

**立法會**  
**Legislative Council**

LC Paper No. CB(2)669/09-10(02)

Ref: CB1/L/5

**Special House Committee meeting on 7 January 2010**

**Background Brief on  
issues relating to co-operation between Guangdong and Hong Kong**

**Purpose**

The topic of cooperation between Guangdong and Hong Kong was last discussed with the Chief Secretary for Administration (CS) at the special House Committee meeting on 20 June 2008. This background brief updates Members on the latest position of some of the issues raised at the meeting and summarizes the issues raised by Members at Council meetings after the said meeting.

**Main issues relating to Guangdong-Hong Kong co-operation**

2. At the special meeting on 20 June 2008, CS briefed Members on the co-operation achievements in the following areas:

- (a) major cross-boundary infrastructural projects, boundary-crossing facilities and crossing arrangement;
- (b) co-operation in protecting the environment;
- (c) trade and economic co-operation;
- (d) promotion of the developmental potential and business opportunities of the Greater Pearl River Delta and Pan Pearl River Delta;
- (e) safeguarding the safety of food supplied to Hong Kong;
- (f) co-operation of public health and emergency management; and
- (g) community co-operation.

3. Issues relating to cooperation between Hong Kong and the Mainland, especially the Guangdong Province, have been prominently featured in the 2009-2010 Policy Address. These issues have touched upon a wide spectrum of policy areas, covering commerce and industry, cross-boundary infrastructural projects, financial services, immigration control, tourism, cross-border drug abuse, food safety, and environmental collaboration, etc. Some of these policy initiatives have been further discussed by the relevant Panels during the policy briefings held in October 2009. Details of these issues and their latest position are provided in **Appendix I**.

4. The Panel on Commerce and Industry has been monitoring the progress made in the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and has held two meetings with the Administration on 18 November 2008 and 19 May 2009. The Administration has also provided two information papers to the Panel and other Members on the developments of Hong Kong/Guangdong Cooperation and on the 2009 Hong Kong/Shenzhen Cooperation Meeting respectively in November and December 2009. These papers describe the progress of new initiatives to enhance co-operation with Guangdong and Shenzhen, in particular, the formulation of the "Framework Agreement on Hong Kong/Guangdong Co-operation" which will lay a foundation for incorporating the related initiatives into the National 12<sup>th</sup> Five Year Plan, as well as the co-operation initiative of developing modern service industries in Qianhai of Shenzhen. These papers also update Members on related issues including infrastructure construction, environmental protection, tourism cooperation, and medical and education services. The Panel plans to further discuss the outcomes of the 2009 Hong Kong/Shenzhen Cooperation Meeting at a future meeting. The relevant information papers from the Administration (LC Papers Nos. CB(1)347/09-10(01) and CB(1)633/09-10(01)) on the above subjects are available at the following links:-

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/cicb1-347-1-e.pdf>

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/cicb1-633-1-e.pdf>

### **Related Council questions**

5. Since the special HC meeting with CS on 20 June 2008, Members have raised a number of questions at Council meetings on issues relating to cooperation between the Mainland and Hong Kong. A summary of the issues raised in these questions is provided in **Appendix II**. They include -

- (a) the impact of the Labour Contract Law on Hong Kong enterprises on the Mainland (paragraph 2 of Appendix II);
- (b) a rail link to connect the airports in Hong Kong and Shenzhen (paragraph 3 of Appendix II);

- (c) business opportunities in the Mainland for local professionals and service sectors (paragraph 4 of Appendix II);
- (d) production activities of Hong Kong-owned factories in the Pearl River Delta Region (paragraph 5 of Appendix II);
- (e) enhancing co-operation between service industries in the Pearl River Delta Region and Hong Kong (paragraph 6 of Appendix II);
- (f) development of higher education at Lok Ma Chau Loop (paragraph 7 of Appendix II);
- (g) developing Mainland market for Hong Kong products and assisting Hong Kong enterprises to operate on the Mainland (paragraphs 8, 9 and 10 of Appendix II);
- (h) depreciation allowances on machinery and plants under section 39E of the Inland Revenue Ordinance (Cap.112) for Hong Kong enterprises with machinery (paragraph 11 of Appendix II);
- (i) regional co-operation platforms between Hong Kong and Mainland provinces and municipalities (paragraph 12 of Appendix II);
- (j) co-operation on modern service industries between Hong Kong and Shenzhen in Qianhai (paragraph 13 of Appendix II); and
- (k) progress of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) (paragraph 14 of Appendix II).

6. Regarding the questions raised by Hon LAM Tai-fai on the denial on depreciation allowances pursuant to section 39E of the Inland Revenue Ordinance in respect of machinery or plants under "Import Processing" arrangement (paragraph 11 of Appendix II), the Panel on Financial Affairs has held a special meeting on 14 December 2009 to discuss with the Administration. While the Administration appreciates that the industry would like to enjoy the depreciation allowances when the machinery or plants of Hong Kong enterprises are made available for use by Mainland enterprises free of charge, the Inland Revenue Department has advised that it has no statutory power to request an overseas entity who is not a Hong Kong taxpayer to provide supporting documents for such claims. The Panel passed a motion at the meeting urging the Administration to, inter alia, "review and amend section 39E of the Inland Revenue Ordinance according to actual circumstances".

7. In response to a supplementary question raised by Hon Frederick FUNG at the Council meeting on 11 November 2009 (paragraph 12 in Appendix II), the Administration has provided information in relation to the main content and other relevant information on the Regional Co-operation Plans and Agreements reached

between the HKSAR and the Mainland provinces and cities and Macao SAR (Chinese version only). The information was issued to Members on 15 December 2009 vide LC Paper No. AS80/09-10.

8. For ease of reference, the verbatim transcript of the special House Committee meeting held on 20 June 2008 (LC Paper No. CB(2)2470/07-08) and the Administration's paper for the meeting (LC Paper No. CB(2)2341/07-08(01)) are available at the following links:

<http://www.legco.gov.hk/yr07-08/chinese/hc/minutes/hc080620a.pdf>;

<http://www.legco.gov.hk/yr07-08/english/hc/papers/hc0620cb2-2341-1-e.pdf>

Council Business Division 1  
Legislative Council Secretariat  
4 January 2010

## Main issues relating to cooperation between Guangdong and Hong Kong in 2009-2010 Policy Address/Agenda

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## Main issues relating to cooperation between Guangdong and Hong Kong in 2009-2010 Policy Address/Agenda

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
1. Liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)	<p>The Administration is working closely with the Mainland authorities to ensure the smooth and effective implementation of CEPA; and seeking further trade liberalisation under CEPA, particularly for early and pilot implementation in Guangdong Province to complement the development direction in "The Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020)". (<i>Para 47, Address; Pt.2, P.12, Agenda</i>)</p>	<p>The Hong Kong Special Administrative Region (HKSAR) Government co-organized with the Mainland authorities a business forum in September 2009 inviting Central and Guangdong officials to explain the details and implementation of the liberalization measures under CEPA, in particular the Guangdong pilot measures. The Administration would continue to seek further liberalization measures in the traditional service pillars (i.e. financial services, tourism, logistics, and business support and professional services) as well as the six industries which Hong Kong enjoyed a competitive edge (i.e. medical services, testing and certification, cultural and creative industries, education services, innovation and technology, and environmental industries).</p>
	<p>The Administration is continuing to advance financial co-operation with the Mainland and develop a mutually-assisting, complementary and interactive relationship between the financial systems of the two places, which includes continuing to expand the RMB business in Hong Kong. (<i>p.24, pt. 4, Agenda</i>)</p>	<p>At the policy briefing on 22 October 2009, the Panel on Financial Affairs was briefed on the further financial co-operation between Hong Kong and the Mainland. Further liberalization measures for trade and services have been agreed in the Supplement VI to CEPA signed on 9 May 2009. Some of the more noteworthy measures for the banking and securities industries include allowing branches established by a Hong Kong bank in Guangdong Province to set up "cross-location" sub-branches within the Guangdong Province, and allowing qualified Hong Kong securities companies and Mainland securities companies which satisfy the requirements for establishing subsidiaries, to set up in Guangdong Province joint venture securities investment advisory companies, with the scope of business focusing specifically on securities investment advisory services.</p> <p>On 8 April 2009, the State Council decided to introduce a pilot</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
		<p>scheme for using RMB for cross-border trade settlement in Shanghai and four cities in Guangdong Province, namely, Guangzhou, Shenzhen, Zhuhai and Dongguan. On 29 June 2009, the People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) signed a supplementary Memorandum of Co-operation to prepare for the implementation of the pilot scheme. Operation of the scheme commenced in July 2009..</p> <p>The Central Government supports Hong Kong's status as an international financial centre by expanding issuance of RMB bonds in Hong Kong, including allowing Hong Kong banks operating on the Mainland to issue RMB bonds in Hong Kong and issuance of renminbi bonds in Hong Kong by the Ministry of Finance.</p> <p>HKMA is working on a new measure to enable Hong Kong companies operating on the Mainland to use their assets in Hong Kong as collateral for securing borrowings from the Mainland subsidiaries of Hong Kong banks. This measure will be implemented on a trial basis in Shanghai and Guangdong.</p>
	<p>The Administration is continuing to advance financial co-operation with the Mainland and develop a mutually-assisting, complementary and interactive relationship between the financial systems of the two places. (<i>p.24, pt. 4, Agenda</i>)</p>	<p>According to the HKMA Quarterly Bulletin (June 2009), PBoC and HKMA have signed a Memorandum of Understanding for the establishment of multi-currency cross-border payment arrangements between the Mainland and Hong Kong ("cross-border payment arrangements"). The cross-border payment arrangements, which cover four currencies initially, i.e. the Hong Kong dollar, US dollar, Euro and British pound, commenced operation on 16 March 2009. Development of cross-border payment arrangements for other currencies will depend on market demand.</p> <p>The establishment of the cross-border payment arrangements between the Mainland and Hong Kong provide banks in Asia with a</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
	<p>CEPA has introduced various market liberalisation measures for Hong Kong's professional services sector, including allowing Hong Kong residents to sit the Mainland's professional qualification examinations, simplifying internship requirements, facilitating registration and practising, and lowering market entry thresholds. <i>(Para 20, Address)</i></p> <p>The Administration is exploring further opportunities for the legal profession to tap into the Mainland legal services under CEPA and strengthening co-operation between the legal professions in Hong Kong and the Mainland. <i>(p.24, pt. 1, Agenda)</i></p>	<p>payment mechanism operating in the same time zone, thereby increasing the efficiency of cross-border multi-currency payments and reducing cross-border payment and settlement risks and costs. Under these arrangements, the Mainland and Hong Kong participating banks benefit from enhanced liquidity efficiency and management as well as increased competitiveness in cross-border payment services. The arrangements represent a key step forward in strengthening the economic and financial ties between the Mainland and Hong Kong.</p> <p>During the policy briefing by the Secretary for Justice on 22 October 2009, the Panel on Administration of Justice and Legal Services (the AJLS Panel) was informed of the new initiative to enhance legal co-operation in civil and commercial matters between Hong Kong and the Mainland by improving Hong Kong's capacity to serve as a venue for resolution of Mainland-related commercial disputes, in particular disputes involving foreign investment enterprises and other Mainland legal persons.</p> <p>The Administration informed the AJLS Panel that new commitments had been secured under CEPA to facilitate Hong Kong lawyers who had passed the National Judicial Examination to practise on the Mainland and for Hong Kong law firms to enter into association with law firms in Guangdong under relaxed conditions.</p>

	Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
2.	Co-operation with Guangdong Province in taking forward the implementation of "The Outline of the Plan for the Reform and Development of the Pearl River Delta"	The Outline elevates co-operation between Hong Kong and Guangdong on all fronts to a national strategic level, and provides for the early and pilot implementation of various measures in Guangdong. <i>(Para 44, Address.)</i>	<p>During the policy briefing by the Secretary for Constitutional and Mainland Affairs on 19 October 2009, the Panel on Constitutional Affairs noted that -</p> <ul style="list-style-type: none"> <li>(a) a dedicated unit for liaison with Shenzhen would be set up in the Hong Kong Economic and Trade Office in Guangdong;</li> <li>(b) the governments of Hong Kong and Guangdong were formulating a framework agreement for Hong Kong-Guangdong co-operation;</li> <li>(c) Hong Kong and Shenzhen signed a letter of intent in August 2009 on co-operation in the development of Qianhai; and</li> <li>(d) regional co-operation plans on "building a quality living circle" and on "cross-boundary infrastructural facilities" would be formulated.</li> </ul>
3.	Assisting Hong Kong-owned enterprises in the Mainland	The Administration will work closely with the trade to facilitate them to adapt to the Mainland's policy adjustments and to upgrade, restructure and relocate their operation, to develop new markets as well as to reflect their views to the Mainland authorities. <i>(Pt. 5, P.12 Agenda)</i>	<p>At the meeting of the Panel on Commerce and Industry on 20 October 2009, members noted that the Administration had reflected to the relevant Mainland authorities measures proposed by the trade, including streamlining the procedures for Hong Kong-owned enterprises to open distribution and retail outlets, standardizing the certification/inspection system, simplifying the process of quality inspection, simplifying the tax filing arrangements, and disseminating to enterprises information about local consumer market, sales channels and credit rating of distributors.</p> <p>The Administration would continue to pursue further with the Guangdong Province the implementation of facilitation measures, including the "restructure without stopping production" and "single</p>

	<b>Issue</b>	<b>2009-2010 Policy Address/ Policy Agenda</b>	<b>Latest position</b>
			tax return for multiple domestic sales" arrangements. In addition, the Administration would continue to support relevant Mainland authorities in organizing business matching activities and trade fairs as platforms for Hong Kong-owned enterprises to tap the Mainland domestic market.
4.	Assisting creative industries	The Administration will continue to support local cultural and creative industries to further develop the Mainland market under the CEPA framework. ( <i>para 42, Address</i> )	At the policy briefing for the Panel on Information Technology and Broadcasting on 20 October 2009, the Secretary for Commerce and Economic Development advised members that the Administration would actively support local creative industries to showcase their achievements outside Hong Kong. This included working with the Hong Kong Trade Development Council in organizing a series of seminars in the Pearl River Delta area to introduce the concept of design and branding to enterprises in the area, so as to boost demand for Hong Kong's design sector. The Administration would also work with local creative sectors to organize a series of events during the six-month period of the Shanghai Expo to showcase the creativity of Hong Kong as well as to explore new business opportunities in the Mainland and overseas for the creative sectors.

	<b>Issue</b>	<b>2009-2010 Policy Address/ Policy Agenda</b>	<b>Latest position</b>
5.	Cooperation between Hong Kong and the Mainland in innovation and technology	The Administration will enhance collaboration in science and technology with the Mainland at different levels. <i>(Pt. 5, P.17 Agenda)</i>	<p>At the meeting of the Panel on Commerce and Industry on 20 October 2009, members noted that the governments of Shenzhen and Hong Kong had entered into an agreement in March 2009 on an action plan to promote closer co-operation in innovation and technology in the coming three years. Both sides would work closely to facilitate and monitor the implementation of the Three Year Action Plan which comprised 24 co-operation projects in various fields, including biomedical, integrated circuit, Radio Frequency Identification technology, solar energy and industrial design.</p> <p>The Administration had recently established a Working Group on Pilot Implementation for Guangdong-Hong Kong Technology Co-operation under the Mainland-Hong Kong Science and Technology Co-operation Committee framework to study and formulate measures for pilot implementation in Guangdong, including measures to be implemented under CEPA.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
6. Environmental Industries	<p>The Government allocated \$93 million in 2008 to jointly launch the five-year Cleaner Production Partnership Programme with Guangdong. Under the programme, the Hong Kong Productivity Council provides professional services in conjunction with over 100 environmental technology service providers in the PRD region to help factories there adopt cleaner production technologies. <i>(para 36-37, Address)</i></p>	<p>HKSAR Government and GPG signed the Cooperation Agreement to Promote Energy Efficiency, Cleaner Production and Comprehensive Utilization of Resources to Enterprises in Hong Kong and Guangdong in August 2007. They have also jointly conducted a series of promotional activities, technical exchanges and demonstration projects on cleaner production by industrial enterprises. Starting from April 2008, the Administration has launched a five-year Cleaner Production Partnership Programme to help Hong Kong-owned factories operating in the PRD Region to adopt cleaner production technologies and practices. Since the launch of the programme, over 330 projects have been approved up to end-September 2009.</p> <p>To complement Guangdong's policy on the development of industrial parks and to provide technical support for Hong Kong manufacturers relocating to the parks, it is set out in the Policy Address that the Administration will extend the scope of the Cleaner Production Partnership Programme to assist Hong Kong enterprises in treating and reducing effluent discharge.</p> <p>The Panel on Environmental Affairs will be briefed on the proposed extension in January 2010.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
	<p>The Government has recently succeeded in securing approval for eligible Hong Kong enterprises to participate in Cleaner Development Mechanism projects in the Mainland.</p> <p><i>(para 38, Address)</i></p>	<p>Energy efficiency projects and the development of new or renewable energy are areas where green business opportunities are open to Hong Kong enterprises.</p>
7.	<p>Quality Living Area</p> <p>The Administration is working with the Guangdong authorities to map out the post-2010 emission reduction arrangements to further improve the regional air quality. <i>(p.32, pt. 3, Agenda)</i></p>	<p><u>Reduction of regional emissions</u></p> <p>The HKSAR Government and the Guangdong Provincial Government reached a consensus in April 2002 to reduce by 2010 the regional emissions of sulphur dioxide, nitrogen oxides, respirable suspended particulates and volatile organic compounds by 40%, 20%, 55% and 55% respectively. The findings of a Mid-term Review of the Management Plan have concluded that the preventive and control measures being implemented by both sides have helped reduce air pollutant emissions in the region. While Hong Kong should be able to meet the 2010 emission reduction targets, Guangdong will need to introduce additional mitigation measures due to the much higher economic and population growth in the PRD Economic Zone.</p> <p>The Subcommittee on Improving Air Quality under the Panel on Environmental Affairs is following up on the progress in meeting the emission reduction targets.</p> <p><u>Emissions Trading Pilot Scheme for Thermal Power Plants in PRD Region (the Pilot Scheme)</u></p> <p>On 30 January 2007, the Environmental Protection Department and the Guangdong Environmental Protection Bureau jointly announced the implementation framework of the Pilot Scheme which aimed to</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
		<p>provide a market-based tool to encourage power companies, through emissions trading, to embark upon emission reduction projects.</p> <p>In gist, all eligible power plants in the PRD Region can participate in emissions trading on a project basis, but they would need to comply with the environmental requirements laid down by the respective governments of Guangdong and HKSAR.</p> <p>Interested eligible power plants can propose emission reduction plans to further reduce their total emissions for consideration by their local environmental protection authorities. The authorities on both sides would jointly examine the emission reduction plan under application to ascertain the base emission target and the emission target after completion of the emission reduction plan.</p> <p>The difference between the two emission targets would be converted into the total amount of emission reduction on which the "project-based emission credits" and their validity period are determined. These approved "project-based emission credits" can then be sold by "the seller" through contractual agreement to another plant ("the buyer") which is not able to meet the emission targets being set. By allowing the trading of the "emission credits", power companies in the PRD Region can comply with the emission targets more flexibly and cost-effectively.</p> <p>In December 2007, the Panel on Environmental Affairs received a briefing by the Administration on, among other things, the introduction of emissions trading as an alternative means for compliance with the emission caps to be imposed on the power generation sector in order to meet the 2010 emission reduction targets. The relevant legislation was subsequently passed in December 2008.</p>

Issue		2009-2010 Policy Address/ Policy Agenda	Latest position
8.	Cooperation in tourism	The Administration is actively discussing with the Central Authorities measures to facilitate Mainland visitors travelling to Hong Kong. ( <i>para 15,Address</i> )	During the policy briefing for the Panel on Economic Development on 16 October 2009, the Administration indicated that it had been liaising with the Mainland authorities on the arrangement for non-Guangdong residents in Shenzhen to apply for Individual Visit Scheme (IVS) endorsement there as well as the possibility of extending the one-year multiple-entry IVS endorsement to the entire Guangdong province. As for the duration of stay of the Mainland visitors under IVS, the Immigration Department would allow flexibility to cater for special requests for extension where justified.
9.	Hong Kong-Zhuhai-Macao Bridge (HZMB)	<p>The Administration will press ahead with the completion and commissioning of HZMB by 2015-2016, including -</p> <ul style="list-style-type: none"> <li>• finalising the financing arrangements among the three governments and the lead bank for the main bridge;</li> <li>• completing its preliminary design for commencement of construction in phases by the end of 2009;</li> <li>• completing the necessary statutory procedures for the works within Hong Kong; and</li> <li>• finalising the detailed design of the boundary crossing facilities and the link road between them and the main bridge (<i>para 119, Address; p.23, pt. 1 Agenda</i>)</li> </ul>	<p>The State Council approved the Feasibility Study Report of the HZMB Project on 28 October 2009. The Administration plans to commence the construction of the HZMB Main Bridge in phases by the end of 2009 for completion by 2015-2016.</p> <p>The Panel on Transport was consulted on the funding proposals for the project which was approved by the Finance Committee (FC) in early 2009.</p> <p>The Panel noted that the Mainland, the HKSAR and the Macao SAR governments would contribute RMB ¥7.0 billion, RMB ¥6.75 billion and RMB ¥1.98 billion respectively to the project cost of the Main Bridge. The total contributions from the three sides will be RMB ¥15.73 billion, which is about 42% of the project cost of the Main Bridge. The three governments have selected a lead bank for arranging a loan syndicate for financing the remaining 58% of the project cost (estimated to be RMB ¥22 billion).</p> <p>Regarding construction works within the Hong Kong territory, the proposed boundary crossing facilities will fit in with the HZMB</p>

	Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
			Main Bridge, the Hong Kong Link Road and the Tuen Mun-Chek Lap Kok Link, which will form a strategic road network connecting Hong Kong, Zhuhai, Macao and Shenzhen.
10.	Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL)	The Administration is pursuing vigorously the Hong Kong section of the XRL, so that construction may start in 2009 with estimated completion in 2015. ( <i>para 119, Address; p.23, pt. 2 Agenda</i> )	<p>The Chief Executive-in-Council approved on 20 October 2009 the implementation of the Hong Kong section of XRL project and the Administration's recommendation to seek funding approval from FC with a view to commencing construction of the project before the end of 2009 for commissioning in 2015.</p> <p>The Subcommittee on Matters Relating to Railways under the Panel on Transport has held a series of meetings in 2009 to discuss the Hong Kong section of XRL. The Subcommittee also received views from deputations including affected residents, professional bodies of the engineering sector, conservation groups and various stakeholders.</p> <p>Members have requested the Administration to follow up on the arrangements for co-location of boundary control facilities in West Kowloon Terminus. The Administration has advised that an internal inter-disciplinary task force has been set up to study the relevant arrangements.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
11. Cooperation in air services development and further planning of the Hong Kong-Shenzhen Western Express Line (WEL)	<p>The civil aviation authorities of the Mainland and Hong Kong will continue to improve air traffic management through the establishment of a new air route to cater for flights between Hong Kong and the eastern part of the Mainland (<i>p.21, pt. 4, Agenda</i>)</p> <p>The Administration is continuing to foster closer co-operation between the Hong Kong International Airport and the Shenzhen Airport, including further planning of the WEL as a multi-purpose railway which complements the planning and development of Qianhai, Shenzhen and northwestern part of the New Territories (NWNT) and exploits the synergy from the complementary strengths of the two airports. (<i>p.21, pt. 5, Agenda</i>)</p>	<p>At the policy briefing on 16 October 2009, the Administration briefed the Panel on Economic Development that the tripartite working group formed by the civil aviation authorities of the Mainland, Hong Kong and Macao would continue to work on improving the use of airspace and the coordination of air traffic management in the PRD region. The HKSAR Government and the Shenzhen Municipal Government have signed a cooperation arrangement on the project in August 2009 to take forward the planning of the Hong Kong-Shenzhen Western Express Line as a multi-purpose railway in support of the future developments of the two airports, Qianhai, Shenzhen and the Northwest New Territories.</p> <p>At the briefing given by the Secretary for Transport and Housing on 23 October 2009, the Panel on Transport noted that the Administration would further plan WEL as a multi-purpose railway to complement the planning and development of Qianhai, Shenzhen and NWNT to exploit the synergy from the complementary strengths of the Hong Kong International Airport (HKIA) and the Shenzhen Airport. The Panel also noted the Administration's plan to provide a cross-border checkpoint in Qianhai, and to link it through a spur line to the New Development Area of Hung Shui Kiu in NWNT to encourage travellers from the Pearl River Delta to use HKIA.</p>

	<b>Issue</b>	<b>2009-2010 Policy Address/ Policy Agenda</b>	<b>Latest position</b>
12.	Development of Qianhai, Shenzhen	The Government hopes that by participating in the development of Qianhai in Shenzhen, Hong Kong will be able to promote and enhance Hong Kong's own service industries and contribute to the development of service industries in the Mainland. ( <i>para 48-49, Address</i> )	<p>During the policy briefing by the Secretary for Constitutional and Mainland Affairs on the 2009-2010 Policy Address on 19 October 2009, the Panel on Constitutional Affairs noted that Hong Kong and Shenzhen signed a letter of intent in August 2009 on co-operation in the development of Qianhai.</p> <p>According to the information paper provided to the Panel on Commerce and Industry in December 2009, the Shenzhen Municipal Government will take up the leading role, and be responsible for the development and management of the Qianhai area, while the HKSAR Government would provide comments on the study and formulation of issues like development planning and policies. To facilitate the discussion of Qianhai development, both sides agreed to collect extensively, through multiple channels and means, the views of experts of the concerned fields on various related issues, such as the mode of development, industry development, new policies, infrastructural development and operational management. The joint expert group to be set up will be led by the Secretary for Constitutional and Mainland Affairs of the HKSAR Government and the Executive Vice-Mayor of the Shenzhen Municipal Government.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
13. Development of the boundary district	<p><u>Lok Ma Chau Loop</u></p> <p>The Administration is co-operating closely with the Shenzhen Municipal Government in jointly undertaking studies to explore the feasibility of developing the Lok Ma Chau Loop, with higher education as the leading land use, complemented with hi-tech R&amp;D development as well as cultural and creative industries. <i>(p.18, pt. 5, Agenda)</i></p>	<p>The funding proposal for the planning and engineering study on development of Lok Ma Chau Loop at an estimated cost of \$33.7 million was approved by the FC on 24 April 2009.</p> <p>The Administration briefed the Panel on Development on the work plan during the policy briefing on 21 October 2009. The Administration intends to seek the views of the Panel on Development on the relevant Preliminary Outline Development Plan in the first quarter of 2010.</p>
	<p><u>Liantang</u></p> <p>The Administration is continuing with the detailed engineering study including design for the Liantang/Heung Yuen Wai Boundary Control Point and passenger building as well as the access road network. <i>(p.18, pt. 3, Agenda)</i></p>	<p>The funding proposal for the relevant investigation and preliminary design for the development of the new BCP at an estimated cost of \$89.0 million was approved by the FC on 9 January 2009.</p> <p>The Administration briefed the Panel on Development on the work plan during the policy briefing on 21 October 2009. The Administration intends to brief the Panel on Development on the part-upgrading for site formation and related works for resite of Chuk Yuen Village at an estimated cost of \$46 million in the first quarter of 2010.</p>

Issue		2009-2010 Policy Address/ Policy Agenda	Latest position
14.	Combating illegal immigration	The Administration is continuing with intelligence-based and proactive strategy in combating illegal employment. <i>(Pt.5, P.61, Agenda)</i>	<p>The Administration briefed the Panel on Security on its efforts in combating illegal immigration on 29 June 2009.</p> <p>The Administration informed the Panel that law enforcement agencies in Guangdong and Hong Kong held meetings and exchanges regularly on the tackling of illegal immigration. The Police provided the relevant units in Guangdong Province with information on illegal immigration from the Mainland (including non-ethnic Chinese entering Hong Kong illegally from the Mainland) on a regular basis to facilitate their follow-up and investigation as well as the formulation of preventive measures. The law enforcement agencies of both sides conducted joint operations at both the land boundary and the sea boundary of Guangdong and Hong Kong to intercept illegal immigrants.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
15. Cross-boundary drug abuse	The Administration is joining hands with the Mainland's public security authorities to combat cross-boundary drug abuse and trafficking. ( <i>para 87, Address</i> )	<p>The Chief Executive announced in his 2007-2008 Policy Address the appointment of the Secretary for Justice to lead a high level inter-departmental Task Force on Youth Drug Abuse (the Task Force) to tackle the youth drug abuse problem. The Task Force, set up in October 2007, released its Report on 11 November 2008. The Report contained some 70 recommendations spanning the five prongs of the anti-drug policy, namely, preventive education and publicity, treatment and rehabilitation, law enforcement and legislation, external cooperation and research.</p> <p>At the meeting of the Panel on Security on 2 December 2008, the Administration advised that the Police had agreed with the Shenzhen authorities on a mechanism for receiving Hong Kong residents arrested within the Guangdong Province for abusing drugs and repatriated by the Mainland authorities to Hong Kong. The Narcotics Division had developed a tripartite cooperation framework with its Guangdong and Macau counterparts to promote exchanges and cooperation in anti-drug efforts among the three places.</p> <p>When the subject of youth drug abuse was further discussed at the Panel meetings on 5 May and 20 October 2009, the Administration advised that law enforcement agencies, including the Police and the Customs and Excise Department, had all along been maintaining close cooperation with their Mainland counterparts to combat cross-boundary drug abuse and drug trafficking activities. Members noted that intelligence was regularly exchanged and operational directions for joint enforcement actions had been drawn up.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
16. Cooperation with Mainland authorities on food safety management	The Administration is exploring how to co-operate with the Mainland authorities on using latest information technology application to ensure effective tracing of food along the production chain and achieve better food safety management through control at source. <i>(p.47, pt 2, Agenda)</i>	At the policy briefing by the Secretary for Food and Health on 16 October 2009, the Panel on Food Safety and Environmental Hygiene noted that the Food and Health Bureau and the Food and Environmental Hygiene Department were working in collaboration with the Mainland authorities on a pilot programme to apply Radio Frequency Identification (RFID) technology in tracing live pigs imported from the Guangdong Province. The Administration would also continue to explore the feasibility of applying RFID technology to live pigs imported from other provinces and other foods with the Mainland authorities.
17. Education services	On the development of education services, the Administration's objective is to enhance Hong Kong's status as a regional education hub, boosting Hong Kong's competitiveness and complementing the future development of the Mainland. The Administration will explore the possibility of allowing Mainland senior secondary students to study in Hong Kong. For example, the Administration may allow them to take short-term courses offered by Hong Kong's degree-awarding tertiary institutions, or pursue senior secondary education at non-public schools in Hong Kong. <i>(para 26, Address)</i>	<p><u>Mutual recognition of academic qualifications</u></p> <p>On 11 July 2004, the Education Bureau and the Ministry of Education of the Government of the People's Republic of China signed a Memorandum of Understanding between the Mainland and Hong Kong on Mutual Recognition of Academic Degrees in Higher Education (the MoU). The MoU aims to strengthen the cooperation between the Mainland and Hong Kong in the domain of education and to promote the exchange of students between the two places. The mutual recognition arrangement in the MoU applies to all the recognized higher education institutions with powers to award degrees at Bachelors or above levels, but does not cover academic awards below Bachelors level awarded by education institutions in both places.</p> <p>Under the current arrangements, qualifications conferred outside Hong Kong are assessed on a case-by-case basis. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) provides qualifications assessment services by offering a professional opinion on whether the totality of</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
		<p>the educational qualifications of an applicant, i.e. the integrated learning outcomes of the highest and terminal qualification, meets the standard of a particular qualification level in Hong Kong. Qualifications assessment is neither an institutional nor a programme accreditation. The result pertains only to the individual whose qualification is being assessed, and the assessment is not pertaining to a particular educational institution or a particular programme. The outcome of the assessment takes the form of a statement to the applicant, and represents a non-binding professional opinion of the HKCAAVQ.</p> <p>At its meeting on 8 June 2009, the Panel on Education discussed the subject of recognition of academic qualifications awarded by Mainland and Taiwan higher education institutions. The Administration informed members that since 2005, HKCAAVQ had adopted the MoU as the internal guidelines for assessing qualifications awarded by Mainland institutions.</p> <p>Members found the assessment service provided by HKCAAVQ not practical. Members considered that HKCAAVQ's assessment should be on the study programmes of institutions instead of the totality of qualifications of individual applicants. Members requested the Administration to review the existing policy and to upload onto the internet information on the programmes of the Mainland and Taiwan institutions that had been assessed by HKCAAVQ and recognized by Hong Kong.</p>

Issue	2009-2010 Policy Address/ Policy Agenda	Latest position
		<p data-bbox="1187 255 1585 290"><u>Private schools in Shenzhen</u></p> <p data-bbox="1187 335 2145 651">As reported in the media, the Under Secretary for Education said at a seminar on cross-border educational cooperation organized by the Bauhinia Foundation Research Centre on 12 October 2009 that three private schools in Shenzhen would offer the Hong Kong curriculum to 700 students who held HKSAR residence permits. The pilot programme would start at Primary 4 or 5, and the Shenzhen schools would recruit 50 English-speaking Hong Kong teachers for the programme.</p> <p data-bbox="1187 695 2145 1050">In October 2009, the Administration informed the Panel on Education at the policy briefing of its agreement with the Shenzhen authorities that if the curriculum offered by Shenzhen primary schools was broadly in line with that of Hong Kong primary schools, the Hong Kong students studying in these schools could participate in the Secondary School Places Allocation System. The Education Bureau had made arrangements with the education authorities in Shenzhen to provide training for teachers of Shenzhen primary schools for Hong Kong residents.</p>

**Related Council questions raised by Members**

Since the discussion on cooperation between Guangdong and Hong Kong with the Chief Secretary for Administration at the special House Committee meeting on 20 June 2008, a number of questions have been raised by Members in Council on issues relating to cooperation between the Mainland and Hong Kong.

Oral question raised by Hon Mrs Sophie LEUNG LAU Yau-fun on the impact of the Labour Contract Law on Hong Kong enterprises on the Mainland on 9 July 2008

2. Hon Mrs Sophie LEUNG enquired, among other things, about the channels through which or the means by which the HKSAR Government had gauged the views of the factory operators, in particular Hong Kong businessmen who had investments on the Mainland, and the sectors concerned on the Draft Implementation Regulations of the Labour Contract Law (the Draft Regulations) promulgated by the State Council in early May 2008. The question and the reply are available at:

<http://www.legco.gov.hk/yr07-08/english/counmtg/hansard/cm0709-translate-e.pdf>

Oral question raised by Hon WONG Ting-kwong on connecting the airports in Hong Kong and Shenzhen with a rail link on 29 October 2008

3. Hon WONG Ting-kwong enquired, among other things, about the consultancy study on the feasibility and economic benefits of connecting the airports in the two places with a high-speed rail link commissioned by the Task Force on Airport Co-operation between Hong Kong and Shenzhen. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm1029-translate-e.pdf>

Oral question raised by Hon Paul CHAN Mo-po on the business opportunities on the Mainland for local professionals and service sectors on 26 November 2008

4. Hon Paul CHAN asked, among other things, whether the Administration had discussed with the Guangdong Provincial Government the implementation arrangements for the 25 liberalization and facilitation measures for early and pilot implementation in Guangdong; and the details of the arrangements. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm1126-translate-e.pdf>

Written question raised by Dr Hon David LI Kwok-po on statistics on Hong Kong-owned factories in the Pearl River Delta Region on 14 January 2009

5. Dr Hon David LI enquired, among other things, about the statistics on the production activities of Hong Kong-owned factories in the Pearl River Delta Region. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0114-translate-e.pdf>

Oral question raised by Hon WONG Ting-kwong on enhancing cooperation between service industries in the Pearl River Delta Region and Hong Kong on 18 February 2009

6. Hon WONG Ting-kwong asked, among other things, how the Administration would implement the proposals of the Outline of Pearl River Delta Regional Plan on Reformation and Development (2008-2020) relating to promoting closer co-operation between Guangdong and Hong Kong. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0218-translate-e.pdf>

Written question raised by Hon Mrs Regina IP LAU Suk-yea on development of higher education in Lok Ma Chau Loop on 1 April 2009

7. Hon Mrs Regina IP asked, among other things, about the Government's specific ideas at present and suggestions received from various universities for implementing the plan for the development of higher education in Lok Ma Chau Loop. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0401-translate-e.pdf>

Oral question raised by Hon WONG Ting-kwong on developing Mainland market for Hong Kong products on 27 May 2009

8. Hon WONG Ting-kwong asked, among other things, whether the Government had enhanced discussions with the relevant Mainland authorities on specific policies, so as to proactively assist Hong Kong products in developing the mainland market. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0527-translate-e.pdf>

Written question raised by Dr Hon LAM Tai-fai on measures to assist Hong Kong enterprises to operate on the Mainland and to develop Mainland market on 27 May 2009

9. Dr Hon LAM Tai-fai asked, among other things, whether the Administration would take new actions to complement the measures to be introduced by the Central Government to further facilitate Hong Kong enterprises engaged in processing trades on the mainland to sell their goods on the Mainland market. The question and the reply are available at:

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0527-translate-e.pdf>

Oral question raised by Hon Andrew LEUNG Kwan-yuen on assistance provided to Hong Kong businessmen engaged in business on the Mainland on 21 October 2009

10. Hon Andrew LEUNG asked, among other things, about the statistics on cases of Hong Kong businessmen on the Mainland seeking assistance from the offices of the Hong Kong Special Administrative Region (HKSAR) Government on the Mainland, the Financial Services and the Treasury Bureau and the Commerce and Economic Development Bureau. The question and the reply are available at: <http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1021-translate-e.pdf>

Written/Oral questions raised by Hon LAM Tai-fai on the depreciation allowances on machinery and plants under section 39E of the Inland Revenue Ordinance on 21 October, 4 November, 25 November and 9 December 2009

11. Hon LAM Tai-fai enquired about the depreciation allowances on machinery and plants under section 39E of the Inland Revenue Ordinance (Cap. 112) for Hong Kong enterprises with machinery or plants operating in the Mainland. The questions and the replies are available at: <http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1021-confirm-ec.pdf>  
<http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1104-confirm-ec.pdf>  
<http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1125-confirm-ec.pdf>  
<http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1209-confirm-ec.pdf>

Oral question raised by Hon Cyd HO Sau-lan on regional co-operation platforms between Hong Kong and Mainland provinces and municipalities on 11 November 2009

12. Hon Cyd HO enquired, among other things, about the number of co-operation plans and agreements jointly formulated by the HKSAR Government and the provincial and municipal governments on the Mainland in each of the past five years. The question and the reply are available at: <http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1111-confirm-ec.pdf>

Written question raised by Hon Emily LAU Wai-hing on co-operation on modern service industries between Hong Kong and Shenzhen in Qianhai on 11 November 2009

13. Hon Emily LAU enquired, among other things, about the Administration's signing of the Letter of Intent in Taking Forward Co-operation on Modern Service Industries between Hong Kong and Shenzhen in Qianhai with the Shenzhen Municipal Government on 19 August 2009. The question and the reply are available at: <http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1111-confirm-ec.pdf>

Oral question raised by Hon WONG Ting-kwong on progress of the Mainland and Hong Kong Closer Economic Partnership Arrangement on 18 November 2009

14. Hon WONG Ting-kwong enquired about the progress of the Mainland and Hong Kong Closer Economic Partnership Arrangement. The question and the reply are available at:

<http://www.legco.gov.hk/yr09-10/chinese/counmtg/floor/cm1118-confirm-ec.pdf>