic and trade flows between Hong Kong and Shanghai have been flourishing in recent years. The total trade value between the two places grew from US\$11.1 billion in 2006 to US\$14.7 billion in 2010, representing an increase of 32%. The accumulated number of investment projects in Shanghai originating from Hong Kong also jumped from 12,000 in 2006 to some 18,000 by the end of 2010. The accumulated actual value of Hong Kong investment increased from

US\$16.1 billion in 2006 to US\$31.1 billion by end of 2010, representing an increase of 93%.

4. The two places signed the Agreement on Strengthening Commerce and Trade Cooperation at the Conference to foster cooperation in, amongst others, stepping up the implementation of CEPA, deepening service industries collaboration, and supporting Shanghai enterprises to "go global" via the professional services platform in Hong Kong. Both sides will continue to roll out a series of economic, trade and investment promotion activities. As regards the implementation of CEPA, the "Green Lane" initiative introduced in Pudong has been serving as a one-stop advisory and processing platform for Hong Kong enterprises planning to invest and set up business there under CEPA. The Shanghai side planned to extend the initiative to other places in the municipality to help Hong Kong enterprises gain access to the Shanghai market.

Financial services

5. The HKSARG and Shanghai Municipal Government support the establishment of a joint-venture company of the Shanghai, Shenzhen and Hong Kong stock exchanges and encourage further dialogue among relevant parties on this matter. The HKSARG is seeking an early launch of the Hong Kong stocks exchange-traded fund (ETF) in the Mainland market, including the Shanghai Stock Exchange. The two places will continue to push for suitable Shanghai financial institutions to list and issue bonds in Hong Kong, and raise funds in Hong Kong Dollar and Renminbi. Both sides will explore collaboration and talent exchange in maritime insurance, and to jointly plan overseas roadshows to promote financial services of the two places. Furthermore, the two places are exploring the launch of a pilot scheme on the exchange of undergraduate students majoring in finance in Hong Kong and Shanghai to enhance understanding by the future talents in the industry of the monetary systems and financial markets of the two places.

Civil aviation, maritime and logistics

6. The Airport Authority Hong Kong signed a cooperation agreement with the Shanghai Airport (Group) Co Ltd in October 2009 to establish a joint-venture company, the Shanghai Hong Kong Airport Management Co Ltd, to manage the east and west terminals of the expanded Shanghai Hongqiao Airport, the east transportation centre of the integrated transport hub and the transport flow of the airport. The joint-venture company also oversees the retail business at the terminals.

The new terminals came into operation in March 2010. Scheduled air services between Hong Kong and Shanghai Hongqiao Airport were also launched in September 2010.

7. Both sides will organise promotional activities, exhibitions and meetings, etc, to encourage Shanghai shipping companies to use Hong Kong maritime services. Furthermore, the Shanghai Municipal Government will streamline the registration procedures and roll out preferential supporting policies for Hong Kong shipping companies and port services companies in Shanghai.

Tourism, convention and exhibition

8. The Hong Kong Tourism Board will work with the Shanghai tourism industry to strengthen joint promotional efforts for the "Individual Visit Scheme" itineraries, as well as thematic activities and festivities of the two places via various platforms. They will also take forward joint promotion activities overseas. Both sides will encourage cooperation in cruise ports of the two places.

Innovation and technology

9. Both sides would deepen cooperation based on the close partnership between the Partner State Key Laboratories (SKLs) in Hong Kong and SKLs in Shanghai in areas of molecular neuroscience, chirosciences, synthetic chemistry and liver research. Through the Hong Kong and Shanghai Science and Technology Cooperation Association and various other means, the two places will encourage research institutes to foster exchange in manufacturing and commercialisation of research achievements.

Cultural and creative industries and sports

10. The Agreement on Cultural Exchange and Cooperation established an exchange platform for the arts and culture sector in the two places with a view to promoting exchange in areas of cultural administration, talent nurturing and organisation of large-scale cultural activities, etc. On the creative industry, the Hong Kong Film Development Council will hold business matching seminars for online game businesses, the comics and animation industry, new media industries and film production companies of the two places during the 2012 Hong Kong International Film & TV Market. Seminars will also be arranged in the said event to explore cooperation in the "multi-media

cross platform" business model. On sports, the international cycling competition Tour of Hong Kong Shanghai has been held for three rounds and discussion between Shanghai and Hong Kong for the fourth round is under way. Both sides aim to develop the Tour into a leading cycling sports event in Asia.

Exchange of professionals

11. With the renewal of the Agreement for Civil Service Exchange at the Conference, the two places will continue to carry out exchange of civil servants in a number of areas. Furthermore, the two places will continue to strengthen the implementation of relevant measures under CEPA to enable professionals in such areas as legal services, accounting and engineering to enter the Shanghai market.

Education, medical and health care

12. The two places will enhance cooperation and exchange in hospital management and training of relevant professionals. Both sides will step up promotion of specific measures under CEPA whereby Hong Kong service providers could establish wholly-owned hospitals in Shanghai. The Central Government earlier announced, with effect from the new school year, a scheme under which Hong Kong students could be admitted to certain Mainland tertiary institutes without taking further examinations. Nine institutions in Shanghai are included in the scheme and the Shanghai side will step up preparation for the admission of Hong Kong students.

Youth development and social management

13. Hong Kong and Shanghai agreed to encourage exchange and bilateral visits among the youth and communities. The two places will explore stepping up cooperation and sharing of experience in areas of youth development and social management through non-governmental organisations.

Conclusion

14. The National 12th Five-Year Plan unleashes great potential in cooperation and development between Hong Kong and Shanghai. In particular, the target laid down by the Central Government to basically achieve liberalisation in trade in services between the Mainland and Hong Kong by the 12th Five-Year Plan period has steered and propelled further

cooperation of the two places. Hong Kong and Shanghai will maintain close liaison to implement the relevant cooperation initiatives.

Constitutional and Mainland Affairs Bureau
January 2012