

## **For Information**

### **Legislative Council Panel on Commerce and Industry**

#### **The 2011 Hong Kong/Shenzhen Co-operation Meeting**

### **Purpose**

This paper briefs Members on the gist of the Hong Kong/Shenzhen Co-operation Meeting (the Meeting) held on 25 November 2011.

### **Background**

2. The Chief Secretary for Administration (CS), Mr. Stephen Lam and the Mayor of the Shenzhen Municipal Government (the Mayor), Mr. Xu Qin co-chaired the 2011 Hong Kong/Shenzhen Co-operation Meeting on 25 November in Hong Kong this year. The meeting reviewed the progress of Hong Kong/Shenzhen co-operation in the past year and affirmed the major directions for co-operation in the coming year. The two sides agreed that the two places will maintain close partnership and continue to deepen co-operation at all fronts under the principles of “One Country, Two System” and “Complementarity”, in the interest of economic development and upgrading the quality of life of the people of the two places. The two sides also agreed to play more active roles in enhancing the industry structure of Pearl River Delta region.

3. At the agreement signing ceremony held before the Meeting, the two governments signed four agreements concerning the arrangement on legal matters, development of the Lok Ma Chau Loop, enhancement of safety of imported and exported food and numerical weather prediction technology. After the meeting, CS and the Mayor held a press conference to brief the media on the outcome of the Meeting. The two sides also issued press releases. Key areas discussed at the Meeting are set out in the following paragraphs.

## Co-operation on modern service industries in Qianhai

4. On Qianhai, the National 12th Five-Year Plan has affirmed the importance of Qianhai, as the “Hong Kong/Guangdong modern service industries co-operation exemplary zone”, in the national development strategy. Vice-Premier Li announced in August this year that the Central People’s Government would formulate supportive policies in the areas of taxation, land, labour protection and human resources to promote the development of modern service industries in Qianhai. Moreover, at the first meeting of the Inter-ministries Joint Conference on the Development of Qianhai into a Hong Kong/Shenzhen Modern Service Industries Co-operation Zone chaired by the National Development and Reform Commission in September this year, representatives from relevant central ministries and the Guangdong Provincial Government reaffirmed their support for the development of Qianhai. Also at the meeting, the Guangdong Provincial Government announced that foreign-invested services sector enterprises in Qianhai could serve the entire Guangdong Province, some of the provincial approval authorities in respect of the establishment and operation of enterprises would be delegated to the Qianhai authorities, Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) early and pilot measures could be implemented in Qianhai, and the development of transport infrastructure connecting Qianhai and neighbouring areas would be accelerated. Building on the above progress, the two governments will, in the coming year, promptly formulate specific proposals for approval by the Central People's Government, so as to take full advantage of Qianhai’s geographical location and business friendly environment to attract Hong Kong enterprises and professional service providers to invest and set up business there.

## Legal and arbitration co-operation

5. Riding on the opportunities for the legal and arbitration professions of the two places arising from the “Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area”, the two sides signed the “Co-operative Arrangement on Legal Matters between Shenzhen/Hong Kong” before the meeting. The Arrangement serves as a new platform and exchange mechanism for enhancing co-operation on legal matters

between the two places. Relevant parties of the two sides will commence discussion as soon as possible to strive for early implementation of relevant measures announced by Vice-Premier Li in August this year, including the identification of better modes of association of law firms of Hong Kong and the Mainland, fostering closer co-operation between the legal professions of the two places, and allowing Hong Kong arbitration institutions to provide service directly in Qianhai. These aim to establish a business-friendly legal environment for the development of modern service industries in Qianhai and promote the further development of legal and arbitration services in the Mainland as well as co-operation with their Hong Kong counterparts.

#### Development of the Lok Ma Chau Loop

6. The two sides agreed to jointly develop the Lok Ma Chau Loop under the principle of “One Country, Two Systems” with “co-development and mutual benefit” as the guideline. The two sides reached an initial consensus on various issues relating to development of the Loop, including development positioning, applicable laws, land administration and co-development mechanism. A co-operation agreement, which provided a framework for the co-development of the Loop, was signed before the meeting. In the coming year, the two sides will continue the efforts to push forward the co-development of the Loop with a view to commencing operation of part of the higher education facilities by 2020, thereby meeting to the target of development of higher education in the area as set out in the “Outline of the Plan for the Reform and Development of the Pearl River Delta Region”.

#### Cross-boundary infrastructure and facilitation of movements at boundary control points

7. The two sides have maintained close communication and co-operation on the development of cross-boundary infrastructure. The results of the International Design Ideas Competition for Liantang/Heung Yuen Wai Boundary Control Point (BCP) Passenger Terminal Building, jointly organised by the two sides, were announced in September this year. The two sides agreed to take forward the design of the passenger terminal building with reference to the winning entry, and to actively prepare for detailed design work.

Construction work for the BCP is scheduled to commence in 2013. The two sides will regularly review their implementation programmes with a view to commissioning the BCP no later than 2018.

8. In addition, preparation for improvement works for the Shenzhen River Stage 4 is making good progress. The improvement works will tie in with the construction of the Liantang/Heung Yuen Wai BCP.

9. To facilitate movement of Mainland visitors across the boundary, Mainland frequent visitors holding multiple-entry endorsement (including Shenzhen residents with household registrations holding one-year multiple-entry individual visit endorsement) will, after registration, be allowed to use the e-Channel service at Lo Wu and Lok Ma Chau Spur Line Control Points starting from January next year. The Immigration Department will accept registration at major control points for eligible Mainland visitors from early December this year. The measure will further enable Mainlanders to visit Hong Kong and enhance exchanges between the two places.

#### Finance, economic and trade co-operation

10. In the coming year, the two sides will actively promote financial co-operation, implement the package of financial measures announced by Vice-Premier Li in August this year to further enhance financial co-operation between Hong Kong and the Mainland, and assist Hong Kong's financial institutions to make use of the innovative financial services platform in Qianhai to tap into the Mainland market, while contributing to the orderly development of the Mainland's financial sector.

11. In addition, the two sides have been encouraging the issuers of electronic payment cards to study the feasibility of introducing cards that could be used for public transportation and retail purchases in the two places. Currently, the issuers are examining technical details and implementation schedule with a view to rolling out a "two-in-one card" as soon as possible.

12. Shenzhen is one of the second batch "model cities on CEPA implementation" designated by the Ministry of Commerce in the Mainland. In

the coming year, the two sides will enhance co-operation in promotion and implementation of CEPA, with a view to further deepening the implementation of CEPA in Shenzhen.

#### Education co-operation

13. As for education co-operation, the second batch of eligible Primary Six students studying in schools for Hong Kong children in Shenzhen has also been allocated Secondary One school places to study in Hong Kong in September this year, following the success of the first batch last year. In addition, the three Minban schools approved to operate classes for Hong Kong children in Shenzhen will take part in the 2011/2013 allocation cycle under the Hong Kong Secondary School Places Allocation System, and eligible students will be allocated Secondary One places in schools in Hong Kong. The fourth Minban school which has recently been approved to operate classes for Hong Kong children in Shenzhen will join the 2012/2014 allocation cycle under the Hong Kong Secondary School Places Allocation System the earliest. With the arrangement of the HKSAR Government, some schools in Hong Kong have become the sister schools of these Minban schools so as to enhance exchanges and co-operation and to facilitate smooth interface in curriculum. The two sides will also strengthen measures to facilitate and enhance safety of daily commuting cross-border students.

14. With regard to higher education, the HKSAR Government has all along been encouraging local institutions to collaborate with their Mainland counterparts in research and development and academic exchange, according to their own mission and development needs. With the support of Shenzhen Municipal Government, the Chinese University of Hong Kong (CUHK) and the Shenzhen University plan to establish CUHK (Shenzhen) in Shenzhen using an innovative model.

#### Environmental co-operation

15. The two sides have made good progress on the environmental co-operation front. The first review of the regional water quality control strategy for Mirs Bay was completed in September this year in accordance with the work

plan. The overall water quality of Mirs Bay was found to be satisfactory. The Cleaner Production Partnership Programme is also making satisfactory progress. As at October 2011, more than 370 applications for funding support from Hong Kong-owned factories in Shenzhen have been approved, representing 23 per cent of the total approved applications. To enhance synergies in raising energy efficiency and reducing emissions, the two sides organised more than 40 promotion activities with some 3,200 participants from enterprises of the two sides. In addition, the 2011 EcoExpo Asia was held in October this year in Hong Kong to promote the development of environmental industries. Shenzhen authorities arranged for local enterprises to exhibit at the fair to explore green business opportunities in the two places. Furthermore, Shenzhen's BYD Company Limited has set up an electric vehicle research and development centre in the Hong Kong Science Park, which is an important step forward in the joint promotion of green transportation.

#### Medical and health co-operation

16. On the medical and health front, the University of Hong Kong Shenzhen Hospital project has made good progress. The Hospital will start to operate in phases from early 2012 to provide outpatient, inpatient and other services. Since the first quarter of this year, health authorities of Hong Kong and Shenzhen have jointly introduced a pilot scheme for transfer of patient records of Hong Kong residents to facilitate direct communication between hospitals in the two places after the patients are transferred back to Hong Kong.

#### The 26th Universiade

17. The 26<sup>th</sup> Universiade was successfully held in Shenzhen in August this year. Over 12 000 athletes and sports officials from over 140 countries and regions participated in the games. Leveraging its role as a major aviation and transportation hub in the region, Hong Kong facilitated the smooth transfer of participants to and from Shenzhen via Hong Kong, under the guidance and co-ordination of a joint working group set up by the two governments. In addition, some 860 volunteers from Hong Kong provided supporting services to the 26<sup>th</sup> Universiade. The successful organisation of the 26<sup>th</sup> Universiade

demonstrated the strength of the co-operative relationship between the two places in organising large-scale events.

### Other co-operation areas

18. In addition to the above, the two sides have made steady progress in co-operation areas including tourism, creative industry, innovative technology, testing and certification, cultural exchange and civil servant exchange, etc.

### **Conclusion**

19. The scope and depth of Hong Kong/Shenzhen co-operations have been expanding since the two sides have signed the Memorandum on Closer Co-operation between Hong Kong and Shenzhen in 2004. In the future, HKSAR Government will fully leverage the opportunities brought by the National 12<sup>th</sup> Five Year Plan and the Framework Agreement on Hong Kong/Guangdong Co-operation to actively push forward the implementation of the Shenzhen related measures announced by Li Keqiang, Vice Premier of the State Council during his visit to Hong Kong in August this year, to enhance the overall competitiveness of the Pearl River Delta, and to make timely and effective contributions to the long term economic development of the nation.

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