

For information

Legislative Council Panel on Financial Affairs

Framework Agreement on Hong Kong/Guangdong Co-operation and Policy Measures Relating to Financial Services

Purpose

This paper briefs Members on the content of the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) and policy measures relating to financial services.

Background

2. The National Development and Reform Commission (NDRC) promulgated in January 2009 the “Outline of the Plan for the Reform and Development of the Pearl River Delta (PRD)” (the Outline), which elevates the development of the PRD region to the strategic level of national development, specifying Hong Kong/Guangdong co-operation as a national policy. Since then, the Hong Kong Special Administrative Region (HKSAR) Government has been actively implementing the Outline, so as to capitalise on the strategic opportunity offered by the Outline to deepen Hong Kong/Guangdong co-operation, as well as to continue to contribute to national development in the next three decades.

3. During their meeting in Beijing in March 2009, the Chief Executive and Wang Yang, the Party Secretary of Guangdong Province, reached important consensus on the work relating to deepening Hong Kong/Guangdong co-operation. One of the most important tasks is the joint formulation of the Framework Agreement, which would become an official agreement between the two governments. In his Policy Address 2009-10, the Chief Executive highlighted that “to capitalise on this strategic opportunity, the governments of Hong Kong and Guangdong are formulating a framework agreement for Hong Kong/Guangdong

co-operation. This will translate the Outline's macro policies into concrete measures conducive to the development of both places. The framework will also serve as an agenda for Hong Kong-Guangdong co-operation, laying a foundation for us to seek to incorporate the related initiatives into the National 12th Five-Year Plan.”

4. In the past year, Hong Kong and Guangdong have been actively formulating the Framework Agreement. Bureaux and departments of the HKSAR Government and the Guangdong Provincial Government have held many discussions on the draft document. Views have also been sought from the relevant Central ministries. During the process, we have also taken into account suggestions from various sectors on the deepening of Hong Kong/Guangdong co-operation and the implementation of the Outline, including the motion carried by the Legislative Council in March 2009 and the results of the study report published by the Greater Pearl River Delta Business Council in September 2009 on the implementation of the Outline. With the assistance and support from various fronts, the Framework Agreement has been endorsed by the State Council. On 7 April, top leaders of Hong Kong and Guangdong signed the Framework Agreement in Beijing, witnessed by the State Leaders.

Iconic Effect of the Framework Agreement

5. The Framework Agreement, which builds on years of close co-operation between Hong Kong and Guangdong, is the fruit of rapport and consensus created by the exchanges between the two places over the years. It is also a significant embodiment of the principle of “One Country, Two Systems”, bringing Hong Kong/Guangdong co-operation to a new height. The importance of the Framework Agreement is underscored in the following aspects –

- (a) At the **Central Government level**, the Framework Agreement has incorporated the views of different Central ministries and is endorsed by the State Council. It has translated the macro policies of the Outline promulgated by the NDRC into concrete measures conducive to the development of Hong Kong and Guangdong, laying a foundation for seeking to incorporate the related initiatives into the National 12th Five-Year Plan.

- (b) At the **regional level**, the Framework Agreement is the first agenda on Hong Kong/Guangdong co-operation ever endorsed by the State Council since the establishment of the Hong Kong/Guangdong Co-operation Joint Conference in 1998, covering a wide range of subjects. In addition, it lays down the major work plans of the two places for the coming year, and provides a platform and mechanism for Hong Kong/Guangdong co-operation, so that the HKSAR Government and Guangdong Provincial Government to review progress of the implementation work and plan major initiatives for the coming year on an annual basis, which will facilitate the two sides in seeking more “early and pilot implementation”.
- (c) At the **local level**, apart from setting clear targets and development positioning for Hong Kong/Guangdong co-operation, the Framework Agreement also outlines specific policies and measures under various areas of co-operation. This will keep the local industries and the general public better informed of the latest economic development and policies of the two places, so that they can further build on the existing competitiveness and seize the opportunities for expansion. The Framework Agreement will help further promote economic development of Hong Kong and Guangdong, which will greatly benefit the long-term economic development in Hong Kong.

Policy Measures Relating to Financial Services

6. The Framework Agreement reinforces the position of Hong Kong’s financial industry and builds a financial co-operative region led by Hong Kong’s financial system and supported by the financial resources and services of the PRD cities. According to the Framework Agreement, Hong Kong and Guangdong will further strengthen co-operation in a number of areas including banking, securities and futures, insurance, credit and bond markets, which will help significantly in developing Hong Kong’s financial industry and enhancing the status of Hong Kong as an international financial centre. An extract of the content related to financial services in the Framework Agreement is at **Annex**.

Banking and Bond Business

7. According to the Framework Agreement, both sides will jointly take forward the cross-border RMB settlement pilot scheme, expanding the areas and scope for enterprises of the pilot scheme at an appropriate pace with a view to expanding Hong Kong's RMB-denominated trade and finance businesses. The cross-border RMB trade settlement pilot scheme was launched in July 2009, and the scope of the pilot scheme in the Mainland currently covers the five cities of Shanghai, Guangzhou, Shenzhen, Dongguan and Zhuhai, and around 300 enterprises are permitted to participate. As we understand, the Mainland is considering expanding the scope of the pilot scheme. The Framework Agreement has provided an ideal platform to deepen at the local level the RMB trade settlement business between Hong Kong and Guangdong, including the related RMB finance business. The Hong Kong Monetary Authority (HKMA) and relevant Mainland authorities are studying and discussing how to further refine RMB trade settlement services, and to deepen and accelerate the use of RMB outside the Mainland.

8. Currently, Mainland (including Guangdong) enterprises require approval from relevant Mainland authorities before they can utilize the financing services of banks outside the Mainland (including Hong Kong banks). The Framework Agreement supports Guangdong enterprises to develop RMB trade financing through Hong Kong banks, and supports Hong Kong to develop offshore RMB business. The HKMA will carry out relevant studies jointly with the Guangdong side.

9. For the bond market, Mainland enterprises currently need approval from relevant Mainland authorities before they can issue bonds in Hong Kong. The Framework Agreement supports qualified Guangdong financial institutions and enterprises to issue RMB bonds in Hong Kong. This will provide more financing channels to Guangdong enterprises, and at the same time help develop Hong Kong's RMB bond market. The Administration and the HKMA are actively studying the development of this area with relevant Mainland authorities.

Securities Business

10. For securities, the Framework Agreement supports the mutual flow and linkage in respect of institutions, products and talents between both sides. The Framework Agreement encourages more Guangdong financial institutions and enterprises to be listed on the Stock Exchange of Hong Kong and to raise capital in Hong Kong. Regarding the strengthening of the mutual co-operation between the securities industries on both sides, Supplement VI to CEPA signed last year introduced, via the “early and pilot implementation” approach, measures to allow qualified Hong Kong securities companies and Mainland securities companies to set up joint venture securities investment consultancies in Guangdong. Besides, for investment products, Supplement VI to CEPA also specified measures to actively study the introduction of exchange-traded funds (ETF) on Hong Kong stocks in the Mainland market. The Administration and the Securities and Futures Commission of Hong Kong have been closely following with the China Securities Regulatory Commission in this regard. The Framework Agreement, which supports Hong Kong securities companies to set up joint venture securities investment consultancies in Guangdong, and strives for the Shenzhen Stock Exchange to launch ETF on Hong Kong stocks, will help take forward the implementation of such measures.

Insurance Business

11. The Framework Agreement supports qualified Hong Kong financial institutions to establish legal entities and branches in Guangdong, and supports Hong Kong insurance companies to enter the Guangdong insurance market. Currently, the greatest hurdle for Hong Kong insurance companies to enter the Mainland market is the very high assets requirement. With the signing of the Framework Agreement, Hong Kong and Guangdong can attempt, via the “early and pilot implementation” approach, to study the appropriate lowering of thresholds for Hong Kong insurance companies to enter the Guangdong insurance market. The Office of the Commissioner of Insurance will follow up with the China Insurance Regulatory Commission on this proposal.

12. For insurance agents, according to Supplement IV to CEPA, Hong Kong insurance agency companies can establish wholly-owned enterprises in the Mainland. We will encourage Hong Kong insurance agency companies to grasp the opportunities provided by the Framework Agreement to expand their business in Guangdong.

Financial Services and the Treasury Bureau
May 2010

粵港合作框架協議

(摘錄)

為落實《珠江三角洲地區改革發展規劃綱要(2008—2020年)》、《內地與香港關於建立更緊密經貿關係的安排》(CEPA)及其補充協議，促進粵港更緊密合作，廣東省人民政府和香港特別行政區政府經協商一致，制定本協議。

第一章 總則

第一條 合作宗旨

在“一國兩制”方針指導下，放眼世界、面向未來，在全球格局深刻變化、周邊地區競爭加劇以及國家的發展中，以戰略思維謀劃粵港合作發展思路，完善創新合作機制，進一步建立互利共贏的區域合作關係，有效整合存量資源，創新發展增量資源，推動區域經濟一體化，促進社會、文化、生活等多方面共同發展，攜手打造亞太地區最具活力和國際競爭力的城市群，率先形成最具發展空間和增長潛力的世界級新經濟區域。

第二條 發展定位

一、推動粵港經濟社會共同發展，促進與閩台、北部灣地區深度合作，深化與泛珠江三角洲等其他地區合作，率先建設在全國乃至亞洲具有較強引領作用、更具活力、發展潛力和國際競爭力的世界級新經濟區域。

二、提升香港國際金融中心地位，加快廣東金融服務業發展，建設以香港金融體系為龍頭，廣州、深圳等珠江三角洲城市金融資源和服務為支撐的具有更大空間和更強競爭力的金融合作區域。

三、發揮香港服務業和廣東製造業優勢，加快形成國際一流的現代產業體系和科技創新體系，打造世界先進製造業和現代服務業基地。

四、加快跨境基礎設施網絡建設，優化區域營商環境，促進區域人員、貨物、信息、資金等要素往來流通便利，形成更低成本、更高效率的國際航空樞紐、航運中心和物流中心，構建現代流通經濟圈。

五、構建全國領先的區域環境和生態保護體系，大力發展綠色經濟，形成資源節約、環境友好的生產、生活及消費方式，建設宜居、便利、管理和服務水平先進的優質生活圈。

六、加快城市公共服務體系銜接，促進香港與深圳、廣

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第三章 現代服務業

支持香港發展高端服務業，促進香港現代服務業進入廣東，拓展發展空間；通過引進和合作，加快廣東現代服務業發展，提升服務業水平；深化粵港產業鏈條分工合作，形成錯位發展、優勢互補、協作配套的現代服務業體系。

第一條 金融

一、在人民幣跨境貿易結算相關政策框架下，共同推進跨境貿易人民幣結算試點，適時擴大參與試點的地區、銀行和企業範圍，逐步擴大香港以人民幣計價的貿易和融資業務。按照《跨境貿易人民幣結算試點管理辦法》的規定，鼓勵廣東銀行機構對香港銀行同業提供人民幣資金兌換和人民幣帳戶融資，對香港企業開展人民幣貿易融資。支持廣東企業通過香港銀行開展人民幣貿易融資。支持香港發展離岸人民幣業務。

二、推進人民幣跨境調撥基礎設施建設，完善人民幣現鈔跨境調撥機制，加強跨境反假幣、反洗錢合作。

三、支持粵港金融機構跨境互設分支機構，支持符合條件的香港銀行、證券及期貨、保險和基金管理公司等金融機構在廣東設立法人機構和分支機構，依法參與發起設立村鎮銀行、小額貸款公司等新型金融機構或組織。支持香港證券公司在廣東設立合資證券投資諮詢公司，支持香港保險公司進入廣東保險市場，鼓勵香港保險代理機構在廣東設立獨資或合資公司，提供保險代理服務。推動廣東法人金融機構赴港開設分支機構，拓展境外業務。

四、全面推進信貸、證券、保險、期貨、債券市場和基金管理金融業務合作。在政策允許範圍內支持符合條件的廣東法人金融機構和企業在香港交易所上市，在港發行人民幣債券、信託投資基金。爭取在深圳證券交易所推出港股ETF等試點合作。支持符合條件的企業在深圳和香港創業板市場跨境上市。加強粵港保險產品創新合作，共同探索為跨境出險的客戶提供查勘、救援、理賠等後續服務的模式，探索保險業務銜接的途徑和方式。支持符合條件的香港金融機構和企業參與廣東個人本外幣兌換特許業務試點。

五、加強企業金融服務體系建設。廣東出台的支持中小企業融資的政策措施，在不違反WTO規則的前提下，原則上適用於在廣東的港資中小企業。在政策允許範圍內支持符合條件的廣東金融機構為境內港資企業在內地銀行間市場發行企業債、短期融資券和中期票據提供承銷服務。鼓勵在

廣東的港資企業在深圳證券交易所發行股票。

六、推動金融智力合作，支持兩地金融培訓機構和人才的交流合作，打造金融高端研究論壇和平台，推動金融合作創新。