

**Information Paper for
LegCo Panel on Commerce and Industry**

**Reports on the work of
Hong Kong Economic and Trade Offices**

Attached at Appendices 1 to 11 for Members' reference are reports on the work of the Hong Kong Economic and Trade Offices since the last report made in July 2003.

Commerce and Industry Branch
Commerce, Industry and Technology Bureau
July 2004

Report on the Work of Washington ETO

On 14 May 2004, following the reorganization of the Hong Kong Economic and Trade Office in Washington, the Commissioner, USA assumed responsibility as Head of the Washington Office in addition to her overall responsibilities for directing and coordinating the work of the three U.S. ETOs (Washington, D.C., New York and San Francisco) which collectively are responsible for:

- (a) safeguarding Hong Kong's commercial interests and strengthening economic and trade ties with the U.S.;
- (b) looking after Hong Kong's public relations interests in the U.S.; and
- (c) promoting U.S. investments in Hong Kong.

2. The three Hong Kong Economic and Trade Offices work together closely and proactively in representing Hong Kong's interests. We stay in close contact and meet regularly with the Hong Kong family in the U.S. (Hong Kong Trade Development Council, Hong Kong Tourism Board and Hong Kong Monetary Authority) to promote Hong Kong. We also maintain regular dialogue with our interlocutors through personal calls, meetings, briefings, public speeches, seminars, conferences, interviews and media-related activities. We disseminate our messages through newsletters, press releases, electronic mail distribution services and our website. We also work closely with our network of advocates who are opinion-formers and influential leaders prepared to speak up for Hong Kong.

3. As regards the Washington Office, the main focus of its work is to take the pulse of the U.S. capital and to represent Hong Kong. The office monitors legislative proposals, executive actions and general sentiments in the U.S. capital that may affect Hong Kong's interests. We also seek to maintain the profile of Hong Kong, promote Hong Kong's core values and our determination to be Asia's World City.

4. In this connection, the Washington Office maintains working relations with a number of U.S. Federal agencies, and continually seeks to strengthen the network of contacts with congressional offices, members of media, think-tanks, academia, and selected interest groups with relevance to Hong Kong.

Commercial Relations

5. The Washington Office contributes to the development of U.S.-Hong Kong commercial relations through engaging federal agencies, congressional offices, and other opinion formers on matters of common concern, providing support to bilateral trade consultations, and assessing and reporting on new development that would affect Hong Kong's trade and economic interests.

Security and Trade Facilitation

6. Over the past year, U.S. foreign and domestic policies continue to be dominated by anti-terrorism and the related concern over homeland security. Our office continues to seize the initiative to showcase Hong Kong's contribution to regional and global security while giving due consideration to facilitate legitimate trade flow, such as Hong Kong's cooperation with the U.S. in the Container Security Initiative, our leadership role in countering money-laundering activities and our model strategic trade control system.

Free Trade

7. The U.S. Administration is facing increasing pressure from protectionist forces to address the trade imbalance with China and unfair trading practices. The calls for more protectionist measures have been fuelled by the slow economic recovery, the lack of job creation, the unemployment problem which is often blamed on the outflow of manufacturing jobs to other countries, and the forthcoming presidential and congressional elections at the end of 2004. Whilst maintaining a close watch for legislative attempts which may inadvertently affect Hong Kong, our office also proactively promotes the merits of free trade using the success of Hong Kong as an example. At the same time, in introducing Hong Kong's WTO-compliant Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) with China, we encourage the US business sector to make use of the platform provided by Hong Kong to pursue a win-win situation which exploits the comparative advantages of the U.S., Hong Kong and Mainland China.

Hong Kong's Constitutional Development

8. Against the backdrop of Hong Kong's increasing economic integration and political interaction with the Mainland, Washington's interest in Hong Kong has reached an unprecedented level as a result of the ongoing developments in Hong Kong on the pace of constitutional reforms and the timing for universal suffrage. Certain quarters in the U.S. political circles have suggested that the U.S. should closely monitor the situation in Hong Kong to determine if U.S. policy towards Hong Kong needs any adjustment. Our ongoing efforts to inform, educate and reassure our interlocutors of the guarantees for "One Country, Two Systems" and "high degree of autonomy" as enshrined in the Basic Law have become all the more important.

9. We have gone to great lengths to keep our interlocutors informed of the developments on the constitutional front and the efforts made by the Government of the Hong Kong Special Administrative Region to engage and consult the public on this important matter in a most open and transparent manner.

Public Relations

10. The U.S.' ongoing international counter-terrorism efforts have provided the Washington Office with the opportunity to demonstrate further the strength of the U.S.-Hong Kong bilateral relationship by highlighting Hong Kong's active role as a member of the global coalition against terrorism. To illustrate our leadership role, we regularly cite Hong Kong's membership of the Financial Action Task Force, its anti-money laundering and anti-terrorist financing measures, stringent strategic trade controls, passage of counterterrorism laws, cooperative relationship with U.S. law enforcement agencies and participation in the U.S. Customs Container Security Initiative, as well as other measures to safeguard the international trading system.

11. To elevate Hong Kong's profile, the Washington Office works to maximize exposure of visiting senior Hong Kong officials, such as the recent speaking engagement for Secretary for Security at the Center for Strategic and International Studies on Hong Kong's role in securing Asia against terrorism.

12. In addition, the Washington Office regularly engages in other educational and/or image building activities targeting not only U.S. government officials, but members of the media, diplomatic, and academic communities, as well as the general public. Such activities include, but are not limited to, presentations, speeches, interviews, roundtable discussions and briefings, as well as special events such as the annual Chinese New Year reception, various performing arts events, and the "Made in Hong Kong" film festival cosponsored by the Smithsonian Institution's Freer Gallery of Art.

Looking Ahead

13. Apart from our regular ongoing work, one of the most important tasks ahead for the Washington office is to monitor the U.S. Presidential and Congressional elections and their trade policies for any impact on Hong Kong. We will also need to keep a careful watch over any possible changes in policy towards Hong Kong arising from concerns about erosion of Hong Kong's high degree of autonomy and pace of constitutional reforms. Promotion of CEPA will remain a key focus of the work of all three U.S. ETOs.

Hong Kong Economic and Trade Office, Washington

Report on the Work of the Geneva ETO

The main function of the Geneva ETO is to represent Hong Kong, China as member of World Trade Organization (WTO). It also represents Hong Kong as a member in the International Textiles and Clothing Bureau (ITCB)¹ and the Advisory Centre on WTO Law (ACWL)² and as an observer on the Trade Committee of the Organisation for Economic Cooperation and Development (OECD) in Paris.

Commercial Relations

2. During the past year, the WTO focused on pushing forward the Doha Round of multilateral trade negotiations (commonly known as the “Doha Development Agenda” or DDA), notwithstanding the failure to achieve substantive results at the mid-term review in the Fifth WTO Ministerial Conference held in Cancun, Mexico in September 2003. Overall progress has been slow because of wide differences among WTO members in a number of key areas such as agriculture, market access for non-agricultural products and “Singapore issues” (including trade facilitation, transparency in government procurement, trade and investment, and competition policy). In recent months, many members have shown political will and flexibility to achieve framework agreements on some key areas of the DDA negotiations by the end of July 2004. Nevertheless, there are still substantive differences that need to be resolved in the coming weeks.

3. The Geneva ETO has participated actively in various negotiating areas. For examples, on services, we have held bilateral consultations with a number of trading partners on the initial offers for services liberalisation and participated actively in the negotiations on services rules. On market access for non-agricultural products, we have been pushing for the elimination of tariffs in sectors of export interest to developing members. On rules negotiations, Hong Kong, China, together with a number of WTO members, have put forward a number of proposals to tighten the disciplines on anti-dumping and to improve the procedures for the notification and review of Regional Trade Agreements. Together with a number of WTO members, we promote the launching of negotiations to clarify and improve rules concerning trade facilitation in July 2004.

4. The Geneva ETO also monitored closely WTO dispute cases of systemic or trade interests to Hong Kong. We have indicated our interest to be a third party in the dispute case between the United States and European Union on “*United States – Laws, Regulations and Methodology for Calculating Dumping Margins (“Zeroing”)*”. The panel process is expected to start after summer.

¹ The ITCB is an international governmental organization formed by 24 developing, exporting members of textiles and clothing products and based in Geneva.

² The ACWL is an international governmental organization based in Geneva providing legal assistance and legal training concerning WTO law to its developing members and least-developed countries.

5. Hong Kong, China's offer to host the sixth WTO Ministerial Conference (MC6) in 2005 was accepted at the General Council meeting in October 2003. The dates of MC6 have yet to be agreed.

6. The Geneva ETO has worked closely with other exporting developing members of textiles and clothing products in the ITCB on strategies to guard against protectionist pressure in major markets in the quota-free trading environment after 31 December 2004.

7. The Geneva ETO has participated actively in the ACWL and the Trade Committee of the OECD in the past year. We also provided support to the Secretary for Commerce, Industry and Technology's participation in the OECD Ministerial Meeting in May 2004. The Ministerial injected much needed impetus to the DDA negotiations.

Looking Ahead

8. In the coming year, we will continue to participate actively in the DDA negotiations and will liaise closely with WTO members, the WTO Secretariat and other relevant bodies in preparation for MC6 likely to be held in Hong Kong in 2005.

Hong Kong Economic and Trade Office, Geneva

Report on the Work of the Brussels ETO

The Brussels ETO is responsible for representing Hong Kong's economic and trade interests in the European Union (EU), European Commission (EC) and European Parliament; and for the bilateral relations with 14 member states of the EU viz Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxemburg, the Netherlands, Portugal, Spain and Sweden.

Commercial Relations

2. During the reporting period, the Brussels ETO focused on three major areas of work, namely multilateral trade negotiations, bilateral commercial relations, and public health / food safety co-operation with the EU.

3. Following the collapse of the World Trade Organization (WTO) ministerial conference at Cancun in September 2003, there have been intensive negotiations among WTO members on ways to restart the process to keep the timetable of the Doha Development Agenda on track. We continued to maintain close contact with trade officials in the European Commission and Member States to assess the EU position on future multilateral talks. We also organized roundtable discussions with senior members of the diplomatic community in Brussels to discuss the way forward, including the timing of the 6th Ministerial Conference which would be hosted by Hong Kong.

4. On bilateral commercial relations, we facilitated the negotiations between Hong Kong and several EU Member States on a comprehensive "Avoidance of Double Taxation Agreement". The first one with Belgium was signed in Hong Kong in December 2003. Negotiations with other Member States such as Denmark, France and Ireland are either ongoing or at a preparatory stage.

5. To promote further public health / food safety co-operation, the Permanent Secretary for Health, Welfare and Food visited Sweden, Finland and the Netherlands in May 2004. She held meetings with policymakers and public health / food safety experts, and identified opportunities for further collaboration between Hong Kong and Europe. We are assisting in the follow-up work on these initiatives.

6. Also, a number of important events took place in Europe in the previous year. The ones that aroused most public interest and generated most discussions / debates in the EU included Enlargement and the negotiation for a European Constitution. Given their potential impact not just on the EU but also on the world at large, we have closely monitored their developments through regular dialogues with our interlocutors. We will continue to follow closely those developments and assess their impact on Hong Kong.

Public Relations

7. The Brussels ETO regularly updates our interlocutors in the political, business and the media fields on the latest development in Hong Kong.

8. To follow-up on the discussion between European Commission President Romano Prodi and the Chief Secretary for Administration (CS) in 2002, the Secretary for the Civil Service (SCS) met European Commission Vice-President Neil Kinnock last June and both sides agreed to work on a secondment scheme for civil servants working in the EC and HKSARG. We are also at the preparatory stage for establishing a structured dialogue with the Commission to explore further areas of cooperation.

9. We organised bilateral meetings and various promotional activities for senior visitors from Hong Kong - CS to Stockholm (May 2004), Financial Secretary to Frankfurt (April 2004), Chief Executive to Paris (November 2003), Secretary for Economic Development and Labour to Copenhagen, The Hague, Amsterdam and Rotterdam (September 2003) Secretary for Financial Services and the Treasury to Frankfurt (July 2003) and SCS to Brussels and Salzburg (June 2003).

10. Talented music students from the Hong Kong Academy for Performing Arts staged performance in Frankfurt, Brussels, Utrecht, Copenhagen, Paris and Berlin during July 2003 as part of our "Relaunch Hong Kong" Campaign and the Chinese New Year receptions in 2004. We are also organising the Hong Kong Film Panorama in Europe - 15 recently produced Hong Kong films are on a revolving road show in Germany, Belgium, the Netherlands, Sweden and Austria. We plan to expand the coverage of the Film Panorama to include Denmark and Ireland in autumn.

11. On the bilateral front, we will continue to promote various educational, youth and cultural exchanges between the Member States and Hong Kong. We will also encourage and facilitate visits to Hong Kong by European Head of State / Cabinet Ministers as a means to enhancing our bilateral relationship.

Investment Promotion

12. In the aftermath of the SARS crisis, the Invest Hong Kong (InvestHK) Desk in Brussels Office has made extra efforts to relaunch Hong Kong in the major markets in Europe. Moreover, a large project was organised in the summer of 2003 in which we prepared for the first time ever a joint investment promotion event in Europe between InvestHK and a Mainland China agency. In this case, a successful seminar was organised in Frankfurt in September 2003.

13. After the seminar, the InvestHK Desk launched a campaign on the promotion of investment in Hong Kong to fulfil its targets as defined by InvestHK at the beginning of the year. With 28 completed projects, our efforts more than met the objectives of 25 set for the countries under our portfolio.

14. As of the beginning of this year, the InvestHK Desk has observed, through its many marketing initiatives and constant contacts with companies in Europe, that there had been a clear rebound of business confidence in investment in Hong Kong after the difficult year 2003. Interest for projects in the Far East and in particular China increased significantly. So far, we have secured 19 completed projects, against an overall target of 34. Barring unforeseen circumstances, we are reasonably optimistic that this target would be exceeded. As of June this year, 136 potential investors have been contacted, 47 have been visited, and 20 potential projects have been registered.

15. The workload is expected to continue to be heavy in the second half of the year. Indeed, while we are currently engaged in preparations for the joint investment promotion seminar with Shenzhen in Stockholm in August, a large number of investment promotion visits are also being planned for the period from September to November 2004.

Hong Kong Economic and Trade Office, Brussels

Report on the Work of the London ETO

The London ETO is responsible for promoting Hong Kong's economic and trade relations with the United Kingdom (UK), Switzerland, Norway, Hungary, Czech Republic, Poland, Cyprus, Malta, Slovak Republic, Latvia, Lithuania, Estonia, Slovenia, Romania, Bulgaria, Russia and Croatia.

Commercial Relations and Public Relations

2. The London ETO organised the official visit of the Chief Executive (CE) to London in November 2003. The CE met with leading figures in the political and business sectors of the UK, including the Prime Minister, the Mayor of London, leading figures of the business sectors, and representatives of the Chinese community. The CE was the Guest of Honour at the Hong Kong Trade Development Council Annual Dinner in London, celebrating its 20th anniversary. He was also the Guest of Honour at the concert organised by the London Office and performed by the Hong Kong Chinese Orchestra, attracting a full house of 600 guests from the diplomatic, political, business and media circles. He also opened a promotional event at Covent Garden for the Hong Kong Tourism Board.

3. The London ETO also assisted in organising official visits of other senior government officials, including the Chief Secretary for Administration (CS) (visit to Russia in May 2004), Financial Secretary (visits to London in January and July 2004), Chief Justice (visit to London in May 2004), Secretary for Home Affairs (visit to London in September 2003), Secretary for Education and Manpower (visit to London in November 2003), Secretary for Economic Development and Labour (visits to London in September 2003 and June 2004), Secretary for Health, Welfare and Food (visit to London in April 2004), Secretary for Environment, Transport and Works (visit to London in June 2004).

4. In addition, two Permanent Secretaries and five heads of departments also visited the UK during this period. The LegCo Panel on Economic Services also visited London during this time.

5. The London ETO had also invited 15 influential opinion formers to visit Hong Kong under the government's sponsored visitor programme. Nine of them already paid their visit to Hong Kong under this sponsorship.

6. The London ETO also organised 13 receptions, 12 seminars and nine luncheon speeches. In addition, DGL gave 33 speeches/presentations and some 40 interviews in the UK and other countries covered by the London Office on various aspects of Hong Kong.

7. In October 2003, the London ETO presented three performances of the City Contemporary Dance Company to a combined audience of some 2,400 in St Petersburg, Moscow and Prague in an effort to strengthen Hong Kong's cultural and economic ties with these cities. A photo exhibition was also launched in these cities to showcase Hong Kong's recovered dynamism after the SARS outbreak. These activities were intended to tie with the CS' visit which was subsequently postponed to May 2004.

8. Apart from the above three cities, similar photo exhibitions were also staged in London, Birmingham, Budapest and Warsaw.

9. In late February 2004, the London ETO, with the support of the Information Services Department in Hong Kong, organised a large scale business exhibition in the UK, held in London's Royal Horticultural Hall. The event "Opportunity Hong Kong: Asia's World City", comprised ten exhibition stands, was designed to highlight Hong Kong's strengths in financial services, trade (under CEPA), tourism, and creative industries. The exhibition stands were taken up by Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, the Organising Committee of the Hong Kong Cultural Industries Expo, Cathay Pacific and the Hong Kong and Shanghai Banking Corporation Limited. The exhibits included a 4.5-metre high "folding paper" designed by Hong Kong designers to promote Hong Kong's creative industries, and a photography exhibition entitled "Hong Kong Looking Ahead". A series of six informative seminars took place concurrently on various subjects including trade, CEPA, creative industries, financial services and tourism. Approximately 500 visitors including prominent figures in the respective fields, attended the opening reception. The seminars were also well attended.

10. During the CS' visit to Moscow in May 2004, a large scale photo exhibition entitled "Hong Kong - Asia's World City" was staged to provide the Russian government officials and businessmen with an overall view on the Hong Kong's business strengths and opportunities. At the opening ceremony of the exhibition, the world premiere of a three-minute BrandHK video was played before 150 guests.

Investment Promotion

11. During the reporting period, Investment Promotion Unit of the London ETO (IPU) conducted over 100 company visits and was successful in helping ten companies to set up offices in Hong Kong, including Rolls Royce Motor Cars and the Financial Times.

12. During the same period, IPU also organised visit programmes targeting at five specific sectors. In addition, IPU continued its programme of meeting with the UK regional government and non-government organisation multiplier associations to increase awareness of business opportunities in Hong Kong. IPU also organised a UK roadshow programme in London, Cambridge and Glasgow on behalf of the Hong Kong Science and Technology Parks and Cyberport.

Looking Ahead

13. The London ETO will continue to promote Hong Kong and maintain close bilateral relations with the countries under its preview. Emphasis will be placed on activities to promote topical subjects, such as the launch of Government bonds and promoting investments in the pan-PRD area, which would be arranged to tie in with senior official visits, briefings and advertising campaigns.

Report on the Work of the Tokyo ETO

The Tokyo ETO is responsible for promoting Hong Kong's economic and trade interests in Japan and the Republic of Korea.

Commercial Relations

2. In the second half of 2003, the Tokyo ETO was actively engaged in the post-SARS "confidence recovery" work. Among other things, the Tokyo Office brought two delegations of lawmakers from Japan and Korea to visit Hong Kong in support of the Relaunch Hong Kong Campaign.

3. In 2003, the Tokyo ETO helped set up the Hong Kong Japan Partnership Roundtable (HKJPR) which provides a forum to foster public-private sector collaboration in promoting Hong Kong. To help representatives from both the public and private sectors to gain a better understanding of the Hong Kong-Mainland-Japan business collaboration model in promoting the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Tokyo ETO organised the first HKJPR Mission to Hong Kong and PRD in December 2003.

4. The first half of 2004 saw two important developments in the bilateral relationship between Japan and Hong Kong. During the Chief Secretary of Administration (CS)'s visit in February 2004, the Japanese government announced the granting of visa exemption to all Hong Kong passport holders visiting Japan. Co-operation between Hong Kong and Japan in the area of information technology and telecommunications was also given a new boost with the signing of the 'Arrangement on Co-operation in Information and Communications Technology' between Hong Kong and Japan in March 2004.

5. In addition to CS's visit to Japan and Korea, the Tokyo Office handled visits of five Principal Officials during the year including the Financial Secretary, Secretary for Commerce, Industry and Technology, Secretary for Economic Development and Labour, Secretary for Home Affairs and Secretary for the Environment, Transport and Works. These visits helped to widen and deepen Hong Kong's network among interlocutors in government, legislature, business, media, think-tanks, the academia and the cultural sector of the Japanese and Korean community. In addition, the visits afforded useful opportunities to promote the advantages of CEPA, the Hong Kong-Pearl River Delta business model, Hong Kong as Asia's World City, Hong Kong's role as an international maritime centre, and business opportunities in the infrastructure sector. The Director of Intellectual Property also visited Japan and promoted initiatives in intellectual property protection.

6. We also provided support to two Legislative Council's fact-finding missions: the visit of the Panel on Food Safety and Environmental Hygiene to Japan in January 2004 and the visit of the Panel on Manpower to Korea in May 2004. The Tokyo ETO also received 15 other delegations and individuals and assisted with their visit programmes to Hong Kong, Japan and Korea.

Public Relations

7. We hold regular meetings and briefings to update our interlocutors in Japan and Korea on the latest developments in Hong Kong. We have established close links with the key media agencies in Japan and Korea and have rendered assistance Japanese journalists visiting HK. In addition to regular dissemination of information on Hong Kong through the Hong Kong Liner (newsletter of the ETO) and the Tokyo ETO website, media interviews and briefings are also arranged to further enhance the understanding of Hong Kong among interlocutors in Japan and Korea.

8. Under the auspice of the HKJPR, two cultural projects were organized in Japan last year -

- HKJPR Cultural Mission to Japan and a cultural exhibition during the 'Hong Kong Week' in Japan;
- HKJPR Mission to Hong Kong and an Ikebana Exhibition in Hong Kong.

In Korea, a Hong Kong Film Festival was organized during the visit of the CS in October 2003.

Investment Promotion

9. The focus of Tokyo ETO's investment promotion activities is on Japan. The Invest Hong Kong Desk arranged eight promotional visits in 2003 and launched a programme to support 15 such visits in 2004. In addition to company visits, it also organised business seminars to promote investment opportunities in Hong Kong, including the Hong Kong – Guangdong Joint Promotion Seminar and CEPA Seminar in Japan in October 2003, and the Hong Kong – Shenzhen Investment Environment Seminar in June 2004. The promotional activities in Japan have led to 27 Japanese companies setting up offices or expand their operations in Hong Kong in 2003, including Ebara Corporation, Yamazaki Die Cast and BALS Hong Kong Ltd.

Looking Ahead

10. In the coming year, our efforts will continue to focus on promoting the Hong Kong-Pearl River Delta business model, Hong Kong as an international financial centre, as well as the role CEPA in strengthening the business relations between HK/Mainland and Japan/Korea. We will stage regional business and cultural roadshows to promote Hong Kong in different regions of Japan and Korea. With a large number of newly elected members in the lawmaking bodies of Japan and Korea, we will devote more attention in cultivating our relationships with the lawmakers.

Report on the Work of the HKETO, Guangdong

The work of the Guangdong ETO is to enhance economic cooperation between Hong Kong and Guangdong Province, strengthen business and trade links between the two places, promote investments to Hong Kong or through Hong Kong to the world, and provide better support for Hong Kong businessmen with operations in Guangdong. As a result of our efforts in the past two years, we have established a good relationship and maintained channels of communication with the Guangdong Provincial Government and all the 21 above-prefecture-level cities. We have also built up a wide network of contacts with Hong Kong businessmen operating in Guangdong to enhance communication so that we could understand their needs better.

Commercial Relations

2. As a channel of information on economic and trade development between the HKSAR Government and the Guangdong authorities, Guangdong ETO continues to enhance understanding between Guangdong and Hong Kong and provide various support services to Hong Kong enterprises, including:

- (i) frequent visits to the 21 above-prefecture-level cities in Guangdong, particularly the nine cities in the PRD;
- (ii) publication of the weekly ETO Newsletter to report on the latest information on commerce and trade-related policies / regulations and the economic developments in Guangdong Province, as well as on the economic and trade activities held in the province;
- (iii) organisation of six study missions to Guangdong to assist Hong Kong businessmen to look for investment opportunities in the province;
- (iv) organisation of more than ten activities conducive to the business development of Hong Kong enterprises in the province, including the Seminar on Domestic Sales for Hong Kong Enterprises in Guangdong held in November 2003, the Seminar on Setting up Individually Owned Stores in Guangdong by HK Residents under CEPA held in December 2003, the Seminar on Business Opportunities in Zhuhai - CEPA Investment Promotion held in February 2004, the Seminar on Domestic Sales for Foreign Enterprises and the SME Seminar on Setting Up Individually Owned Stores in the Mainland held in March, and the SME Seminar on Retail Business in the Mainland under CEPA held in June;
- (v) production of various publications / leaflets to help Hong Kong businessmen understand the relevant economic and trade information in Guangdong, including the List of CEPA-related Websites in Hong Kong, Guangdong and the PRD, the Flowcharts on Approval Procedures of Applying for Provision of Services in the Mainland under CEPA, the List of Advisory/Intermediary Service Agencies in Guangdong, and the List of Economic and Trade-related Websites in Guangdong; and

- (vi) organization of seven interchange gatherings with Hong Kong businessmen, with the gatherings held in February, April and June 2004 focusing on CEPA to introduce and discuss the developments of Hong Kong's services sector in Guangdong under CEPA, the procedures of setting up enterprises in Guangdong and the relevant taxation issues.

Investment Promotion

3. Another important function of Guangdong ETO is to provide information and services to enterprises which are interested in investing in Hong Kong so as to facilitate investment flows between Hong Kong and Guangdong. During the period, services for investment promotion mainly include:

- (i) setting up of the Investment Promotion Service Centre to provide latest information on Hong Kong's business environment and investment regime for public's reference and to deal with enquiries from companies looking for direct investment in Hong Kong;
- (ii) joint organisation of six investment promotion seminars with local government authorities or chambers of commerce respectively in Guangzhou and Shenzhen;
- (iii) mounting of briefing sessions for Guangdong companies on new development in investment environment in Hong Kong, such as the Admission Scheme of Mainland Talents and Professionals, CEPA etc; and
- (iv) organisation of five investment promotion events entitled "Hong Kong Investment Study Mission" for Guangdong companies looking for direct investment in Hong Kong.

Public Relations

4. Promotional activities are organized to project a positive image of Hong Kong as a good business partner of Guangdong Province. Major activities organised in the past year include:

- (i) enhancement to the ETO's Resource Centre and website (<http://www.gdeto.gov.hk>) as well as setting up hyperlinks to websites of the provincial and municipal governments and various trade and economic departments in Guangdong; and
- (ii) co-organisation of a special TV programme entitled "Guangdong and Hong Kong Are One Family" with the Guangdong TV Station. The TV programme carried special features to introduce the great business opportunities for Hong Kong professional services under CEPA and a general picture of Hong Kong enterprises in Guangdong province.

The Way Forward

5. In the coming year, Guangdong ETO will continue to closely monitor the economic and trade developments in Guangdong province, in particular the implementation measures relating to CEPA. We will disseminate timely the relevant information to the economic and trade-related departments of the SAR Government and Hong Kong businessmen to help Hong Kong's business community grasp and fully utilise the opportunities brought by CEPA as early as possible.

Hong Kong Economic and Trade Office, Guangdong

Report on the Work of the Sydney ETO

The Sydney ETO is responsible for promoting Hong Kong's economic and trade interests in Australia and New Zealand. In the past year, the Sydney Office has continued to vigorously promote Hong Kong as Asia's World City and explain government policies and initiatives to political leaders, government officials, the business community and the general public. This is done mainly through regular liaison, speaking engagements, business conferences, radio interviews, media briefings, press releases and letters to editors.

Commercial Relations

2. On the commercial relations front, the Sydney ETO kept a close watch on any trade-related controversies, such as anti-dumping investigations, relating to Hong Kong and Chinese products. We monitored the policies of both the Australian and New Zealand governments, and their respective positions in taking forward the World Trade Organization and Asia-Pacific Economic Cooperation agenda; as well as the development and local reactions to bilateral trade negotiations between Australia/New Zealand and other countries/regions, including Hong Kong.

3. During the report period there was no trade dispute between Hong Kong and Australia/New Zealand. We are watching closely the development of free trade talks between Australia/New Zealand and the United States and China.

Public Relations

4. Over the past year, the Sydney ETO has been proactive in showcasing Hong Kong's strengths and attractions as a business hub in the region, as well as highlighting the opportunities available for overseas companies arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). We have also continued to cultivate and maintain relations with the mainstream Australian and New Zealand media as well as the local Chinese media.

5. As part of this office's Relaunch Hong Kong Programme post-SARS, we commissioned a series of reports on Hong Kong, which were published in The Australian, a national newspaper, and the March 2004 issue of the Company Director, a magazine published by the Australian Institute of Company Directors. Other events organized or sponsored to showcase Hong Kong included a series of Chinese New Year receptions; two business seminars; the Australian Chinese Dragon Boat Race 2004; as well as the screening of Hong Kong films in local film festivals such as the Melbourne International Film Festival, the Sydney Film Festival, CineAsia 2004 in Adelaide and the Asia Film Festival Aotearoa in Auckland. We also continued with regular contributions of articles to magazines published by Australian business associations including the Australian Institute of Export, the Australia China Business Council and the New South Wales State Chamber of Commerce.

6. The period under report saw visits by a number of senior officials from Hong Kong, including the Secretary for Commerce, Industry and Technology; the Secretary for Economic Development and Labour; the Secretary for Constitutional Affairs; the Secretary for Education and Manpower; the Director-General of Investment Promotion and the Commissioner of Police. In the other direction, eight sponsored visitors from Australia and New Zealand, comprising influential personalities from both the public and private sectors, and eight journalists visited Hong Kong.

Investment Promotion

7. In the period under report the Sydney InvestHK Desk made a number of visits to Australian and New Zealand companies and assisted interested investors in establishing or expanding their presence in Hong Kong. So far nine projects have been completed successfully, securing eight Australian investors and one New Zealand company to set up offices in Hong Kong.

8. Other investment promotion activities during the period included investment briefings organized in conjunction with local trade and industrial organizations in the state capitals of New South Wales, Victoria and Queensland of Australia and Auckland and Wellington in New Zealand. Response to the briefings has been both encouraging and positive. To augment our efforts, a part time consultant, based in Melbourne, was appointed in April 2004 to strengthen our investment promotion and liaison work in the states of Victoria and South Australia.

Way forward

9. In the coming year, the Sydney ETO will continue to liaise closely with our interlocutors in both the public and private sectors to keep them abreast of developments in Hong Kong and strengthen, where possible, our efforts in cultivating even stronger ties with Australia and New Zealand. Our investment promotional efforts will place emphasis on targeting sectors such as business and professional services, information technology, transportation, financial services, tourism and entertainment and regional headquarters etc.

Hong Kong Economic and Trade Office, Sydney

Report on the Work of the New York ETO

The New York Office is responsible for promoting economic and trade relations between Hong Kong and 31 states in the East Coast region of the United States.

Commercial Relations

2. We maintain an on-going visit programme to reach out to investors, business, official and media contacts. During the past 11 months up to May 2004, Director (New York), made a total of 26 out-of-New York City visits to 14 cities in ten states to meet with the businessmen and trade organizations, state and municipal economic and trade offices and relevant agencies. We also launched a series of business seminars and events to promote Hong Kong as an international financial, logistics, business and professional services centre, a gateway to Mainland China and the Asia-Pacific region and business opportunities under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). Collaborating with a number of think tanks, professional and business bodies focusing on or interested in Asia/China issues, we organized and sponsored 13 business events. In addition to the 24 talks on Hong Kong by Director (New York) in various forums, we arranged ten visits for C,USA to give talks, meet contacts and officials in Atlanta, Ft. Lauderdale, Miami and New York. We also arranged 32 speaking engagements/forums in nine cities for four government officials, including the Chief Secretary for Administration in September 2003 and the Financial Secretary in January 2004, and 17 speakers from Hong Kong. Three business delegations from Florida and one led by the Governor of Wisconsin met with senior HKSARG officials during their visit to Hong Kong.

Public Relations

3. We promote Hong Kong through outreach and PR activities. We also monitor media sentiment and maintain close relations with the electronic and print media. Our contacts are kept informed of major developments in Hong Kong through emails, news releases and our monthly newsletter '*Hong Kong Digest*'. The most prominent annual PR event sponsored by this office is the Hong Kong Dragon Boat Festivals in New York, Boston and Atlanta. After SARS, we organized the first Hong Kong Dragon Boat Festival in Miami and sponsored a series of film events featuring Hong Kong films in New York, Chicago, Boston, Atlanta and Miami. Such events served to promote Hong Kong's culture, spirit, image and lifestyle and showcase Hong Kong talents.

4. In addition, we reach out to Hong Kong student associations in the East Coast as well as American universities. During the past 11 months, we assisted in arranging internship for five postgraduate students from New York and five university groups on study tour in Hong Kong. A Grade 12 student from Alabama who has won the *In the Classroom Media* essay competition on Hong Kong will be visiting Hong Kong in the summer. All these efforts aim at promoting young Americans' understanding of Hong Kong.

Investment Promotion

5. With growing interest in the China market and Hong Kong as a gateway to China, the Invest Hong Kong Desk has recorded higher levels of activity than before. The promotional programme continued to be structured around the agency's grouping of priority business sectors, allowing company visits to be targeted in the areas of financial services, business and professional services, technology, media and multimedia, transportation, trade related services, IT and telecommunications. During the report period, the investment promotion team visited over 170 companies, and assisted 21 companies in establishing business operations in Hong Kong. Successful promotional events were arranged in leading markets, including Chicago and New York, and supported by senior officials from Invest Hong Kong.

6. With emerging evidence of recovery in the U.S. economy, business interest in offshore investment is recovering steadily. This is demonstrated by the strong attendance at the Hong Kong – Shenzhen seminar held in Chicago in November 2003 and the Hong Kong – Foshan seminar in New York in April 2004, and increasing willingness on the part of senior executives to meet directly with Invest Hong Kong representatives. Developing awareness of, and interest in, China as a rapidly developing market continues to be the main driver of US business interest, and Hong Kong is well positioned to secure significant investment as a result of current promotional activities in this market.

Looking Ahead

7. Business opportunities under CEPA and constitutional development in Hong Kong will continue to attract the attention of the media, political and business communities in the East Coast. The Pan-Pearl River Delta concept will start to draw business attention. Cathay Pacific Airway's direct non-stop flight that has started since 1 July, will likely stimulate further development of the economic, trade and tourism ties between Hong Kong and the East Coast. We will continue to take every opportunity to promote Hong Kong as the gateway to China, the preferred logistics and business centre and tourist destination through our regular outreach commercial and PR efforts as well as high profile VIP visits and business seminars.

Hong Kong Economic and Trade Office, New York

Report on the Work of the San Francisco ETO

The San Francisco ETO is responsible for promoting economic and trade relations between Hong Kong and 19 US states west of the Mississippi River.

Commercial Relations

2. The San Francisco ETO reaches out to the business community, political and government leaders, academic institutions, think tanks and the media to update them on developments in Hong Kong, especially its advantages for businesses and investment, its position as Asia's World City and gateway into Mainland China, as well as opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement. This is done mainly through regular liaison, promotion activities including speaking engagements and business seminars, as well as media briefings and our electronic newsletters.

Public Relations

3. The period under report saw visits by a number of senior officials from Hong Kong and the San Francisco ETO organized their visit programmes to promote the Hong Kong message. Notably, the Secretary for Health, Welfare and Food visited San Francisco last August to send key post-SARS relaunch Hong Kong messages. This was followed by the Chief Secretary's visit to San Francisco and Silicon Valley in September, which raised Hong Kong's profile for further developing cross-Pacific business opportunities; it also highlighted the strengths of Hong Kong post-SARS as a leisure travelling destination as well as a business hub in a promotion function entitled "Hong Kong – Live it. Love it!". In February this year, the Secretary for Security made a brief stopover in San Francisco on his way to Washington DC and updated the media on the latest situation in Hong Kong. In May, the Permanent Secretary for Home Affairs led the Hong Kong Ballet to launch its premiere in San Jose, and the performance entitled "Legend of the Great Archer", was the most colourful demonstration of the East meets West theme of Hong Kong as Asia's World City.

4. The San Francisco ETO also assists with the lining up of meeting programmes for selected opinion formers, government and business delegations, as well as journalists who travel to Hong Kong. These programmes are arranged to ensure that the visitors have successful and fruitful exposure to the relevant people and institutions in Hong Kong, so that they could return with a better and more in-depth understanding of Hong Kong and the business connections where appropriate.

5. This was particularly important for the post-SARS relaunch of Hong Kong and visits were organized for trade delegations led by Governors and Lieutenant Governor from Alaska, Nebraska and Nevada respectively, by officials and/or business people from Nevada and cities of San Francisco, San Diego, Honolulu, Berkeley as well as Silicon Valley amongst others, to Hong Kong.

Investment Promotion

6. The Invest Hong Kong Desk in San Francisco ETO is dedicated to the promotion of US investment into Hong Kong. It meets with targeted companies and assists them with their business expansion plans into Hong Kong. Led by the Director-General for Investment Promotion, a business seminar was jointly organized in Santa Clara last November with the Dongguan city to promote the Hong Kong-Pearl River Delta business model. Visit programmes of company meetings, speaking engagements and media briefings were organized for the Director-General of Investment Promotion last November, January and March with emphasis on the major business centres in California, Texas and Oregon. The Invest Hong Kong Desk also joined hands with the Hong Kong Science and Technology Parks Corporation at the visit of the Commissioner for Innovation and Technology in June to expand the technology network in the Bay Area.

7. The Invest Hong Kong Desk has assisted 15 US companies to set up or expand their businesses in Hong Kong. The majority of these companies came from California, with the remainder coming from Hawaii, Texas and Utah. In addition, the Invest Hong Kong Desk also brought over 30 companies, mainly from California, to visit Hong Kong and introduced them to the advantages of setting up businesses in Hong Kong.

Looking Ahead

8. For the coming year, the San Francisco ETO will continue to promote the economic and trade interests of Hong Kong with the Western United States, and work to further expand the network across the Pacific.

Hong Kong Economic and Trade Office, San Francisco

Report on the Work of the Toronto ETO

The Toronto ETO is responsible for promoting Hong Kong's economic and trade interests in Canada. In the past year, the Toronto ETO has continued to enhance the understanding of the HKSAR among opinion-formers; monitor developments that might affect the HKSAR's economic and trading interests; and liaise with the business and commercial sectors, politicians, think-tanks and the media. The Toronto ETO also regularly organised events to promote Hong Kong's business opportunities and overall image.

Commercial Relations

2. During the report period, our attention was mainly focused on the implementation of Canada's 24-hour rule on marine cargoes in April 2004, which requires marine cargoes destined for Canada to be reported to Canadian customs 24 hours before loading. Since last August, we have been gathering relevant information for Hong Kong's traders and liaising closely with the Canadian customs. A technical manual on the compliance with the 24-hour rule was also compiled for Hong Kong traders' reference.

3. We have been watching closely the significant changes in the three levels of Canadian governments, including the coming into power of a new federal Prime Minister, new provincial governments of Ontario and Quebec and a new Mayor of Toronto. All these political changes and related developments in the trade and economic policy areas required greater efforts on the part of the Toronto ETO in reaffirming, rebuilding and expanding our networks. The successful visits to Canada by the Secretary for Justice, Secretary for Security and the Secretary and Permanent Secretary for Home Affairs during the period have substantially helped strengthen our relationship with the local governments. Also, we had secured the visits to Hong Kong by the Mayor of Vancouver, the Mayor of Calgary, the Mayor of Richmond and the President of one of Canada's most influential think-tanks, the C.D. Howe Institute.

Public Relations

4. As part of the Toronto ETO's Relaunch Hong Kong Programme post-SARS, we organized two large-scale PR promotional events this year. In February, the Hong Kong Wushu Team, led by Permanent Secretary for Home Affairs, gave two sold out performances at Calgary and Edmonton respectively. The team also acted as Hong Kong's Goodwill Ambassador and visited community organizations and local governments. Their visits and performances were prominently covered by the local media, and had succeeded in projecting a positive and dynamic image for Hong Kong. As a recognition of its contribution, Tourism Calgary granted the Wushu team "Honorary Calgarians".

5. In May, led by Secretary for Home Affairs and Permanent Secretary for Home Affairs, the Hong Kong Ballet staged two sold out performances entitled “Legend of the Great Archer” in Toronto and Vancouver respectively. To generate maximum publicity from the performance, we collaborated with the prestigious Royal Ontario Museum (ROM) to raise funds for its China initiatives. Whilst the proceeds of the performance were donated to ROM, ROM in turn helped enhance the publicity for the Hong Kong Ballet, including organizing a high profile post-performance gala dinner with SHA as a keynote speaker. In Vancouver, the ballet performance was greatly supported by the City of Vancouver and City of Victoria and the proceeds were donated to help raise funds for the Chinese Cultural Centre. The performance was widely covered by the local media. The Mayor of Vancouver proclaimed May 14, 2004 as “Hong Kong Ballet’s Canada Tour Day”.

Investment Promotion

6. Since the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in January 2004, we have launched a series of CEPA seminars nation-wide in joint effort with Invest Hong Kong, Hong Kong Trade Development Council (HKTDC), Hong Kong Canada Business Association and local business associations. In a short period of five months, we have already covered the most important nine Canadian cities, including Toronto, Vancouver and Montreal. The business sector has shown considerable interests in the business opportunities provided by CEPA. The attendance at the CEPA seminars was high and the response was very positive. The Canadian representatives of HKTDC and Invest Hong Kong are following up with a number of companies which have expressed interest in setting up offices in Hong Kong after attending these seminars.

Looking Ahead

7. In the coming year, we will continue to strengthen our relations and networking with our interlocutors in various sectors. We will continue to focus on promoting the cooperation between Canada and Hong Kong in the cross-Pacific trades and economic activities which has attracted substantial interest from local governments, business associations and think-tanks. We will also leverage on the large Hong Kong Chinese community in Canada and the sizable Canadian community in Hong Kong which presents a favourable platform for us to further promote the bilateral relations between Canada and Hong Kong.

Report on the Work of Singapore ETO

The Singapore ETO is responsible for promoting Hong Kong's economic and trade interests among the ten member countries of the Association of South East Asian Nations (ASEAN)*. The Singapore Office also serves as a point of liaison with the secretariats of the Asia Pacific Economic Cooperation (APEC) and the Pacific Economic Cooperative Council.

2. In the past year, the Singapore ETO has continued to be actively involved in organising various business and trade related events such as seminars, talks, exhibitions and other promotional activities to showcase Hong Kong's advantages, business friendly environment, position as Asia's World City as well as the gateway for Mainland China. As the representative office of the Government of the Hong Kong Special Administrative Region in ASEAN, the Singapore Office also helps arrange and supports official visits of senior Hong Kong officials to the region.

Commercial Relations

3. The Singapore ETO has maintained close contact with host governments, chambers of commerce, and trade and business organizations in the region. The office organized and attended regularly economic and trade related seminars, workshops and meetings. Through these activities, the Singapore Office showcased Hong Kong's strengths as a trading hub and the gateway to Mainland China. The Singapore ETO also closely monitored over trade and economic developments in the region, such as the bilateral free trade agreement network being developed in the region.

4. After the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has come into force on 1 January 2004, the Singapore Office has organised and participated in various seminars and talks to introduce this significant trade deal to our business interlocutors. Business community in this region has shown great interest in CEPA in particular on how they could ride on CEPA to expand their business in Mainland China.

5. The Singapore ETO supported Hong Kong's participation in major APEC meetings held in Thailand in 2003 including the APEC Finance Ministers' Meeting, the APEC Ministerial Meeting and the APEC Economic Leaders' Meeting.

Public Relations

6. The Singapore ETO organised from time to time various business seminars, talks, exhibitions and many other promotional activities to showcase Hong Kong's advantages and strengths to our business contacts, diplomatic corps, government officials, think-tanks, academia, and various international and community organisations in major ASEAN countries. To this end, a series of events including talks on the Policy Address, the Budget Speech, CEPA and investment opportunities in Hong Kong were organised. The Singapore Office also made use of various promotional events to publicise the Basic Law and the implementation of "One Country, Two Systems".

7. During the summer of 2003, the Singapore ETO, in collaboration with the Hong Kong Tourism Board (HKTB) and the Hong Kong Trade Development Council (HKTDC), rolled out a series of economic relaunch programmes to restore ASEAN visitors' confidence in travelling to and doing business in Hong Kong after SARS. The relaunch programmes, which comprised a "Hong Kong Welcomes You Fair" featuring a roadshow, was held in Singapore, Malaysia, Thailand and the Philippines. Highlights of the roadshow included a photo exhibition on Hong Kong, demonstration of traditional Hong Kong craftsmanship, and cultural performances led by students of the Hong Kong Academy for Performing Arts. In addition, a Hong Kong Gala Dinner as highlight of the Fair was organised in Singapore, Malaysia and Thailand. Through these events, our interlocutors were convinced that Hong Kong remained a safe and attractive place for travelling as well as doing businesses.

8. To further publicise the new brand of Hong Kong, the Singapore ETO put up in the first half of 2004 the stylish dragon – the visual identity of Hong Kong - on a fleet of seven public buses in Singapore and Malaysia. Moreover, the Singapore ETO also organised a Hong Kong Film Show in Singapore, Malaysia and Thailand between March and June 2004. The award-winning movie "Running on Karma" was chosen to showcase Hong Kong's movie industry and talents.

Investment Promotion

9. Under the guidance of Invest Hong Kong (InvestHK), the investment promotion team attached to the Singapore ETO has spearheaded various investment promotion activities in the region to further promote Hong Kong's favourable investment environment. The Singapore ETO has also organised various business seminars and talks to promote Hong Kong's strengths as a regional investment hub especially under the framework of CEPA. Among these promotional events, a seminar, co-hosted by InvestHK and the Dongguan Municipal Government, was organised in Singapore in May 2004 to promote investment opportunities in Hong Kong and the Pearl River Delta Region. The Director-General of Investment Promotion also visited Singapore in February 2004 and spoke at a luncheon organised by the Singapore ETO on Hong Kong's strengths as a gateway to Mainland China. So far, three projects have been completed successfully, securing three companies to set up offices in Hong Kong.

Looking Ahead

10. In the coming year, the Singapore ETO will continue to promote the economic and trade interests of Hong Kong among the ASEAN countries through organising various business-related and promotional activities. The Singapore ETO will also make use of these activities to collaborate with HKTDC and HKTB to further promote Hong Kong as a premier leisure travelling destination and business hub for venturing into the Mainland China market.

* ASEAN member countries include Brunei Darussalem, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

