

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 (the Joint Commission) in the past year. The Joint Commission held its 4th plenary meeting in Hong Kong on 28 - 29 November 2002.

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, Industry and Technology 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 Macao Affairs Office, as well as the Liaison Office of the Central People's Government in the HKSAR. The HKSAR delegation includes representatives from the Commerce, Industry and Technology Bureau, the Trade and Industry Department, the Innovation and Technology Commission, Invest Hong Kong, as well as from the Environment, Transport and 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, and the location alternates 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 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 four plenary sessions, in November 1999, December 2000, December 2001 and November 2002 respectively. At the 4th plenum held in Hong Kong on 28 and 29 November 2002, 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. During the past year, the Joint Commission and its Working Groups have addressed a wide range of subjects, including the Mainland policy on labour working hours of much concerned to the local business community, Guangdong's new customs arrangements on processing trade, as well as innovation and technology co-operation.

7. The two sides also stepped up co-operation on the promotion of two-way investments, by strengthening information exchange and organising seminars for investors from both Hong Kong and the Mainland to gain a better understanding of the investment environment in both places.

8. To facilitate better understanding of the investment environment in the Mainland, the Joint Commission organised a series of seminars and symposiums for Mainland officials to directly explain their investment-related policies and gauge the views of Hong Kong investors in the past year. At the "Seminar on Foreign Investment Policies in China" held in Hong Kong in March 2002, Mainland officials explained the opening of the distribution market and the policies and regulations on labour issues. The "Hong Kong 2002 China Investment Policy Seminar" in July featured the introduction by officials from various ministries and bureaux of the Mainland's new investment policies after its accession to the World Trade Organisation. In September, the Joint Commission organised the "Exchange of Investment Experiences between Hong Kong, Chinese Mainland and International Business People" during the 6th China International Fair for Investment and Trade in Xiamen. All the above activities were well-received by the business community.

9. As the Mainland economy continues to grow, more Mainland enterprises are in a position to expand their operations overseas. The HKSAR Government sees a constructive and important role for Hong Kong in the “Going Out” strategy implemented by the Mainland. The “Investment Environment in Hong Kong Seminar” held in June with Mainland enterprises as the target audience and the following one entitled “Expanding the Global Market – Seminar on Strategic Partnership between Mainland and Hong Kong Enterprises” held in Beijing in November are examples of efforts to help Hong Kong seize the opportunities arising from the process.

10. Apart from reviewing the work of the four Working Groups at the 4th plenum, the HKSAR and Mainland convenors of the Joint Commission also took the opportunity to brief each other on the economic situation of the two places, as well as reviewed the progress made in the economic co-operation between the two places in the areas of trade and investment. The Hong Kong delegation briefed their Mainland counterparts of the work of the Commerce, Industry and Technology Bureau established after the Hong Kong SAR Government implemented the new accountability system, in particular its priorities in promoting the economic and trade relations between the Mainland and the HKSAR. The Mainland delegation representative also briefed the meeting on the progress in law amendments as a result of China's accession to the World Trade Organisation.

11. In addition, the plenum also noted and discussed the HKSAR Government's thinking on using the Joint Commission as the forum for promoting trade and investment facilitation and agreed to take the matter forward through further discussions.

Work Plan for 2003

12. The Joint Commission will continue to work towards enhancing the economic and trading ties between the Mainland and the HKSAR in 2003. The Joint Commission will focus on the following -

- (i) co-organising a series of investment promotion activities, which include holding the seminar on “Investment Experience of Hong Kong Entrepreneurs” in Guangdong; examining the feasibility of small group sector-specific visits to the central and western regions of the Mainland, as well as ways to promote bilateral co-operation in the services sector;
- (ii) keeping track of the developments in outward processing trade and organising seminars in this area; enhancing information exchange on trade and investment related policies; and strengthening exchanges and co-operation on the trade promotion and exhibition activities of Mainland enterprises in Hong Kong;
- (iii) promoting co-operation between enterprises of the two sides in expanding the overseas market through activities like the fora on “Investment Environment in Hong Kong” and seminar on “Expanding the Market – Strategic Partnership between Hong Kong and Mainland Enterprises”. In the area of construction projects, the two sides will encourage the private sectors of both places to join hands in expanding the overseas market and to develop an International Construction Information System. Mutual recognition of professional qualifications will also be promoted;
- (iv) exchanging the latest information on further streamlining the procedures of approving Mainland enterprises’ applications to invest in Hong Kong and on facilitating their investment in the territory. The two sides will hyperlink the web-site “Invest in China” newly launched by the MOFTEC with the web-sites of the CITB, Invest Hong Kong and Trade and Industry Department of the HKSAR Government as well as the Hong Kong Trade Development Council with a view to establishing an information platform for enterprises;
- (v) continuing the communication and exchanges on issues of mutual concern in the area of technology trade; and
- (vi) fostering closer co-operation in the area of innovation and technology. Efforts include the HKSAR Government assisting in facilitating the exchanges between high-technology expositions and fairs in the two places. In addition, the two sides will further exchange views on the issue of intellectual property.

13. In addition, the Joint Commission has established an E-business Working Group to further enhance the exchange and co-operation in the area of e-business among the governments and business sectors of the Mainland and the HKSAR as part of the overall efforts in promoting trade and investment between the two places, and to facilitate the promotion and application of e-business in the two places with a view to propelling more exchanges of trade and economic information, experience, technology, and personnel.

Next Meeting

14. The next meeting of the Joint Commission will be held in Beijing during the fourth quarter of 2003.

**Commerce and Industry Branch
Commerce, Industry and Technology Bureau
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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.
- ◆ 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 of mutual concern.

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.