

Paper for the LegCo Panel on Commerce and Industry
Measures to Assist Hong Kong Businessmen in
Operating Businesses in the Mainland

Purpose

This paper informs Members of Government's measures to support Hong Kong enterprises with business operations in the Mainland.

Background

2. Hong Kong enjoys close economic and trade relations with the Mainland. The Mainland is Hong Kong's largest trading partner while we are the third largest trading partner of the Mainland. According to Mainland statistics, Hong Kong is the largest inward investor in the Mainland. As at end October 2000, actual utilized Hong Kong investment amounted to US\$166.8 billion, accounting for 50% of the total value of inward direct investment in the Mainland.

3. In view of our symbiotic relationship with the Mainland, the SAR Government has strived to provide the best support services to Hong Kong enterprises with business operations in the Mainland in accordance with the "One Country, Two Systems" principle. Such services are provided through various departments and organizations. The relevant measures are set out in the paragraphs below.

Dissemination of Mainland trade and economic information

4. Information is crucial to business operations. From January to November this year, the Trade and Industry Department (TID) issued thirty-eight Mainland related Commercial Information Circulars, conveying information on processing trade policies, quotas for import and export of commodities, amendments on tariff rates, etc. These circulars are also uploaded on the internet web-pages of the department.

5. The following trade and economic information about the Mainland are also available at the Small and Medium Enterprises Information Centre of the TID:

- (a) Laws and Rules enacted by the Mainland, such as the Gazette of the State Council of the PRC (中華人民共和國國務院公報), Gazette of the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China(中華人民共和國對外貿易經濟合作部文告), and the Proclamation on the Tax Laws and Regulations of the PRC (中華人民共和國稅收法規公告);
- (b) year book and statistical information on the Mainland's trade and economic environment;
- (c) books and periodicals on trade and economic information concerning the Mainland;
- (d) Commercial Information Circulars issued by TID; and
- (e) categorized newspaper cuttings on major trade and economic issues of the Mainland.

6. In addition, The Hong Kong Trade Development Council (TDC) has been actively identifying and analysing relevant policies, regulations and information on commerce and trade that have a bearing on business operations in the Mainland. The TDC will disseminate relevant information through such channels as electronic mail, its monthly publication “Business Alert” and its trade portal “tdctrade.com”.

Liaison with Mainland authorities responsible for economic and trade matters

7. The TID and the Beijing Office of the HKSARG maintain close ties with authorities responsible for trade and economic affairs in the Mainland and exchange views on commerce and trade issues regularly to enhance communication. Representatives of the TID also pay regular visits to major provinces and cities in the Mainland to deepen our understanding of their trade and economic development and step up exchanges on commerce and trade issues of mutual interest. Over the past two years, representatives of TID visited eight cities in Guangdong with major HK investment. During these visits, TID representatives briefed officials of local Customs, Commission of Foreign Economic Relations and Trade as well as other relevant agencies on the import and export control system of HKSAR (in particular the textiles export control system and arrangement relating to outward processing in the Mainland). Through these briefings, we hope to minimize problems that may be encountered by Hong Kong businesses engaged in import and export trade between the Mainland and Hong Kong.

8. The Commerce and Industry Bureau (CIB) and TID also maintain close contact with the Economic Affairs Department of the Liaison Office of the

Central People's Government in the HKSAR (Liaison Office). We conduct frequent discussions on Mainland trade and economic policies and measures of concern to Hong Kong businesses and would reflect the latter's views to the officials concerned. The Economic Affairs Department of the Liaison Office also furnishes TID with information on newly introduced trade and economic regulations in the Mainland on a regular basis.

9. The CIB and TID often invite Mainland officials responsible for trade and economic affairs to visit Hong Kong. Through meetings with these officials, we help promote their understanding of our economy and control systems. The opportunity is also taken to convey problems encountered by Hong Kong enterprises with business operations and investment in the Mainland, as well as their suggestions on improvement. Through these activities, we hope the business environment for Hong Kong businesses with operations in the Mainland can be improved.

10. The Mainland/HKSAR Joint Commission on Commerce and Trade (Joint Commission) established in November last year has provided an effective, high-level liaison mechanism for both sides to exchange views on commerce and trade issues of common concern. Good progress has been achieved by the Joint Commission over the past year. For example, we have successfully reflected the views of Hong Kong enterprises concerning the Mainland's measures on processing trade. The Mainland authorities have responded positively to these comments. In addition, both sides have agreed to further strengthen bilateral exchange of information. In particular, the Ministry for Foreign Trade and Economic Cooperation has agreed to provide timely information on the Mainland's investment promotion policies and laws, as well as serve advance notice on the promulgation of new measures which may have an impact on the economic activities of Hong Kong traders doing business on

the Mainland.

Facilitating direct communication between Hong Kong businesses and Mainland officials

11. The CIB and TID maintain frequent contact with members of the trade to listen to their views on Mainland trade and economic measures, as well as their suggestions to improve the business environment of the Mainland. Where there are issues affecting the trade at large, TID will suitably reflect these views and suggestions to relevant authorities in the Mainland, and arrange for the trade to meet with these relevant authorities direct, with a view to improving the measures concerned. The seminar arranged through the Joint Commission Trade Working Group in Shenzhen on the Mainland's new labeling measures on the import/export of food products held on 27 September this year is a typical example. 50 representatives of the local trade in food and food products participated at the seminar and met with officials of the State Bureau of Entry-Exit Inspection and Quarantine from Beijing and Shenzhen. This provided a chance for the latter to explain the new measures in detail as well as listen to feedback from the local trade.

Helping businesses seize new opportunities

12. The TDC is committed to helping Hong Kong businesses open new markets and identify new opportunities in the Mainland by organizing a wide range of activities, thereby promoting economic and trade cooperation between Hong Kong and the Mainland. Such activities include study missions, policy seminars, trade fairs, Hong Kong products expos, etc. For example, during the year 2000/01, the TDC will organize 24 Mainland study missions and organize/co-organize 17 seminars and trade fairs.

13. In addition, as part of its work in promoting Hong Kong, the Beijing Office of the HKSARG has organized commerce and trade promotion activities in such provinces and cities as Hebei, Shanxi and Tienjin. Local government leaders and representatives of Hong Kong business sector were invited to exchange views on matters including commerce and trade with a view to promote further cooperation.

Conclusion

14. The Mainland's imminent accession to the World Trade Organization and the strategy to develop the western part of the Mainland will offer huge opportunities to Hong Kong enterprises. The Government will continue to provide a business friendly environment and provide the best support services to facilitate our enterprises to seize these new opportunities.

Commerce and Industry Bureau

December 2000