

立法會
Legislative Council

LC Paper No. CB(1) 494/03-04

(These minutes have been seen by
the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Monday, 10 November 2003, at 4:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Kenneth TING Woo-shou, JP (Chairman)
Hon HUI Cheung-ching, JP (Deputy Chairman)
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing, JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS, JP
Hon MA Fung-kwok, JP
- Member absent** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
- Public officers attending** : **Item IV**

Mr John C TSANG, JP
Secretary for Commerce, Industry and Technology

Mr Raymond YOUNG, JP
Acting Permanent Secretary for Commerce, Industry
and Technology (Commerce and Industry)

Mr Anthony WONG, JP
Commissioner for Innovation and Technology

Miss Mary CHOW
Deputy Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Item V

Ms CHANG King-yiu, JP
Deputy Director of Administration

Ms CHOI Kit-yu, Kitty, JP
Head, Hong Kong Guangdong Cooperation
Coordination Unit

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Mr TSANG Siu-cheung
Senior Assistant Secretary (1)7

Miss Chris LAM
Clerical Officer (1)2

Action

- I Confirmation of minutes of meeting**
(LC Paper No. CB(1)177/03-04 -- Minutes of meeting held on 9 October 2003)

The minutes of the meeting held on 9 October 2003 were confirmed.

- II Date of the next meeting and items for discussion**
(LC Paper No. CB(1)267/03-04(01) -- List of outstanding items for discussion
LC Paper No. CB(1)267/03-04(02) -- List of follow-up actions)

2. Members agreed that the next meeting would be held on Monday, 8 December 2003 at 4:30 pm. Since the Administration had not proposed any discussion items for the next meeting, the Chairman suggested that members who wished to propose discussion items could inform the Clerk after the meeting.

(Post-meeting note: Members were invited to propose discussion items for the next meeting vide a circular issued on 14 November 2003.)

- III Information papers issued since last meeting**
(LC Paper No. CB(1)64/03-04(01) -- Information paper provided by the Administration on the making of the Import and Export

Ordinance (Amendment of Schedules 2 and 3) Notice 2003 and Dutiable Commodities Ordinance (Amendment of Schedules 1A and 1B) Notice 2003 by the Secretary for Commerce, Industry and Technology

LC Paper No. CB(1)178/03-04(01) -- Information paper provided by the Administration on proposal for original marking of watches and piece-knitted garments for export under the Mainland and Hong Kong Closer Economic Partnership Arrangement)

3. Members noted that the above information papers had been issued on 14 and 27 October 2003 respectively for members' information.

IV Briefing by the Secretary for Commerce, Industry and Technology on workplans and initiatives within the purview of the Commerce and Industry Branch

(LC Paper No. CB(1)270/03-04(01) -- Powerpoint presentation materials)

4. The Secretary for Commerce, Industry and Technology (SCIT) briefed members on the workplans and initiatives within the purview of the Commerce and Industry Branch. Details were set out in the powerpoint presentation materials provided by the Administration after the meeting.

Support provided to Hong Kong businesses to facilitate their development in the Mainland

5. Mr NG Leung-sing expressed concern about the economic development of the Pearl River Delta (PRD). He enquired how the Administration would coordinate with the Guangdong authorities in order to complement the advantages of both places. He urged the two governments to strengthen the existing liaison and cooperation mechanism to avoid duplication of investment projects and unnecessary competition. In addition, he enquired about the ways to assist Hong Kong businesses to set up their operations in the Mainland, and was concerned whether Hong Kong enterprises could set up business associations or similar organizations within the existing legal framework of the Mainland with the objective of safeguarding the interests of Hong Kong businesses in the Mainland.

6. In response, SCIT advised that at present, 15 Expert Groups had been set up under the Hong Kong Guangdong Cooperation Joint Conference (the Joint

Conference). The Expert Groups were tasked to take active steps to establish cordial partnership between the two places, as well as provide appropriate coordination to facilitate the operation and investment of Hong Kong businesses in Guangdong. Regarding the development of Hong Kong businesses in PRD, he advised that the Economic and Trade Office in Guangdong (GDETO) of the Hong Kong Special Administrative Region (HKSAR) Government would provide appropriate assistance to help Hong Kong business resolve the difficulties and problems they encountered in their operation. He nevertheless stressed that the main role of the HKSAR Government was to provide important and relevant information to Hong Kong businesses, thus enabling them to capture the business opportunities and make informed decisions on investment.

7. The Acting Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCIT) added that GDETO, the Trade and Industry Department (TID) and Hong Kong Trade Development Council (TDC) had rendered assistance to Hong Kong businesses in tackling difficulties and problems arising from their investment in PRD and other areas of Guangdong Province. Regarding the dissemination of information on investment in the Mainland, he said that the website of GDETO had been linked to the websites of over 21 municipal authorities for the purpose of providing Hong Kong businesses with the latest investment information in the Mainland. Moreover, TID and TDC would also provide investment updates to Hong Kong businesses from time to time so that they could keep track of the investment environment in the Mainland and make informed investment decisions. To enable Hong Kong businesses to seize more business opportunities in the Mainland, the Administration had organised trade missions enabling them to acquire a better understanding of the Mainland market.

8. Responding to Mr NG Leung-sing's enquiry about whether Hong Kong businesses operating in the Mainland could set up business associations or similar organizations within the existing legal framework of the Mainland, PSCIT advised that the recently established Hong Kong Chamber of Commerce in China-Guangdong (HKCCC-GD) was a successful example. Currently, the Administration and TDC were actively assisting HKGCC-GD in discussing with the Guangdong authorities about the feasibility of further improving the investment environment in the Mainland and support measures.

9. In response to Mr HUI Cheung-ching's enquiry about how local business associations could enhance communication with their Mainland counterparts, SCIT advised that the business associations in Hong Kong had been taking the initiative to communicate and exchange views with their Mainland counterparts and GDETO would provide assistance where necessary.

Coordination of infrastructural development projects

10. On the major infrastructural development projects intended to be jointly undertaken by Hong Kong and the Mainland, Mr NG Leung-sing suggested that the Administration should consider strengthening communication between both

places through the relevant Expert Groups under the Joint Conference. This would enhance the transparency of the development projects and its support facilities and avoid any incompatibilities which might arise from the implementation of the projects in both places. Moreover, he was also concerned about the work progress of the various Expert Groups under the Joint Conference and hoped that the Administration would report the work of the Expert Groups to the Panel in due course.

11. In response, SCIT advised while incompatibilities arising from the implementation of some major infrastructural development projects could not entirely be ruled out, he believed the coordination and communication with the Mainland authorities would be improved in future within the framework of the Joint Conference. Regarding the work of the Expert Groups under the Joint Conference, SCIT said that the Administration was prepared to revert to the Panel in due course. At the request of the Chairman, SCIT undertook to provide an information paper after the meeting to set the areas of work of the 15 Expert Groups and the current projects and issues being handled.

Admin

Measures to facilitate Hong Kong's economic restructuring

12. Mr CHAN Kam-lam expressed concern about Hong Kong's economic restructuring and enquired about the specific measures in place to achieve this objective. In his analysis, SCIT advised that at present, the local services sectors accounted for 86% of the gross domestic product (GDP) of Hong Kong. He estimated that such percentage might further increase. As for the local manufacturing industry, it accounted for less than 10% of the GDP. He pointed out that Hong Kong had transformed from an economy characterized by labour-intensive industries to one evolving in the direction of high value-added, high-technology-based and highly innovative industries. To achieve economic restructuring, SCIT pointed out that the Administration intended to operationalize the concept of Greater PRD by strengthening cooperation with the Guangdong authorities. This would put into practice the economic development model of "front shop and back plant", thus enhancing the competitiveness of the Mainland and Hong Kong in the international market. In reply to Mr CHAN Kam-lam's enquiry about when Hong Kong's economy could be successfully restructured, SCIT said that with the improvement of unemployment figures and the recovery of the local economy to a reasonable level, Hong Kong could achieve economic restructuring in a gradual manner.

13. Mr CHAN Kam-lam agreed that economic restructuring would be beneficial to the long-term development of Hong Kong. On the phasing out of the labour-intensive production as a result of economic development in the direction of high technology-based and high value-added industries, he was concerned about measures to deal with the employment problem faced by low-skilled and less-educated workers. SCIT remarked that given the current economic restructuring and the relocation of production lines to the north, it seemed inevitable that manufacturing workers in Hong Kong had to face the unemployment problem. The Administration would take measures to provide

retraining to these workers so that they could be self-reliant under economic restructuring. Members reckoned that the impact of economic restructuring on the employment situation should be further discussed by other relevant Panels.

Arrangements for providing assistance to Hong Kong businessmen in the Mainland

14. Mr CHEUNG Man-kwong was concerned about Hong Kong businessmen being involved in legal proceedings in connection with their investment and business activities in PRD. He was particularly concerned about the failure on the part of the Administration to take effective action to tackle fraud, corruption, false allegation, blackmail and detention cases which involved Mainland government officials. Hong Kong businessmen in these cases could not enjoy lawful and fair protection when developing their businesses in the Mainland. As such, Mr CHEUNG urged the Administration to consider establishing an additional Expert Group under the Joint Conference to take up the responsibility of handling matters involving the rights and protection of Hong Kong businessmen investing in the Mainland. He believed that such an arrangement would boost the confidence of Hong Kong businessmen in making investment in the Mainland.

15. In response, SCIT said that it was incumbent upon Hong Kong businessmen making investment and establishing their businesses in the Mainland to abide by Mainland laws. He appreciated Mr CHEUNG's concern and advised that the Administration would consider the feasibility of Mr CHEUNG's suggestion. He stressed that when considering the suggestion, apart from the actual needs, the Administration would also need to take into account the additional resources that a new Expert Group might incur.

Admin

Development strategy and positioning of Hong Kong's business and industrial sectors

16. Dr LUI Ming-wah expressed grave concern about the appropriateness or otherwise of the strategy and positioning adopted by the Administration in developing the local business and industrial sectors. As regards the Administration's focus on the development of the services sectors and innovation and technology, he expressed reservation on whether this arrangement could promote Hong Kong's economic development and bring about actual benefits. Referring to the current economic conditions and development trend, he anticipated that the unemployment rate would unlikely be significantly improved in the near future. Dr LUI considered that unless effective measures were undertaken to facilitate the development of the manufacturing industry, the development of the services sectors and innovation and technology alone could hardly improve the local employment situation. As such, he opined that while developing the services sectors and innovation and technology, the Administration should also actively boost the development of the local manufacturing industry. Regarding the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Dr LUI Ming-wah urged the

Administration to adopt appropriate measures to implement various concessions provided for Hong Kong businesses to access the Mainland market under CEPA. Dr LUI considered that the Administration should play a more active role in the development of Hong Kong's business and industrial sectors.

17. In response, SCIT stressed that at present, the Administration would continue to adhere to the principle of "big market, small government" in developing the local business and industrial sectors and would play the role of a supporter and an enabler. He believed that maintaining a stable economy from the macro perspective would facilitate the business and industrial sectors in making sensible commercial decisions. This would improve the local economic situation and realize the benefits from the development model of "front shop and back plant" adopted by Hong Kong and the Mainland.

18. Dr LUI Ming-wah expressed reservation about the concept of "front shop and back plant" mentioned by SCIT as one back plant could have a number of front shops. He cautioned that over-reliance on the Mainland to back up Hong Kong's economic development would inevitably be risky. In this connection, SCIT said that despite market risks, further development of the local services sectors would enhance Hong Kong's image as a "front shop", thereby giving full play to the development potentials of Hong Kong and the Mainland, particularly the PRD.

19. Dr LUI Ming-wah commented that the Administration's focusing on the development of the services sectors, such as logistics, financial services and tourism industries, could not provide adequate impetus to local economic development and resolve unemployment. In response, SCIT reiterated that through self-regulation by the market, Hong Kong's economy would create momentum beneficial to the development of industries without the need for direct intervention from the Government.

20. While the Administration considered that stimulating domestic consumption could improve the local economy, Dr LUI Ming-wah was of the view that such an approach could not provide adequate impetus to boost the development of the Hong Kong's economy.

21. Responding to Dr LUI Ming-wah's concern about the measures the Administration could take to attract the return of the manufacturing industry to Hong Kong, PSCIT advised that due to the development of the knowledge-based economy and the high labour and land costs in Hong Kong, the Administration could not follow the practice of other countries or places to introduce concessions or tax relief measures to encourage the manufacturing industry operating in a labour-intensive manner to relocate their production base in Hong Kong. He pointed out that the most important task for the Administration was to provide a development platform while giving businesses the free hand to choose and consider the development mode which suited them best. The CEPA recently signed between Hong Kong and the Mainland provided the right development platform for the industrial and business sectors. As for the

manufacturing industry, the Administration had successfully retained most origin rules currently applicable to Hong Kong products. It was estimated that of the 273 products which would enjoy zero tariff from 1 January 2004, about 60% would be subject to the existing origin rules. Regarding the origin rules of value-added content under CEPA, they were more relaxed than those stipulated in other international trade agreements. SCIT believed that the above initiatives could facilitate the development of the local manufacturing industry as well as encouraging high value-added activities to be undertaken in Hong Kong.

22. On organizing trade missions to assist Hong Kong enterprises to gain access to the Mainland market and open up business opportunities, Mr HUI Cheung-ching suggested that the Administration should strengthen the publicity on trade promotional activities and notify relevant business associations in advance so that they could decide whether or not to participate in the activities. The Chairman suggested that when organizing trade promotional activities, the Administration might release the details through GDETO for reference of Hong Kong's business associations and enterprises operating in the Mainland. SCIT noted Mr HUI's suggestion.

Admin

23. Mrs Sophie LEUNG opined that while maintaining a stable macro-economy, the Administration should make reference to the economic development of other countries or places and acquire a thorough understanding of Hong Kong's edges before formulating policies conducive to the development of the local business and industrial sectors. As there were often reports of the services sectors being confronted by operating difficulties, she queried whether the Administration had provided a favourable business environment and played the role of a supporter and an enabler. Although she acknowledged the "front shop and back plant" concept, she was concerned whether the Administration, in formulating the relevant strategies, had consulted the business and industrial sectors extensively and understood their actual needs in business expansion so as not to formulate unrealistic policies and strategies behind closed doors.

24. As regards the regionalization of economic development mentioned by Mrs Sophie LEUNG, SCIT pointed out that the Administration was heading for the goal of developing the Greater PRD with a view to seeking more opportunities in the Mainland market for local businesses. Given the continuous contribution of the development concept of "front shop and back plant" to the economic growth of the two places since its inception in the 1970s, he considered that the cooperation pattern underlying this concept would continue to work.

25. In order to promote Hong Kong's economic development, Mrs Sophie LEUNG suggested that the Administration should consider organizing seminars with the participation of the business sector to explore ways for improving Hong Kong's economy. She shared Dr LUI Ming-wah's view that developing the services sectors alone could not bring about substantial growth of the local economy. SCIT said that he would consider Mrs Sophie LEUNG's view.

Admin

26. Referring to the study entitled *Made in PRD: The Changing Face of HK Manufacturers* commissioned by the Federation of Hong Kong Industries and conducted by the Hong Kong Centre for Economic Research in 2002, the Chairman pointed out that the local manufacturing industry registered continuous growth in the past. The key to growth lay in how the Administration took appropriate measures to provide the industry with room for survival and development so that the potentials and edges of the Greater PRD could be fully leveraged on.

Prospects of Hong Kong's manufacturing industry

27. Citing the nanotechnology-based industries as an example, Mr MA Fung-
kwok considered that the local manufacturing industry still had room for further development and the Administration should not withdraw the required support. Otherwise, it would be even more difficult to tackle unemployment in Hong Kong. Moreover, he was concerned whether the existing development support services provided for the businesses were adequate. In the face of economic restructuring, he opined that the Administration should consider expanding the scope of support provided to the business and industrial sectors. For example, discussion could be held with the Central People's Government for the provision of service support in the areas of logistics, trade declaration and investment consultancy to Hong Kong enterprises in the Mainland. Furthermore, it might also consider establishing new channels to enable foreign investors to better understand the advantages enjoyed by Hong Kong businesses expanding into the Mainland.

28. In response, SCIT stressed that the Administration provided support to Hong Kong's business and industrial sectors on different fronts. It would maintain its role of a supporter and an enabler to assist Hong Kong businesses in making investment and establishing footholds in the Mainland.

29. Mr MA Fung-kwok was not convinced that the Administration had provided adequate support and room for development for the manufacturing industry. He pointed out that in 1999, a foreign consortium had expressed interest in investing in wafer fabrication in Hong Kong. However, the Administration failed to make a prompt decision and missed the opportunity. In this connection, he urged the Administration to reposition the manufacturing industry and provide more room for development for the local businesses concerned.

30. In response to Mr MA Fung-kwok's concern about the support for the manufacturing industry, the Commissioner for Innovation and Technology (CIT) explained that the Mainland's low production cost was the main reason for the relocation of the local manufacturing industry to the north. As such, the Administration considered it difficult for low-cost and labour-intensive industries to remain as the mainstream industries to keep pace with the development of Hong Kong's economy. However, it did not mean that the Administration would cease its support. For example, the Innovation and Technology

Department had assisted the local manufacturing industry in developing high-technology-based, high value-added and highly innovative products. The establishment of the Hong Kong Science Park had also attracted organizations/institutions engaged in high technology activities to conduct research in the Park, which would in turn enhance Hong Kong's potential in high technology development. CIT advised that the Administration would encourage the business and industrial sectors (including the manufacturing industry) to invest in technology and improve productivity through the Innovation and Technology Fund. Besides, the Administration would study ways to develop Hong Kong's high technology and innovation industries within CEPA's framework. Coupled with the labour-intensive manufacturing capability of the Pearl River Delta, more impressive development results could be achieved. He added that persons engaged in high-technology-based industry often required the support of persons engaged in the service sector and the manning ratio was about 1:3. The Chairman urged the Administration to give equal treatment to all trades and industries, instead of providing assistance to selected industries only.

31. Mr CHAN Kam-lam considered that the policy adopted by the Administration lacked vision and thus failed to meet the actual needs of the market and promote the development of the local business and industrial sectors. He did not subscribe to the positive non-interventionist policy still being pursued by the Administration in dealing with the development of the business and industrial sectors. Citing CEPA as an example, he opined that although the arrangement had provided the local business and industrial sectors with a favourable development platform, the Administration should not rely solely on the adjustment forces of the market. Instead, it should take positive measures to enable the local businesses to optimize the advantages provided by CEPA for their development.

32. Given the current fiscal constraints, Mr CHAN Kam-lam questioned whether the Administration could ensure that the infrastructural projects could achieve the objective of meeting the requirements which might change with time. Although Mr CHAN subscribed to the "big market, small government" principle, he reiterated that the Administration should adopt a proactive approach to examine and address the problems relating to industrial development, particularly the feasibility of establishing a river-loop industrial zone which had received attention from the business and industrial sectors recently.

33. Dr LUI Ming-wah shared Mr CHAN Kam-lam's view and considered that the Administration should take the initiative to develop the local business and industrial sectors. He suggested that experience should be drawn from neighbouring regions such as Taiwan, Singapore and South Korea in order to formulate effective policies and measures to develop the local economy and the business and industrial sectors. He stressed that maintaining a stable economy in a macro perspective was not sufficient to bring about long-term development for Hong Kong's business and industrial sectors. He urged the Administration to reposition the local manufacturing industry and adopt proactive and effective measures to facilitate its development.

34. In response, SCIT confirmed that the Administration would uphold the principle of fairness and adopt a highly transparent policy to promote the business and industrial development in Hong Kong. Through the implementation of CEPA, he believed that certain developed industries such as the manufacturing industry would be retained while some fledgling and high-technology industries would be attracted to develop their operations in Hong Kong. All these would add momentum to the development of Hong Kong's economy.

35. The Chairman concluded that members hoped that the Administration would consider setting up an additional Expert Group under the Joint Conference for safeguarding the interest of Hong Kong businessmen in the Mainland. Moreover, they also urged the Administration to assist the Hong Kong business and industrial sectors (including the manufacturing sector) in opening up new business opportunities in the Mainland via the development platform provided by CEPA.

Other concerns

36. Given that at present, Hong Kong businessmen had to travel between Hong Kong and PRD frequently, Mr CHAN Kam-lam was concerned about the telecommunications services of the two places. In this regard, SCIT advised that the telecommunications services currently available in the market could already provide customers with the convenience of using the services without the need of changing SIM-cards. This was indicative of the integration of telecommunications technology of the two places. CIT added that while bringing more convenience to users, the charges of the above service were also more expensive. He therefore suggested that users should choose the appropriate telecommunications services having regard to their own needs.

V Proposed creation of a permanent post of Head of the Hong Kong Guangdong Cooperation Coordination Unit

(LC Paper No. CB(1)267/03-04(03) -- Information paper provided by the Administration)

37. The Deputy Director of Administration (DDA) and Head, Hong Kong Guangdong Cooperation Coordination Unit (H(HKGCCU)) briefed members on the Administration's proposal to make permanent the supernumerary post of Head of the Hong Kong Guangdong Cooperation Coordination Unit (HKGCCU). Details were set out in the information paper provided by the Administration.

Members' position on the proposal

38. In view of the expansion in the scope of Hong Kong-Guangdong cooperation, Mr CHAN Kam-lam agreed that a high ranking government official was needed for coordinating the work concerned. He expressed support in

principle for the Administration's proposal of retaining the supernumerary post of Head, HKGCCU on a permanent basis. However, given the need to uphold the principle of "small government", he was concerned whether the Administration, when submitting the proposal, had endeavoured to identify an equivalent post in the Office of the Chief Secretary for Administration (CS) or other policy bureaux/departments for deletion to avoid the additional staff costs.

39. While appreciating Mr CHAN's concern, DDA advised that as the Administration Wing had a small establishment with a few directorate posts, no suitable permanent post could be identified for deletion at this stage to offset the proposed post. She undertook that the Administration would liaise actively with other policy bureaux/departments to facilitate the early identification of a directorate post for offsetting purposes and would account for the detailed arrangements in its submission to the Establishment Subcommittee (ESC) of the Legislative Council (LegCo) on 10 December 2003.

40. Mr CHEUNG Man-kwong raised no objection to the proposed post. However, in view of the consensus reached by LegCo Members on the creation of directorate posts and the current fiscal constraints, he pointed out that it was necessary for the Administration to adhere to the zero-growth policy for directorate establishment. He shared Mr CHAN's view and considered it necessary for the Administration to identify a directorate post for deletion within the Government for offsetting purposes. Otherwise, the Democratic Party could only support extending the tenure of the supernumerary post of Head, HKGCCU to continue to coordinate and deal with matters relating to Hong Kong-Guangdong cooperation, instead of converting the supernumerary post in question into a permanent one. He opined that the principle agreed to by LegCo Members should not be changed. Otherwise, other policy bureaux/departments would put up similar staffing requests to LegCo on various grounds.

41. Mr HUI Cheung-ching and Mr SIN Chung-kai supported retaining the post of Head, HKGCCU to coordinate matters relating to Hong Kong-Guangdong cooperation. However, they also urged the Administration to identify as soon as possible a directorate post for deletion to offset the creation of the proposed post.

42. DDA noted members' concern and reiterated that the Administration would continue its effort in identifying a directorate post for deletion before submitting the proposal to the ESC.

Hong Kong-Guangdong cooperation mechanism and HKGCCU's functions

43. Responding to Mr HUI Cheung-ching's concern about matters relating to Hong Kong-Guangdong cooperation, H(HKGCCU) advised that the coordination work had met with some difficulties. However, with confidence and through discussion with the Mainland authorities at length, the Unit had ultimately resolved many problems. She pointed out that as regards the Hong Kong-Guangdong cooperation mechanism, the Chief Executive, CS, HKGCCU,

GDETO and HKTDC would represent the HKSAR Government in holding discussion with the Mainland authorities at different levels to resolve issues of mutual concern.

44. The Chairman enquired whether there had been any changes to HKGCCU's functions. H(KHGCCU) replied that the work of HKGCCU no longer focused on matters relating to border clearance. Instead, it now coordinated and steered the inter-departmental work of the 15 Expert Groups under the Joint Conference. Apart from supervising the progress of work, HKGCCU had to ensure that the work was carried out in accordance with the broad direction formulated at the Joint Conference. She added that within the framework of Hong Kong-Guangdong Cooperation, the Central Policy Unit (CPU) of the HKSAR Government would conduct research on regional development in collaboration with the Guangdong authorities. Moreover, Hong Kong and Guangdong also agreed that each side would set up its own Business Committee under the Joint Conference to facilitate discussion and exchanges between Hong Kong and Guangdong enterprises, trades and businesses. The Business Committees would complement government efforts in identifying investment opportunities and further improving the business environment. The Hong Kong side's Business Committee would offer constructive advice on ways to further develop the PRD with the input of the HKSAR Government, business organizations and research bodies. As for the research studies conducted by CPU on the policy of the HKSAR Government, HKGCCU would coordinate interdepartmental input to such studies. Upon completion of the studies, HKGCCU would liaise with the Guangdong authorities and submit the study results to the Joint Committee for deliberation with a view to generating new items for Hong Kong-Guangdong cooperation.

45. The Chairman concluded that members supported in principle the retention of the post of Head, HKGCCU. As regards the Administration's proposal of making permanent the existing supernumerary post, members unanimously agreed that unless an equivalent directorate post could be identified to offset the proposed post, they could only support extending the supernumerary post of Head, HKGCCU, the duration of which could be further discussed. The Administration noted members' view.

VI Any other business

46. There being no other business, the meeting ended at 6:15 pm.