

Legislative Council Panel on Commerce and Industry

2013 Policy Address

Policy initiatives of Constitutional and Mainland Affairs Bureau in relation to Mainland and Taiwan co-operation

This paper briefs Members on the policy initiatives of the Constitutional and Mainland Affairs Bureau (“CMAB”) in relation to Mainland and Taiwan co-operation, some of which have been covered in the 2013 Policy Address.

Our vision

2. As an international financial centre and a business hub of our country, and with our strengths in institutional arrangements, Hong Kong can continue to play an active role in the further development of our country, and in this process, foster our own development. The Hong Kong Special Administrative Region (“HKSAR”) Government attaches great importance to the relationship with the Mainland and will, under the “One Country, Two Systems” principle, enhance our economic partnership with provinces and municipalities in the Mainland on various fronts through a series of new and on-going initiatives.
3. On Hong Kong-Taiwan relations, we will continue to proactively promote multi-level co-operation and exchanges with Taiwan on various areas in the spirit of pragmatism and mutual reciprocity.
4. The new initiatives we will pursue and the on-going initiatives we will continue to implement are highlighted as follows –

New initiatives

- (a) pursue the proposal of setting up a new Economic and Trade Office (“ETO”) in Wuhan and look into the feasibility of setting up liaison units in more Mainland cities;
- (b) enhance the functions of the HKSAR Government offices in Mainland;
- (c) study ways to strengthen the working relationship between the offices of the HKSAR Government and those of

statutory bodies in the Mainland, including the Hong Kong Trade Development Council (“HKTDC”) and Hong Kong Tourism Board (“HKTB”);

- (d) re-organise the Greater Pearl River Delta Business Council (“GPRDBC”) to form the “Hong Kong and Mainland Economic Co-operation Advisory Committee”, with expanded terms of reference covering the economic and trade exchanges between Hong Kong and all regions in the Mainland;
- (e) commence early preparation regarding the work to complement the drafting of the National 13th Five-Year Plan;

On-going initiatives

- (f) continue to assist in coordinating with the relevant policy bureaux to follow up on the implementation of the various policy initiatives under the National 12th Five-Year Plan;
- (g) continue to deepen regional co-operation through our co-operation mechanisms with the Pan-Pearl River Delta (“PPRD”) Region; the Guangdong Province; the Municipalities of Beijing, Shanghai and Shenzhen; and the Macao Special Administrative Region;
- (h) continue to take forward the implementation of the “Framework Agreement on Hong Kong/Guangdong Co-operation” (“Framework Agreement”), and to draw up the annual Work Plan;
- (i) continue to complement Guangdong Province and Guangzhou Government in pushing forward the development of Nansha, including the implementation of the “Plan for the Development of Nansha New District of Guangzhou” (“Nansha Development Plan”), with a view to opening up a larger hinterland for Hong Kong enterprises and service providers. Areas of co-operation include development of a demonstration zone for implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”) and its early and pilot implementation measures; promoting the upgrading and transformation of Hong Kong invested enterprises, as well

as co-operation on social and welfare services between Hong Kong and Guangzhou;

- (j) continue to complement the Shenzhen authorities in pushing forward the development of modern service industries in Qianhai, including the implementation of the “Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area”, with a view to encouraging Hong Kong enterprises and service providers to capitalise on the opportunities to tap into the Mainland market;
- (k) continue to promote multifaceted co-operation between Hong Kong and Sichuan on the basis of the close relationship between the two places built up through the HKSAR’s efforts in support of reconstruction in the Sichuan earthquake stricken areas;
- (l) further strengthen regional co-operation with the Chengdu-Chongqing Economic Zone¹ and the Economic Zone on the West Coast of the Taiwan Strait (“Haixi Economic Zone”)² through the liaison units in Chongqing and Fujian; and
- (m) continue to strengthen the co-operation between Hong Kong and Taiwan on various fronts through the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (“ECCPC”); and proactively promote the economic advantages and cultural characteristics of Hong Kong through the Hong Kong Economic, Trade and Cultural Office in Taiwan (“HKETCO”).

New initiatives

Setting up more HKSAR Government offices in the Mainland

5. At present, there are four HKSAR Government offices in the Mainland. These four offices are located in the Northern part (Beijing), Southern part (Guangdong), Eastern part (Shanghai) and Western part

¹ Chengdu-Chongqing Economic Zone refers to the area covering 15 municipalities and 31 districts/counties surrounding Chengdu and Chongqing.

² The Haixi Economic Zone is centred on Fujian and covers 20 cities in Fujian, Zhejiang, Jiangxi and Guangdong.

(Chengdu) of the Mainland. With national support policies, the Central Region of the Mainland has seen rapid economic growth in recent years. It also occupies a strategic location connecting the vibrant economies in the Eastern part and the vast hinterland in the Western part. The Central Government positions Wuhan, Hubei as the centre in the Central Region. Besides, Wuhan is an integral transport hub in the Region with solid economic foundation. It also has close ties and strong complementarity with Hong Kong. To seize the opportunities arising from the development of the Central Region, we propose to establish an ETO in Wuhan. We will commence the related preparatory work. Also, we will, at appropriate juncture, consult this Panel and seek the approval of the Legislative Council Establishment Sub-committee and Finance Committee for the proposal to set up a new ETO, including possible creation of directorate civil service post. On the other hand, we have established liaison units in Shenzhen and Fuzhou under the Guangdong ETO, and in Chongqing under Chengdu ETO. We will look into the feasibility of setting up liaison units in other Mainland cities.

Enhancing the functions of the Mainland offices

6. As announced in the 2013 Policy Address, the functions of the Mainland offices will be enhanced. We will coordinate with the Mainland offices and relevant bureaux/departments to take forward work in the following four aspects.

7. First, every Mainland office will have dedicated staff to strengthen liaison with Hong Kong residents and groups in major Mainland cities, including business groups, student groups, elderly retiring in the Mainland, through various channels and activities. The Mainland offices will also provide them with information and assistance as far as possible.

8. Second, to better assist Hong Kong residents in distress in the Mainland, we will, in collaboration with the Security Bureau and the Immigration Department, establish an Immigration Division in the Chengdu ETO, in addition to those in the Office of the Government of the HKSAR in Beijing and the Guangdong ETO.

9. Third, the Census and Statistics Department will step up the collection of aggregate data on Hong Kong residents in the Mainland to better gauge their situation and service needs. Furthermore, the Mainland offices will analyse the opportunities and challenges for Hong Kong arising from national policies and significant regional development and investment projects, as well as disseminate the related information

with a view to facilitating Hong Kong residents and enterprises to seize the development opportunities.

10. Fourth, the Mainland offices will enhance communication and publicity targeted at all sectors in the Mainland, with a view to promoting the strengths of Hong Kong and fostering mutual understanding and respect between Hong Kong and the Mainland.

Strengthening the working relationship between the offices of the HKSAR Government and those of statutory bodies in the Mainland

11. HKTDC and HKTB have established representative offices in different cities in the Mainland. We will, in collaboration with the Commerce and Economic Development Bureau, study ways to strengthen the working relationship between the offices of the HKSAR Government and those of HKTDC and HKTB in the Mainland to assist more effectively Hong Kong residents and enterprises in the Mainland.

Re-organising GPRDBC

12. We will re-organise the GPRDBC to form the “Hong Kong and Mainland Economic Co-operation Advisory Committee”, which will have a wider terms of reference covering all economic co-operation matters between Hong Kong and the Mainland. The new committee will focus on advising the HKSAR Government on policies and implementation strategies for strengthening co-operation with the Mainland in trade, economic and other relevant areas with a view to achieving complementary, mutually beneficial and sustainable economic development, and for deepening regional co-operation with major economic regions in the Mainland.

National 13th Five-Year Plan

13. To grasp the opportunities brought about by the development of our country, the HKSAR Government will keep a close watch of and participate proactively in the overall national development and planning, with a view to expanding the economic hinterland of Hong Kong. We are endeavouring to implement the National 12th Five-Year Plan on one hand, and will proceed to commence the HKSAR’s early preparatory work to complement the drafting of the National 13th Five-Year Plan under the “One Country, Two Systems” principle on the other.

On-going initiatives

Complementing the National 12th Five-Year Plan

14. Promulgated in March 2011, the National 12th Five-Year Plan has highlighted the Central Government's support to Hong Kong in various areas under the "One Country, Two Systems" principle. Implementation of the National 12th Five-Year Plan is the HKSAR Government's key working area. To consolidate and enhance Hong Kong's competitive edges and to enable us to make timely and effective contribution to the social and economic development of the Mainland, the Steering Committee on Co-operation with the Mainland chaired by the Chief Secretary for Administration will continue to provide the steer and follow up with the relevant policy bureaux on the implementation of the various related policy initiatives.

Deepening regional co-operation

15. We will deepen regional co-operation through existing co-operation mechanisms with the PPRD Region; the Guangdong Province; the Municipalities of Beijing, Shanghai and Shenzhen; and the Macao Special Administrative Region to open up more business and career opportunities for Hong Kong enterprises and residents as well as further contribute to the development of our country.

Strengthening co-operation with Guangdong Province, implementation of the Framework Agreement

16. The HKSAR Government will continue to strengthen co-operation with the Guangdong Province. At the 15th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference held on 14 September last year, the Chief Executive, Mr C Y Leung, and the Governor of Guangdong Province, Mr Zhu Xiaodan, leading the representatives of the two Governments, reviewed the progress of Hong Kong/Guangdong co-operation over the past year. The two sides are satisfied that implementation of the 86 co-operation initiatives under the 2012 Work Plan has made good progress. The 2012 Work Plan covered a wide range of areas including cross-boundary infrastructure facilities, modern service industries, manufacturing and innovation and technology, development of internationalised business environment, quality living area, education and talent, key co-operation areas and regional co-operation plans. The two sides witnessed the signing of seven letters of intent and co-operation agreements after the meeting, including the "Co-operation agreement between Hong Kong and Guangdong on jointly

promoting early realisation of basic liberalisation of trade in services”, “Co-operation agreement between Hong Kong and Guangdong on speeding up transformation and upgrading of Hong Kong-funded processing trade enterprises in Guangdong”, “The framework agreement on exchanges and co-operation in food safety for Hong Kong/Guangdong”, “Letter of intent on co-operation between Hong Kong Cyberport Management Company Limited and Guangdong Software Industry Association”, “Strategic co-operation agreement between People's Government of Nanhai District, Foshan City and Hong Kong Science and Technology Parks Corporation”, “Long-term co-operation agreement between Guangdong Meteorological Bureau and Hong Kong Observatory in numerical weather prediction technology”, and “Memorandum of understanding between Foshan Municipal Government in Guangdong Province, Guangdong Provincial Railway Construction Investment Group Company Limited, MTR Corporation Limited and China Merchants Group Company Limited”.

17. CMAB and relevant bureaux will strive to implement the various co-operation initiatives under the Framework Agreement. We will continue to maintain close liaison with Guangdong Province to draw up the 2013 Work Plan and to further deepen Hong Kong/Guangdong co-operation by making good use of the platform provided by the Framework Agreement. This year, one of the key initiatives is to implement in Guangdong the early achievement of comprehensive liberalisation of trade in services between the two places by 2014. In this connection, the HKSAR Government will complement important measures introduced by Guangdong, including elimination of market access barriers, continuous expansion of mutual recognition of professional qualifications, realisation of national treatment, and simplification of administrative approval procedures.

Promotion of Nansha development

18. Nansha is one of the key co-operation areas under the Framework Agreement. It is also one of the seven major co-operation projects between Guangdong, Hong Kong and Macao listed in the dedicated chapter of the National 12th Five-Year Plan. The State Council endorsed the Nansha Development Plan in September last year. The Nansha Development Plan, which sets out the macro development direction for Nansha, attaches great importance to deepening co-operation with Hong Kong and Macao on all fronts, and speeding up institutional innovation so as to build a business environment in line with Hong Kong and Macao in which international practices are adopted.

19. The HKSAR Government will make good use of the Hong Kong/Guangdong Co-operation Joint Conference and the working group on Hong Kong/Guangzhou co-operation to complement the work of Guangdong Province and Guangzhou Government to develop Nansha, and work closely with relevant Ministries of the Central Government, so as to create new opportunities for Hong Kong business sectors, and also to deepen Hong Kong/Guangdong and Hong Kong/Guangzhou co-operation.

Pushing forward the development of modern services in Qianhai

20. The Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone is another major co-operation project between Guangdong, Hong Kong and Macao listed in the dedicated chapter. In June last year, the Central Government announced a set of Policies Supporting the Development and Opening up of Qianhai, which includes new market liberalisation initiatives and taxation incentives. These policies set out clearly the business opportunities that would be brought about by the development of Qianhai. Our aim is to assist Hong Kong's service industries in opening up the Mainland market through Qianhai and contribute to the development of Mainland by leveraging Hong Kong's strength in the service industries.

21. The HKSAR Government will continue to collect the views from the business sectors on the development of Qianhai and the necessary policies and implementation measures, and convey them to the Shenzhen authorities and relevant Ministries of the Central Government. The HKSAR Government will also actively complement the Shenzhen authorities' lobbying efforts for more specialized policies to be implemented in Qianhai, as well as the publicity and promotional campaigns to introduce the business opportunities to the Hong Kong business sectors.

Strengthening co-operation with PPRD provinces/regions

22. The HKSAR Government will continue to strengthen co-operation with the PPRD provinces/regions. Given its extensive and close connections with the international community, Hong Kong can make good use of its role as the conduit of international funds, talents and technology in helping the PPRD provinces/region to implement the development strategy of encouraging two-way flow of investment. Moreover, the HKSAR Government will seek to extend the "early and pilot implementation" approach beyond Guangdong Province to other provinces and region in the PPRD Region.

Enhancing co-operation with Sichuan

23. The Governments of HKSAR and Sichuan have been promoting multifaceted co-operation between the two places on the basis of the close relationship and friendship built up through the HKSAR's efforts in support of reconstruction in the Sichuan earthquake stricken areas. In May last year, representatives from both sides signed the "Co-operation Agreement on Construction between Sichuan and Hong Kong" and the "Co-operation Agreement on Tourism between Sichuan and Hong Kong". We will further strengthen the co-operation between Hong Kong and Sichuan in various fronts, including promoting the exchange and co-operation in sports and construction service.

Strengthening regional co-operation with the Chengdu-Chongqing Economic Zone and the Haixi Economic Zone

24. Since its establishment in January last year, the Chongqing Liaison Unit ("CQLU") of the HKSAR Government has been actively liaising with various stakeholders in Chongqing, including the municipal government and Hong Kong enterprises in Chongqing. Through participation in a series of activities, it helps promote the economic and trade ties as well as exchanges in different areas between Hong Kong and Chongqing. The CQLU will suitably hold and participate in trade fairs to promote Hong Kong brands. It will continue to explore and take forward bilateral exchanges and co-operation in a number of areas, including promotion of economic and trade flows and implementation of CEPA. It will also closely monitor policy development relating to the Chengdu-Chongqing Economic Zone and Liangjiang New Area, etc. and disseminate latest information to the business sector to facilitate them to seize the development opportunities.

25. The Fujian Liaison Unit ("FJLU") of the HKSAR Government was established in Fuzhou, Fujian in February last year. It has been proactively establishing close contacts with the Hong Kong and Macao Affairs Offices and the economic and trade departments of Fujian provincial and municipal governments and actively participating in their economic, trade and investment promotion activities so as to promote exchanges between Hong Kong and Fujian. The FJLU will closely monitor and analyse new economic and trade policies promulgated by Fujian provincial and municipal governments which might have implications on Hong Kong, convey comments of the HKSAR Government and Hong Kong enterprises to the Fujian authorities, and disseminate latest news to Hong Kong enterprises. At the same time, to

leverage the development of the Haixi Economic Zone, the FJLU will keep in view economic and trade policies promulgated by the Central Government so as to assist Hong Kong enterprises to seize new opportunities.

Development of Hong Kong –Taiwan relations

26. Hong Kong and Taiwan have respectively established the ECCPC and the Taiwan-Hong Kong Economic and Cultural Co-operation Council (“THEC”) as the platform to exchanges views and discuss co-operation on public policy matters. We have already implemented, since September last year, an arrangement to allow Taiwan visitors to make prior online entry registration free of charge, further facilitating them to visit Hong Kong for leisure or business. The ECCPC and the THEC have also held their third Joint Meeting in September last year and agreed to take forward four new co-operation areas, namely environmental protection, heritage conservation, co-operation on testing and certification industries and notification of unsafe consumer goods, as well as exchanges between the investment promotion agencies of both sides. In the coming year, we will continue to deepen the exchanges and co-operation on various areas between the two places through the ECCPC-THEC platform.

27. In addition, our multi-functional office in Taiwan, the HKETCO, is in full operation. It has been establishing contacts widely with various sectors and different cities and counties in Taiwan. As an entity to provide on-the-ground service, the HKETCO strives to step up exchanges between Hong Kong and Taiwan on economic, cultural and other fronts; promote the unique culture and image of Hong Kong, and provide on-the-ground assistance to Hong Kong people and businesses in Taiwan. The HKETCO will also complement the efforts of the ECCPC-THEC in enhancing the relations and exchanges between Hong Kong and Taiwan.

Conclusion

28. Members are invited to note the content of this paper.

Constitutional and Mainland Affairs Bureau
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