

Legislative Council Panel on Commerce and Industry

The Mainland/ Hong Kong Special Administrative Region Joint Commission on Commerce and Trade

Introduction

This paper informs members of the work of the Mainland/ Hong Kong Special Administrative Region (HKSAR) Joint Commission on Commerce and Trade, which held its 3rd plenary meeting in Beijing on 4 - 5 December 2001.

Background

2. The Mainland/HKSAR Joint Commission was established in 1999 as a forum for the Mainland and HKSAR authorities dealing with trade and commercial matters to exchange views regularly on matters of mutual interest. It aims to promote economic and trade co-operation between the Mainland and HKSAR through enhancing communication and discussion between the relevant authorities. The Joint Commission is not vested with any administrative or decision-making power. It operates in accordance with the “One Country, Two Systems” principle and having regard to the status of the HKSAR as a separate customs territory as enshrined in the Basic Law.

3. The Joint Commission is co-chaired by the Secretary for Commerce and Industry of the HKSAR Government and the Deputy Minister of the Ministry of Foreign Trade and Economic Co-operation (MOFTEC). The Mainland delegation comprises representatives from various departments of MOFTEC, the State Council’s Hong Kong and Macau Affairs Office, the Ministry of Construction, as well as the Liaison Office of the Central People’s Government in the HKSAR. The HKSAR delegation includes representatives from the Commerce and Industry Bureau, the Trade and Industry Department, the Innovation and Technology Commission, Invest Hong Kong, as well as from the Works Bureau, the Beijing Office of the HKSAR Government and the Hong Kong Trade Development Council.

4. The Joint Commission conducts its plenary sessions once a year, usually during the fourth quarter, alternating between Beijing and Hong Kong. In between the plenary sessions, the four Working Groups on,

Trade, Investment, Technology Trade and Treaty Law, and Economic Co-operation (formerly the Working Group on Contract Work and Labour Management) conduct formal and informal meetings to discuss and follow up on matters under their respective terms of reference (Annex).

Progress

5. Since its establishment, the Joint Commission has held three plenary sessions, in November 1999, December 2000 and December 2001 respectively. At the plenums, the two sides took the opportunity to brief each other on the latest trade and economic situation of the Mainland and HKSAR, as well as the new initiatives they have undertaken in the areas of commerce and trade. In keeping with the objectives of the Joint Commission, convenors of the four Working Groups also reported on their progress and outlined their work plans for the following year.

6. Subjects that have been discussed at the Joint Commission or its Working Groups ranged from the Mainland's labour working hours, its new control measures on the processing trade introduced in October 1999, to the promotion of bi-directional investments, technological collaboration and co-operation on contract works, as well as matters concerning the Mainland's accession to the World Trade Organisation (WTO) and its strategy to develop the Western Region of the country. Information of interest to Hong Kong businessmen obtained through the Joint Commission channel was disseminated through the participating parties, such as the Works Bureau, Trade and Industry Department, Invest Hong Kong and the Hong Kong Trade Development Council to the business sector. The views, feedback and concerns of Hong Kong businessmen have also been reflected to the Mainland authorities via the Joint Commission.

7. In addition, the Joint Commission also seeks to facilitate direct communication between the business sector and the Mainland authorities. Meetings were arranged both at the second plenary session and at the working group level for Hong Kong businessmen to discuss trade and investment issues with Mainland officials. The Working Groups have also organised seminars and visits to the Mainland for Hong Kong businessmen, as well as encouraged them to join exhibitions and trade fairs in the Mainland. A recent example was the seminar on "Successful Hong Kong Investments in the Mainland" held on 16 November 2001 in Beijing. About 80 businessmen attended the seminar to share the experience of successful Hong Kong investors and exchange views with

the Mainland officials overseeing the formulation and implementation of commerce and trade policies.

8. At the third plenum held in December 2001, MOFTEC introduced the roles and functions of the newly established departments in MOFTEC, as well as the various follow-up measures, including legislative amendments in response to the Mainland's WTO membership, and the Mainland's current policies on attracting foreign investment. Apart from Hong Kong's economic development, HKSAR representatives also briefed the Mainland on its new measures in promoting trade and economic ties between the HKSAR and Guangdong Province, as well as the HKSAR Government's observations on the achievements of the 4th WTO Ministerial Conference in Doha. The two sides also held in-depth discussions on issues of mutual interest in the areas of promoting and enhancing bilateral trade and investment. Both sides agreed to make full use of the Joint Commission as a channel for communication in the wake of the Mainland's WTO accession.

Way Forward

9. The Joint Commission will continue to work towards enhancing the economic and trading ties between the Mainland and the HKSAR. In the coming year, the Joint Commission will focus on the following -

- (i) strengthening communication and information exchange on one another's legislation, regulations and policies related to commerce and trade, and providing these essential information to the business sector;
- (ii) according priority to economic and trade issues relating to the Mainland's WTO accession – the two sides would step up communication on WTO issues and organise briefings on China's WTO accession commitments and corresponding legal amendments for the Hong Kong business sector;
- (iii) providing better support for Hong Kong businessmen - more sector-specific activities will be held to keep Hong Kong investors abreast of the latest development in the opening of the Mainland services sector, as well as for the Mainland authorities to understand better the concerns of Hong Kong businessmen with a view to identifying the appropriate measures in response;

- (iv) fostering closer co-operation between the Mainland and HKSAR, particularly in the areas of investment promotion, construction industry development, and fostering joint efforts between the Mainland and Hong Kong business sectors in exploring overseas markets;
- (v) promoting technological co-operation - efforts include establishing hyperlinks between the websites of the Mainland and HKSAR authorities concerned, conducting training programmes on enhancement of trade through technology, as well as promoting co-operation between the science parks of the Mainland and HKSAR; and
- (vi) working more closely to address commerce and trade issues that may arise from the changing economic environment in a pragmatic spirit.

Next Meeting

10. The next meeting of the Joint Commission will be held in Hong Kong during the fourth quarter of 2002.

**Commerce and Industry Bureau
January 2002**

The Mainland/HKSAR Joint Commission on Commerce and Trade Working Groups

Terms of Reference

1. Trade Working Group

- ◆ To provide a forum for the Mainland authorities to brief the HKSAR on new policies and measures on economic and trade, and for them to gauge Hong Kong businessmen's views on such new initiatives and existing ones.
- ◆ To provide a forum for the HKSAR to introduce to the Mainland Hong Kong's trade policies as well as the system of trade control and relevant measures.
- ◆ To exchange views on trade matters as agreed by both sides.

2. Investment Working Group

- ◆ To conduct exchange on trade and investment matters, in accordance with the Mainland and HKSAR legislation and policies.

3. Technology Trade and Treaty Law Working Group

- ◆ To exchange views on technology trade and treaty law concerning the Mainland and HKSAR

4. Economic Co-operation Working Group

- ◆ To exchange views on matters concerning the Mainland investments in the HKSAR.
- ◆ To discuss matters concerning the Mainland's management of labour exported to Hong Kong; and construction contracting matters concerning the Mainland and HKSAR.