

For Information

Legislative Council Panel on Commerce and Industry

**The 14th Working Meeting of
the Hong Kong/Guangdong Co-operation Joint Conference
and
the 3rd Liaison and Co-ordinating Meeting of
Hong Kong, Guangdong and Macao in Jointly Taking Forward the
Implementation of the Outline of the Plan for the Reform and Development
of the Pearl River Delta**

Purpose

This paper briefs Members on the major outcomes of the 14th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference and the 3rd Liaison and Co-ordinating Meeting of Hong Kong, Guangdong and Macao in Jointly Taking Forward the Implementation of the Outline of the Plan for the Reform and Development of the Pearl River Delta held on 5 February 2010 in Guangzhou.

Background

2. Mr Henry Tang, the Chief Secretary for Administration and Mr Wan Qingliang, the Vice-Governor of Guangdong Province co-chaired the 14th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference

in the morning of 5 February 2010 in Guangzhou. Various co-operation initiatives were discussed, and a consensus on a major future work plan was also reached. The same afternoon, the Chief Secretary, Mr Wan Qingliang, the Vice-Governor of Guangdong Province, and Mr Tam Pak Yuen, the Secretary for Economy and Finance of the Macao Special Administrative Region also jointly chaired the 3rd Liaison and Co-ordinating Meeting of Hong Kong, Guangdong and Macao in Jointly Taking Forward the Implementation of the Outline of the Plan for the Reform and Development of the Pearl River Delta. The meeting reviewed the progress of the three places in implementing the Outline in the past year, and decided on a future workplan. The three places held a press conference on the same day and a press release was issued, giving an account of the deliverables of the meetings. The key areas discussed at the meeting are set out in the following paragraphs.

Major Initiatives in Implementing the Outline

3. One of the major initiatives in implementing the Outline is to formulate the framework agreement on Hong Kong/Guangdong co-operation. The work in this regard is making good progress. We are working closely with the Mainland with a view to completing the related work soon. We will continue to follow up on this front with a view to establishing the basis for incorporating the relevant initiatives into the National 12th Five-year Plan.

4. The regional co-operation plan on Building a Quality Living Area aims at transforming the Pearl River Delta (PRD) region into a sustainable, green and quality living area. Enhanced co-operation will be pursued in the areas of environment and conservation, low-carbon development, spatial organisation, personnel exchange, transportation, and social and culture (including cultural exchange, education, social welfare and food safety), so as to improve the living

environment in the PRD region. Currently, Hong Kong, Guangdong and Macao are now actively taking forward the preparation of the regional co-operation plan. We are making good progress and expect that the compilation of the plan will be completed by the second quarter of 2010. During the period of Shanghai Expo, together with representatives from Guangdong and Macao, we plan to share the relevant content of the plan at the seminar on green living to be organised in Shanghai.

5. As regards the regional co-operation plan on infrastructure construction, it mainly aims at examining how to plan the provision of the various infrastructures for the linkage of the three places in a reasonable manner, so as to effectively foster the development of the three places. The three sides are actively taking forward the preparation of the plan. Through close liaison, the governments of Hong Kong, Guangdong and Macao have come to preliminary consensus on the coverage of the regional co-operation plan. Next, we will continue to discuss with Guangdong and Macao on the various details for the preparation of the regional co-operation plan.

Individual Co-operation Areas

6. There are also substantive developments in other co-operation areas, including financial co-operation, tourism co-operation, infrastructural projects, co-operation in commerce and trade, regional development and town planning, education co-operation.

Financial co-operation

7. As regards financial co-operation, the two CEPA VI liberalisation policies, namely the establishment of “cross-location” sub-branches for Hong Kong

banks in Guangdong and joint venture securities investment advisory companies, have both taken effect, and have been receiving positive responses. As at January 2010, the Guangdong China Banking Regulatory Commission has approved applications of four Hong Kong banks to set up a total of five sub-branches. In addition, the China Securities Regulatory Commission promulgated the administrative rules regarding the joint venture securities investment advisory companies on 6 January 2010. Currently, we are engaging in the negotiations for CEPA VII and will seek more "early and pilot implementation" measures in Guangdong.

8. For the renminbi (RMB) trade settlement scheme, on December 28, 2009, Premier Wen Jiabao expressed to the Chief Executive that the Central Government will continue to take forward the scheme and explore the development of RMB financing. We are following up with relevant Mainland authorities regarding this. This is one of the major financial co-operation initiatives between Hong Kong and Guangdong.

9. Regarding the mutual access and usage of electronic money between Guangdong and Hong Kong, relevant enterprises and government departments in Shenzhen and Hong Kong have arrived at the consensus of launching the pilot scheme of the "Two-in-One Card" between Shenzhen and Hong Kong. The relevant stakeholders will embark on in-depth discussions towards a concrete implementation plan with the aim of introducing the pilot scheme in one year's time. In addition, the financial authorities and regulators of both sides are discussing further exchanges of financial institutions, products, capital and talent.

Tourism co-operation

10. On tourism co-operation, Hong Kong, Guangdong and Macao meet regularly to discuss issues of common concern, jointly attracting visitors from both within and outside the region, and co-operate in developing and promoting more multi-destination tourism products, so as to leverage our complementary advantages to further promote tourism development in the region.

11. The Mainland implemented two facilitation measures last year for Shenzhen residents to visit Hong Kong. Response to the one-year multiple-entry Individual Visit (IV) endorsement to visit Hong Kong for Shenzhen permanent residents implemented since 1 April 2009, is encouraging, with over 1.47 million visits to Hong Kong under the scheme by end December 2009. According to a survey conducted by the Hong Kong Tourism Board, over 73% of surveyed Shenzhen permanent residents indicated that they would visit Hong Kong more often because of this new scheme, thereby increasing the average frequency of their visits from 1.4 to 1.9 times per month. The measure to allow eligible non-Guangdong residents residing in Shenzhen to apply for IV endorsements in Shenzhen to visit Hong Kong was also implemented on 15 December 2009. At the same time, the period of stay for Macao visitors in Hong Kong has been extended from 14 days to 180 days since 16 February 2009, and in co-operation with Macao, the Automated Passenger Clearance System for Hong Kong and Macao residents has been implemented since 10 December last year. Up to 31 December 2009, nearly 40,000 Macao residents have enrolled for the Hong Kong e-Channel service. Meanwhile, nearly 65,000 Hong Kong residents have also enrolled for the Macao's automated clearance service. With the support of the governments of Guangdong and Macao, we will together seek the Central authorities' consent to gradually extend the applicable area of these facilitation measures to the entire Guangdong Province. This will facilitate more

Mainland residents to visit Hong Kong and promote movement of people between the two places, which is in line with the strategy of “supporting movement of people among Guangdong, Hong Kong and Macao” set out in the Outline.

Infrastructural projects

12. The State Council, at its executive meeting on 28 October 2009, approved the feasibility study report of the Hong Kong-Zhuhai-Macao Bridge Project, and the works in respect of the main bridge commenced on 15 December 2009. The parties concerned will continue to work closely together to ensure the timely completion of the bridge as well as the proper management and operation after its commissioning, so that the bridge can attain maximum economic benefits.

13. The Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) will provide high speed rail services between Hong Kong, Shenzhen and Guangzhou, as well as connect Hong Kong to the National high speed rail network. The XRL plays an unparalleled role in strengthening the social and economic connection between Hong Kong and the Mainland, injecting momentum and creating new opportunities for mid and long term development in Hong Kong. The Finance Committee of the Legislative Council approved the funding application for the Hong Kong section of the XRL on 16 January 2010. The construction of the XRL has started and is expected to be completed in 2015. We will continue to work closely with the Mainland to ensure smooth implementation of the XRL project. A co-ordinating group has been established between the Highways Department and the Ministry of Railways of the Central Government to co-ordinate the design, construction, operation and maintenance of the Hong Kong section and the Mainland section.

Co-operation in commerce and trade

14. With the support of the Central Government, under the CEPA framework as well as on the basis of Hong Kong/Guangdong co-operation, the two places have announced 34 measures in liberalisation of trade in services as well as facilitation of trade and investment, for early and pilot implementation in Guangdong Province since 2008. These measures, implemented in phases since last year, will help promote the integration of service industries between the two places. We will continue to make use of the open platform of CEPA. Following the principles of taking progressive action and dealing with the easier subjects before the more difficult ones, we will strive to expand the coverage of CEPA and, together with Guangdong Province, seek to put in place more measures for early and pilot implementation in Guangdong Province. We will also continue to liaise closely with Guangdong Province to follow up the implementation of CEPA, with a view to maximising the effectiveness of the announced measures.

15. At the same time, the HKSAR Government has been maintaining close contact with the Guangdong authorities to facilitate Hong Kong enterprises operating in Guangdong to undergo upgrading and restructuring of their business. Over the past year, the Guangdong authorities have implemented a number of concrete facilitation measures, including “restructure without stopping production” and “single tax return for multiple domestic sales” arrangements. The Innovation and Technology Fund, the Research and Development Cash Rebate Scheme which will soon be launched, the Design-Business Collaboration Scheme, the SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme of the HKSAR Government provide Hong Kong enterprises with funding and financing support. Furthermore, to facilitate Hong Kong enterprises in tapping the Mainland market, the HKSAR Government will continue to strengthen co-operation with the Guangdong

authorities and organise more business matching events/trade fairs. Meanwhile, the Hong Kong Trade Development Council and the Hong Kong Productivity Council also provide supporting services on upgrading and restructuring and opening-up of markets.

Regional development and town planning

16. For Qianhai development, Hong Kong and Shenzhen have formally established an expert group to follow up closely on the specific co-operation direction and content. The current consensus is for the Shenzhen Municipal Government to take up the leading role, and be responsible for the development and management of the Qianhai area, while the HKSAR Government will provide comments on the study and formulation of issues like development planning and policies.

17. In addition, Hong Kong and Shenzhen have exchanged views on the Liantang/Heung Yuen Wai Boundary Control Point project on such aspects as work schedule, mode of co-operation on works projects linking Hong Kong and Shenzhen, and preparation for the design competition for the passenger terminal building. We have made substantial progress. The investigation and preliminary design for the boundary control point at the Hong Kong side have commenced and the progress is satisfactory.

18. The joint study of the Hong Kong and Shenzhen Governments on the Lok Ma Chau Loop commenced in June 2009 and is anticipated for completion by the end of 2011. Some facilities in the Loop can become operational by 2020 if the progress is smooth. It is tentatively scheduled that members of the public in Hong Kong and Shenzhen will be consulted on the Preliminary Outline Development Plan in the first half of 2010.

19. The “Planning Study on the Co-ordinated Development of the Greater Pearl River Delta Townships”, which aimed to strengthen co-ordinated development in the Greater Pearl River Delta region, was completed and the findings were promulgated in October last year. On the basis of the study recommendations, the three governments have commenced preparatory work for a joint study on the action plan for the Bay Area of the Pearl River Estuary. The action plan aims to examine feasible options to facilitate co-ordinated development of the Bay Area with a view to making it a sustainable and liveable area and developing the Greater Pearl River Delta into the most dynamic and internationally competitive city-region in the Asia-Pacific region. Detailed scope of the study is being worked out by the three governments, with a view to commencing the study as soon as possible for completion within this year.

Education co-operation

20. Remarkable progress has been made in Hong Kong and Guangdong education co-operation and exchanges. In the higher education and vocational education sectors, co-operation initiatives include offering joint programmes, academic exchanges and teacher training. In the basic education sector, apart from teacher training and exchange programmes and the sister school scheme, the Education Bureaux of Hong Kong and Shenzhen signed an agreement for the operation of Hong Kong children’s classes in three Minban schools in Shenzhen. Looking ahead, Hong Kong and Guangdong will continue to explore education co-operation initiatives to provide more quality education training opportunities for students in Hong Kong and the Mainland.

Other co-operation areas

21. Other work was also discussed. The three sides will continue to work together and communicate closely on the relevant co-operation initiatives.

Conclusion

22. Hong Kong, Guangdong and Macao hold an important position in the PRD region. With the opening up and development of Mainland, enhancing co-operation will help to focus edges of the three places, so as to make contributions to the further development of Mainland, as well as promote the economic growth of the respective areas. We will continue to work closely with the governments of Guangdong and Macao Special Administrative Region, with a view to jointly taking forward co-operation of the three places to a new stage.

Constitutional and Mainland Affairs Bureau

February 2010