

**Motion Debate on
“Opportunities to Hong Kong brought about by
the thawing cross-strait relations”
at the Legislative Council meeting
of 4 June 2008**

Progress Report

Purpose

At the meeting held on 4 June 2008, the Legislative Council passed a motion moved by Hon TAM Yiu-chung and as amended by Hon Jeffrey LAM Kin-fung, Hon Miriam LAU Kin-ye and Hon Howard YOUNG on “Opportunities to Hong Kong brought about by the thawing cross-strait relations”. This report provides an overview of the progress of the Administration’s follow-up actions.

Enhancing Exchanges between Hong Kong and Taiwan

2. In the past few years, the Hong Kong Special Administrative Region (HKSAR) Government has proactively liaised with a wide spectrum of sectors in Taiwan. The Constitutional and Mainland Affairs Bureau (CMAB) has received members of the Taiwan legislature, including those from pan-blue and pan-green camps. CMAB has also received officials at the county and city levels of Taiwan, including the Mayor of Taichung City, delegations led by the Taipei City Council and other public institutions. CMAB has also organised visit programmes for Taiwan media representatives, professional bodies, businessmen, students and academia. These initiatives have been helpful in enhancing understanding among different sectors in Taiwan on the implementation of the “One Country, Two Systems” concept in Hong Kong.

3. The HKSAR Government will continue to proactively promote exchanges and liaison between Hong Kong and Taiwan. In view of the recent positive development in cross-Strait relations, the HKSAR Government has set aside additional resources in our 2008-09 budget to promote such exchanges. In June and July 2008, CMAB provided sponsorship to a symposium (香江論壇) organized by CS Culture Foundation and a cultural exchange activity for students from both sides of the Strait (「龍願」——兩岸四地大學生陝港澳歷史文化交流團) organized by Hok Yau Club respectively. The HKSAR Government will also take the initiative to invite representatives of the

political, academic and other sectors in Taiwan to visit Hong Kong, so that we can brief them on our latest development.

Enhancing the travel convenience of visitors from Taiwan

4. Over the past few years, the Immigration Department has proactively adopted various measures to facilitate the travel convenience of visitors from Taiwan. In March 2002, the Immigration Department introduced the iPermit scheme which offers an additional choice for Taiwan residents in applying for entry permit to visit Hong Kong. Chinese residents of Taiwan may approach the office of an authorised airline (or its authorised representative) in Taiwan to make an application. The application is transmitted through internet to the iPermit System of the Immigration Department. The result of the application will be made known to the applicant instantly.

5. An iPermit is valid for two months and good for two trips to Hong Kong. iPermit holders are allowed to stay for up to 14 days on each landing. An applicant may apply for two iPermits within 30 days. Since its introduction, the iPermit scheme has offered speedy service to Taiwan residents who come to Hong Kong as visitors. As compared with the proposed entry permit-on-arrival arrangement, the iPermit is far more convenient and efficient.

6. Moreover, in view of the large number of visitors handled in various control points in Hong Kong, the proposed entry permit-on-arrival arrangement, if implemented, will prolong the waiting time and cause inconvenience to visitors from Taiwan as well as other countries and regions. The HKSAR Government therefore does not have plans to implement the entry permit-on-arrival arrangement.

Economy and Trade

7. Taiwan is the fourth largest trading partner of Hong Kong. The HKSAR Government attaches great importance to the economic and trade cooperation between Hong Kong and Taiwan. In addition to continuing to encourage economic and trade exchanges between Taiwan and Hong Kong, we will actively enhance our role in providing support services to both sides of the Strait. We will also develop further business opportunities and strengthen investors' confidence in Hong Kong.

8. In particular, InvestHK will continue to promote Hong Kong as a prime investment destination for Taiwan enterprises, and attract Taiwan enterprises to establish regional headquarters or companies in Hong Kong. The Hong Kong Trade Development Council (TDC) will also continue to promote trade between Hong Kong and Taiwan, as well as Hong Kong's role as the commerce and trade platform for entry into the Mainland market. TDC has earlier applied to the Taiwan side to establish an office in Taipei. Furthermore, we will encourage Hong Kong business leaders and Taiwan businessmen in Hong Kong to establish a non-governmental "Hong Kong / Taiwan Economic Co-operation Committee", to provide a platform for direct dialogue between business enterprises in Hong Kong and Taiwan, and further strengthen the liaison and cooperation between the two places.

Arrangements for the Avoidance of Double Taxation

9. Hong Kong is actively seeking to establish a network of agreements for avoidance of double taxation with our major trading and investment partners. Currently, Hong Kong has reached different forms of avoidance of double taxation agreements or arrangements with 30 countries and jurisdictions. The Administration will continue to review our economic and trade relationship with other jurisdictions and explore the need and possibility of concluding avoidance of double taxation agreements or arrangements with them accordingly.

Tourism

10. On tourism, cross-Strait direct flights will lead to the development of business and leisure travels in the whole region. Hong Kong tourism industry will benefit as a result. But the industry will also be affected in some way. We will continue to co-operate with the industry to enhance Hong Kong tourism service quality and attractiveness, and will strive to promote "multi-destination" itineraries as well as Meetings, Incentives, Conferences and Exhibitions (MICE) and cruise travel to attract new visitor groups.

11. In preparation for the changes brought about by the "Three Direct Links", the Hong Kong Tourism Board (HKTb) will adopt marketing strategies in the Mainland and Taiwan. In respect of the Mainland market, HKTb will enhance the efforts to promote Hong Kong as an ideal destination to Mainland visitors for short haul travels; expand the sources of "consumption visitors" in East China/Shanghai; explore new source markets outside Guangdong Province; and step up promotion

of Honest and Quality Hong Kong Tours. In respect of the Taiwan market, HKTB will explore new source markets, and strive to attract Taiwan investors in the Pearl River Delta Region and Shanghai as well as their families to visit Hong Kong; focus on promotion of new attractions including the Hong Kong Disneyland and Ngong Ping 360 to attract more Taiwan family visitors to Hong Kong; promote mega events including Hong Kong WinterFest and Hong Kong Shopping Festival with younger travellers in Taiwan as the target groups; and enhance marketing activities in cities such as Kaohsiung and Taichung, and explore the MICE market so as to draw high-yield business travellers to Hong Kong.

Aviation

12. On the aviation front, we will continue to strengthen the competitiveness of the Hong Kong International Airport and to seek further liberalisation of our air services regime so that Hong Kong will continue to be a competitive aviation transfer hub for passenger and cargo traffic.

Maritime Freight Transport

13. On the maritime freight transport front, notwithstanding the implementation of “xiao san tong” (小三通) in 2001, there was a total of 604,000 TEUs of Mainland/Taiwan transshipment routing through Hong Kong in 2007, equivalent to 3% of Hong Kong’s laden container throughput. Hence direct links between the Mainland and Taiwan are not expected to impact significantly the role of Hong Kong in transshipping cargoes to/from PRD ports, given the cost and geographical advantages of Hong Kong in this respect.

14. In the long term, stable and harmonious Mainland-Taiwan relationship would promote more cross-Strait economic activities, thereby creating additional trade and cargo flows. With their experience, Hong Kong’s trading and logistics sector would be able to benefit by responding to opportunities and enhancing their competitiveness.

Technology Cooperation

15. On the technology cooperation front, the HKSAR Government will continue its networking and exchanges with Taiwan under the framework of APEC. In addition, the Spring and Autumn Edition of the Hong Kong Electronics Fair, the International ICT Expo, the Eco Expo Asia, and the Inno Design Tech Expo organised by the TDC every year

have attracted the participation of Taiwan-based technology companies. TDC is zealously appealing to these companies to participate in and visit the exhibitions in Hong Kong.

Constitutional and Mainland Affairs Bureau
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