

**Motion on “Implementing the Twelfth Five-Year Plan”
passed at the Legislative Council Meeting
of 30 March 2011**

Progress Report

Purpose

At the Legislative Council meeting on 30 March 2011, the motion moved by Hon IP Kwok-him, as amended by Hon Miriam LAU Kin-ye, on “Implementing the Twelfth Five-Year Plan” (the Motion) was carried. The wording of the passed motion is at **Annex**.

2. This report briefs Members on the work progress of the major areas covered in the Motion.

Work Progress

Formulating overall plan to implement the National 12th Five-Year Plan (Measure (a))

3. It is a significant breakthrough that the “Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People’s Republic of China” (the National 12th Five-Year Plan), promulgated in March 2011, dedicated an individual chapter for the Hong Kong and Macao Special Administrative Regions (the Dedicated Chapter). The Dedicated Chapter confirms the Central Authorities’ support towards Hong Kong’s development in various areas. Since the promulgation, the Government of the Hong Kong Special Administrative Region (the HKSAR Government) has maintained close liaison with the National Development and Reform Commission

and other relevant Mainland authorities, through reciprocal visits, working meetings, etc, to take forward Hong Kong's efforts in complementing the National 12th Five-Year Plan progressively. On the other hand, the HKSAR Government has endeavoured to introduce to the general public the contents of the National 12th Five-Year Plan and deepen their understanding on Hong Kong's complementing work through different channels such as organising seminars and workshops. The "Forum on the National 12th Five-Year Plan" held in Hong Kong on 18 April 2011 is one of the large-scale events organised by the HKSAR Government. The general public could learn more about these events from the thematic webpage on "The HKSAR's work in complementing the National 12th Five-Year Plan" set up by the Constitutional and Mainland Affairs Bureau (CMAB).

4. Moving to the next phase, the HKSAR Government will focus on implementing the contents of the National 12th Five-Year Plan. CMAB and other relevant bureaux will continue to maintain dialogue with the stakeholders to take forward the relevant complementing work on tapping the opportunities brought forward by the National 12th Five-Year Plan. Relevant bureaux will also continue to communicate with the organisations and trades concerned to ensure that the views of different sectors of society would be suitably incorporated into the complementing measures, and to enhance the understanding of the public on the National 12th Five-Year Plan and Hong Kong's complementing work. Under the chairmanship of the Chief Secretary for Administration, a steering committee comprising representatives of bureaux and departments concerned will endeavour to oversee the overall co-ordination and follow-up work.

5. In consultation with the relevant bureaux, the work progress of the various areas mentioned in the Motion are consolidated in ensuing paragraphs.

Optimising the use of financial revenue and foreign exchange reserves to improve people's livelihood (Measure (b))

6. The primary objective of the Exchange Fund (the Fund), as laid down in the Exchange Fund Ordinance, is to affect, either directly or indirectly, the exchange value of the currency of Hong Kong. The Fund may also be used to maintain the stability and integrity of Hong Kong's monetary and financial systems to help maintain Hong Kong as an international financial centre. Hong Kong is a small and open economy and is susceptible to volatile capital flows. Based on our experience in coping with financial crises, in order for the Fund to achieve its statutory objective of currency stability, we must maintain an adequate level of foreign reserves to preserve domestic and international confidence in Hong Kong dollar. It is therefore not appropriate to use the Fund for other purposes.

7. The HKSAR Government has been managing public finances in accordance with Article 107 of the Basic Law. We follow the principles of prudent management of public finances, keeping expenditure within the limits of revenues, striving for a fiscal balance and avoiding deficits. In preparing the annual budget, we also adhere to the three principles that fiscal policies should demonstrate commitment to society, be sustainable and pragmatic.

8. The Government's expenditure for 2011-12 is estimated to reach HK\$378.2 billion, representing an increase of HK\$74.7 billion, or 25%, over the revised estimate for 2010-11. It is 61% higher when compared with 2007-08. This increase far exceeds the 15.8% nominal GDP growth over the same period. The recurrent expenditure for 2011-12 is estimated to reach HK\$242.1 billion, representing an increase of about HK\$18 billion, or 8%, over the revised estimate for 2010-11. It is more than 20% higher when compared with 2007-08. The increase in recurrent expenditure

reflects that the Government is always committed to caring for people's livelihood. In the 2011-12 Budget, the Government's proposed recurrent expenditure on education, social welfare and health accounts for 56.4% of recurrent government expenditure. Compared with 2010-11, expenditure on these three policy area groups will increase by over HK\$10 billion.

9. The Budget proposes measures worth about HK\$20 billion to help ease the pressure of inflation and rising prices on people's livelihood. The revised Budget proposals to offer tax rebates, provide a sum of \$6,000 to eligible persons and make additional injection to the Community Care Fund also help relieve citizens' burden. Some of the measures have already been implemented or received funding approval from the Legislative Council. The relevant bureaux and departments are now working on the other measures with a view to implementing them as soon as possible.

Developing the financial industries: Renminbi business (Measure (c))

10. On the development of offshore Renminbi (RMB) business, there were a total of 173 banks participating directly in Hong Kong's RMB clearing platform as of end April 2011. Among the participating banks, there were 151 branches and subsidiaries of foreign banks, as well as overseas branches of Mainland banks, forming a global payment network capable of handling RMB transactions between Mainland China and overseas, and among different offshore markets.

11. The total RMB trade settlement conducted through banks in Hong Kong in the first 4 months of 2011 amounted to RMB 445 billion as compared with RMB 369.2 billion in 2010. In the first quarter of 2011, 86% of Mainland's RMB trade settlement was conducted through banks in Hong Kong, reflecting that Hong Kong is the prime platform for RMB trade settlement. The HKSAR Government will

continue to enhance and facilitate the further development of Hong Kong as a platform for global RMB trade settlement.

12. To further promote Hong Kong's offshore RMB market and attract more enterprises to make use of Hong Kong's settlement services, the HKSAR Government has been conducting overseas roadshows. The Hong Kong Monetary Authority (HKMA) had conducted roadshows in Australia and Russia in mid-March and mid-June 2011 respectively. Both events attracted many participants from leading financial institutions and corporations of the two places. The Secretary for Financial Services and the Treasury, together with the Director General of the Shanghai Municipal Government Financial Services Office, also led joint roadshows in Indonesia and Malaysia from 23 to 25 May 2011. Also joining the roadshows were representatives from the HKMA and the Shanghai Head Office of the People's Bank of China. The delegation organised a number of open events to encourage financial institutions, chambers of commerce and multinational corporations of Indonesia and Malaysia to take part in the related RMB business.

13. The Government will go to other places, including London, Spain and Latin America later to promote Hong Kong as an offshore RMB centre.

14. Developing RMB bond business is another focus. The total amount of RMB bond issuance in Hong Kong increased from RMB16 billion in 2009 to RMB 35.8 billion in 2010. For the first 5 months of 2011, RMB bond issuance exceeded RMB 28 billion. The issuers include not only Mainland financial institutions and Hong Kong corporations but also multinational companies. The HKSAR Government will continue to encourage overseas enterprises to issue RMB bonds in Hong Kong.

Developing financial industries: asset managements business (Measure (c))

15. On the development of asset management business, we have stepped up overseas promotion and launched a global promotional campaign on Hong Kong as China's Global Financial Centre, which targets at the asset management sector, in November 2010. The campaign started with a roadshow to London in mid-November 2010. It was followed by the Asian Financial Forum as the home leg in January 2011 and another roadshow to New York in March 2011.

16. In the area of fiscal incentives, the Inland Revenue (Amendment) Ordinance 2011, which seeks to implement the enhancement measures for the Qualifying Debt Instrument Scheme, commenced operation on 25 March 2011. The Securities and Futures Commission consulted the public from February to April 2011 on the proposal to update the lists of specified exchanges in the Securities and Futures Ordinance, so as to facilitate offshore funds engaged in futures trading.

17. The HKSAR Government will continue to enhance the competitiveness of our asset management industry by strengthening overseas promotion, developing an Islamic financial platform and enhancing market quality and facilitating market development.

Implementing the construction of a third runway to consolidate and enhance Hong Kong's status as an aviation centre (Measure (d))

18. On 2 June 2011, the Airport Authority Hong Kong (the AA) released the Hong Kong International Airport Master Plan 2030 (the Master Plan 2030), which puts forward two development options for public consultation. The three-month consultation will last from 3 June 2011 to 2 September 2011.

19. The first option is to maintain the existing two-runway system. The practical maximum capacity of the airport can reach 420,000 flight movements per year, accommodating 74 million passengers and six million tonnes of cargo a year. The estimated total cost is about HK\$23.4 billion (in 2010 prices) or HK\$42.5 billion (in money-of-the-day prices). This option can increase the direct employment on the airport island to 101,000 jobs (62,000 jobs in 2008). The economic net present value over a 50-year life span of the infrastructure (up to 2061) is estimated to be HK\$432 billion. This option can only meet our short to medium term air traffic demand.

20. The second option is to expand into a three-runway system. The practical maximum capacity of the airport can reach 620,000 flight movements per year, accommodating about 97 million passengers and 8.9 million tonnes of cargo a year. The estimated total cost is about HK\$86.2 billion (in 2010 prices) or HK\$136.2 billion (in money-of-the-day prices). This option will increase the direct employment on the airport island to 141,000 jobs. The economic net present value over a 50-year life span of the infrastructure (up to 2061) is estimated to be HK\$912 billion. This option can meet our long-term needs and fully leverage the airport's connectivity to take Hong Kong's economic development to the next level.

21. The AA will engage the public and relevant stakeholders through various means during the consultation. This includes briefing the Legislative Council and District Councils, holding roving exhibitions and public forums, and organising seminars and meetings with different organisations and professional bodies. The public can visit the AA's dedicated website for details of the Master Plan 2030 and related information and express their views on the future development of the airport by attending the public forums, returning questionnaires and calling the hotline.

Assisting small and medium enterprises to open up the Mainland market (Measure (e))

22. The Mainland and Hong Kong have announced about 280 liberalisation measures under The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). Hong Kong service suppliers enjoy preferential access in 44 service areas in the Mainland market.

23. In respect of professional services under CEPA, the HKSAR Government has been promoting mutual recognition of professional qualifications and has various preferential and facilitation measures for Hong Kong professional services providers. These measures include opening up the Mainland professional qualification examinations to eligible Hong Kong residents, implementing measures to facilitate registration and practice, lowering the market access threshold, relaxing the scope of services allowed, and setting up examination centres in Hong Kong or dedicated examination centres in Guangdong Province to make it more convenient for Hong Kong professionals to sit for the relevant Mainland qualification examinations etc.

24. The HKSAR Government attaches great importance to the effective implementation of CEPA. Through close liaison with the Mainland authorities at central, provincial and municipal levels, we closely monitor and follow up on implementation issues encountered by the trade in making use of CEPA measures in the Mainland. In order to promote the effective implementation of CEPA measures, we also organise seminars and other promotional activities in collaboration with the Mainland authorities, so that the trade can communicate directly with the Mainland authorities responsible for various service sectors.

25. That apart, the relevant bureaux and departments will continue to liaise with the trade to gather their views on the future development

of CEPA. We will continue to take account of the trade's views in exploring with the Mainland authorities the further development of CEPA.

Avoiding double taxation (Measure (f))

26. Regarding the “183-day” rule stipulated in the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the Arrangement), we have conveyed to the relevant Mainland authority the views of some of the industry players that the existing threshold should be relaxed. The relevant Mainland authority considers that this rule has been working well and complies with the international standard in different model agreements for avoidance of double taxation. They see no sufficient justifications for changing the standard at this stage. We will continue to keep in view social development and to explore the matter with the Mainland authority.

27. The Inland Revenue Department meets regularly with the State Administration of Taxation to discuss implementation issues of the Arrangement and the proposed solutions. We will continue to reflect the views of the trade as appropriate.

Establishing a “brand development council” and specialised funds to open up the Mainland market, and developing “bridgehead economy” around the Hong Kong-Zhuhai-Macao Bridge, so as to consolidate and enhance Hong Kong’s status as a trade centre (Measure (h))

Establishing a “brand development council” and specialised funds

28. The HKSAR Government is committed to assisting enterprises in developing their brands to tap into the Mainland domestic markets. Various Government departments and organisations, such as the Trade

and Industry Department, the Hong Kong Trade and Development Council (HKTDC), the Hong Kong Tourism Board and the Information Services Department (Brand Hong Kong Management Unit), have been actively encouraging enterprises to develop their brands, helping to promote Hong Kong brands in markets outside Hong Kong, assisting local enterprises in opening up the Mainland and other emerging markets and establishing distribution channels, organising exhibitions and seminars, and promoting Hong Kong's image and uniqueness. Relevant departments and supporting organisations will continue to strengthen their efforts. If a "brand development council" is established, there may be duplication in the roles and responsibilities.

29. In addition to organising exhibitions in different cities in the Mainland, HKTDC publishes a wide range of research publications to keep local enterprises abreast of the latest market situation in the Mainland. In April 2010, HKTDC launched a Design Gallery online shop on Taobao, an online trading platform in the Mainland, to enable Hong Kong traders to showcase their products to Mainland consumers direct. HKTDC will continue to strengthen their work in this area in the coming year.

30. Moreover, the Government currently provides different kinds of support measures to the small and medium enterprises (SMEs), including the "SME Funding Schemes" and the "Innovation and Technology Fund", with a view to encouraging and supporting SMEs in branding-related initiatives, such as innovative design, product research and development, export promotion, intellectual property rights protection, etc. The Government encourages SMEs to make full use of the existing resources to build and promote their brands. On the proposal to set up a "dedicated fund", there are many factors that we need to consider in detail, such as the mode of operation, and whether it will overlap with other existing funds, etc.

Developing “bridgehead economy” around the Hong Kong-Zhuhai-Macao Bridge

31. To give full play to the benefit of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and Hong Kong Boundary Crossing Facilities (HKBCF) in facilitating the bridgehead economy in the nearby areas, convenient transport services will be provided between the HKBCF and the Hong Kong International Airport, Tung Chung, other parts of the Lantau Island and Tuen Mun. These services will encourage travellers coming to Hong Kong through the HZMB to make use of the commercial facilities in these locations, which will in turn provide business opportunities to these areas.

32. Since the HKBCF involves reclamation works, having regard to environmental protection and financial considerations, we should minimize the size of the reclamation (currently estimated to be about 130 hectares). Furthermore, as the HKBCF is located in the vicinity of the Hong Kong International Airport (HKIA), its buildings need to comply with the Airport Height Restrictions. Based on the above considerations, we do not recommend large-scale commercial developments on the HKBCF. However, we will explore, in the context of the currently ongoing detailed design of the HKBCF, whether it can accommodate commercial activities of appropriate scale to serve travellers and meet their needs.

33. The Civil Engineering and Development Department and the Planning Department will jointly commission a study to establish the scope and ascertain the feasibility of the remaining development in Tung Chung. The Government will take into account peripheral developments during the study, including the HZMB and the development of the HKIA, in formulating development proposals.

34. There are about 7 hectares of land in the northern part of the airport island available for development. The AA has commissioned a consultant to examine how the land in question should be developed. In formulating a strategy for developing the land, apart from considering factors such as the need to meet the operational requirements of the airport and the land use planning of the areas surrounding the airport, the consultant also has to take into account the opportunities available for capitalising on the economic synergies arising from the enhanced connectivity between the airport and the Pearl River Delta region due to large-scale cross-boundary infrastructure projects (particularly the HZMB). We believe the strategy to be developed will also facilitate the development of the bridgehead economy.

Consolidating and enhancing Hong Kong's status as a trading centre

35. The National 12th Five-Year Plan reaffirms Hong Kong's role as an international trading centre. Hong Kong's development of its export trade and offshore trade is advanced. CEPA provides a useful platform for the collaboration of services industry in Hong Kong and the Mainland.

36. The HKSAR Government will continue to promote economic and trade growth through the multilateral trade regime, regional economic co-operation as well as exploring the possibility of entering into Free Trade Agreements (FTA) with trading partners, so as to further consolidate and enhance Hong Kong's status as an international trading centre.

37. The HKSAR Government has actively contributed to the strengthening and updating of the rules-based multilateral trading system, so that it can remain as an effective framework to promote international trade expansion and liberalization. This will not only safeguard Hong Kong's trade interests against any arbitrary and

discriminatory actions taken by its trading partners, but also further consolidate and raise Hong Kong's global profile. In developing Hong Kong's services industry, the HKSAR Government will continue to actively seek further market access to other World Trade Organization Members in respect of the services sectors and emerging industries where we enjoy clear advantages. This would assist in creation of jobs locally and drive the demand for local support services.

38. On regional co-operation, the HKSAR Government will continue to actively participate in the Asia-Pacific Economic Co-operation (APEC) and other regional economic co-operation organizations to further consolidate and enhance Hong Kong's status as an international trading centre. APEC is a key international organization which promotes regional economic co-operation. The trade between Hong Kong and other APEC member economies amounted to about 80% of Hong Kong's total trade. APEC provides a good platform for Hong Kong to cooperate with other member economies on a wide range of economic and trade issues in the region, and to further improve the business environment as well as facilitate trade and investment in the region.

39. While upholding our commitment to the primacy of the multilateral trading system, the HKSAR Government will also continue to explore the possibility of negotiating and concluding FTAs with other trading partners in order to improve the conditions of access for services sectors and emerging industries in which Hong Kong enjoys competitive edges.

Establishing a standard patent examination system in Hong Kong (Measure (i))

40. The relevant bureau of the HKSAR Government is reviewing the patent system of Hong Kong and has briefed the Commerce and Industry Panel of the Legislative Council on 17 May 2011 about the

proposed ambit of the review. A public consultation will be conducted to solicit views and proposals from the stakeholders and the general public.

41. As for the standard patent system, the review will focus on the following issues -

- (a) whether an “original grant” patent system should be introduced in Hong Kong with substantive examination outsourced to other patent office(s), and, if so, which office(s);
- (b) irrespective of the answers to (a) above, whether the current “re-registration” system¹ should be maintained, and if so, whether the system should be expanded to recognise the patents granted by other jurisdictions; and
- (c) what other facilitation measures should be introduced to the system to encourage local innovation and attract overseas research-and-development centres to set up their bases in Hong Kong.

42. To take forward the review, the Government plans to issue a public consultation document in the third quarter of 2011 and publish the proposed way forward in the first half of 2012.

¹ Under Hong Kong’s existing patent system, the grant of standard patents is based on the registration of patents in three designated patent offices. These designated patent offices are the State Intellectual Property Office (SIPO) of Mainland China, the UK Patent Office, and the European Patent Office (for patents designating UK). As the Hong Kong patent registry only verifies the documents and information submitted in respect of the patent being applied for (i.e. formality checking), our patent system is sometimes referred to as a “re-registration” system.

Establishing industrial investment funds for investment immigrants and amending the Quality Migrant Admission Scheme (Measure (j))

43. The Capital Investment Entrant Scheme (CIES) aims to facilitate the application for entry for residence in Hong Kong by persons who make investment but will not engage in the running of business in Hong Kong. To ensure that the Scheme is up-to-date and continues to serve the best overall interest of Hong Kong, the Government introduced amendments in October 2010, mainly include temporarily suspending real estate as a class of Permissible Investment Asset in view of public concern on property prices; raising threshold of investment and personal asset requirement (from HK\$6.5 million to HK\$10 million) etc. The Government has undertaken to regularly review the effectiveness and operation of the CIES and will accordingly undertake a comprehensive review of the CIES in 2013.

44. The Quality Migrant Admission Scheme (QMAS) aims to attract talented persons of different sectors to settle in Hong Kong in order to enhance our competitiveness in the global market. The Government reviews the Scheme regularly to enhance its operation. For example, since January 2008, we have lifted the upper age limit of applicants, adjusted the marking scheme (to benefit younger applicants) and streamlined the application procedure for extension of stay. The relevant statistics show that the Scheme has attracted talents from the six industries where Hong Kong enjoys clear advantages. The Government will further improve the Scheme as necessary to contribute to the overall development of Hong Kong.

Implementing the Framework Agreement on Hong Kong/Guangdong Co-operation (Measure (k))

45. Hong Kong and Guangdong signed the Framework Agreement on Hong Kong/Guangdong Co-operation in April 2010. This provides a solid foundation for the two sides to co-operate

comprehensively. The Framework Agreement on Hong Kong/Guangdong Co-operation also sets out the important functional positioning for Hong Kong/Guangdong co-operation, including a financial co-operation region with Hong Kong taking the lead, a world-class new economic region, a manufacturing and modern services base, a modern economic circulation sphere, a quality living area and a world-class metropolitan cluster.

46. The above positioning was incorporated into the National 12th Five-Year Plan. This helps both places to develop complementarily, enhancing the overall competitiveness of the region.

47. Since the signing of the Framework Agreement on Hong Kong/Guangdong Co-operation, Hong Kong has been in close liaison with Guangdong to pursue the implementation work actively. We made good progress in implementing the 2010 Work Plan.

48. Hong Kong and Guangdong signed the 2011 Work Plan in February 2011, which sets out the initiatives to be pursued in the year. The areas covered by the Work Plan include cross-boundary infrastructure facilities, modern service industries, manufacturing industry and innovation and technology, international business environment, quality living area, education and manpower, major co-operation areas and regional co-operation plans, etc. The HKSAR Government will continue to liaise closely with Guangdong Provincial Government, to better co-ordinate the relevant work of the concerned bureaux of the HKSAR, in order to pursue concrete results for Hong Kong /Guangdong co-operation.

49. In conclusion, the HKSAR Government will utilize the set up of the Hong Kong/Guangdong Co-operation Joint Conference and the platform of the Framework Agreement on Hong Kong/Guangdong Co-operation, build on the opportunities brought about by the National 12th Five-Year Plan, actively deepen Hong Kong/Guangdong

co-operation, capitalise on and complement each other's strengths, with a view to achieving development to mutual benefit.

Qianhai development (Measure (g))

50. In accordance with the Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area (Qianhai Development Plan) approved by the State Council in August 2010, Qianhai has been designated as a Hong Kong/Guangdong modern service industries innovation and co-operation exemplary zone. This positioning has also been recognised in the National 12th Five-Year Plan promulgated in March this year. According to the current consensus, the Shenzhen Municipal Government has taken up the leading role and is responsible for the development and management of Qianhai, while the HKSAR Government plays an advisory role by providing comments on the study and formulation of issues like development planning and the related policies. Both sides have set up the Joint Task Force on Qianhai Co-operation since November 2009 and have been maintaining close liaison in promoting co-operation in service industries, creating a business-friendly environment in Qianhai and other relevant matters.

51. In this regard, the HKSAR Government has been consulting the business sectors through various channels. The policy proposals received have been communicated to the relevant Mainland authorities on a timely basis with a view to assisting them in introducing detailed policies to implement the Qianhai Development Plan, including favourable taxation arrangements and business facilitation measures in Qianhai. Moreover, the HKSAR Government has been actively complementing the publicity and promotional work of the Shenzhen authorities to introduce to Hong Kong enterprises, professional sectors and service suppliers the business opportunities brought about by the development of Qianhai.

Fostering co-operation between Hong Kong and the Economic Zone on the West Coast of the Taiwan Strait (Measure (k))

52. The HKSAR has all along maintained close liaison and co-operation with Fujian, which forms a major part of the Economic Zone on the West Coast of the Taiwan Strait (the Haixi region). Currently, Hong Kong has been promoting multi-faceted co-operation with Fujian through a number of channels, including the Pan-PRD Regional Co-operation Framework Agreement, which have been operating effectively and have obtained desirable results. The HKSAR will continue to maintain close liaison and co-operation with Fujian over various areas in a flexible and appropriate manner. Hong Kong will also join hands with the Haixi counterparts to capitalise on the opportunities arising from the positive development of cross-Strait relations in recent years and further our co-operation and exchanges with Taiwan.

Constitutional and Mainland Affairs Bureau
July 2011

Motion on “Implementing the Twelfth Five-Year Plan” moved by Hon IP Kwok-him and amended by Hon Miriam LAU Kin-yea at the Legislative Council Meeting of Wednesday, 30 March 2011

That, given that the Twelfth Five-Year Plan has been endorsed by the National People’s Congress at its meeting and has devoted, for the first time, a separate chapter to Hong Kong in that it proposes to consolidate and enhance Hong Kong’s status as an international financial, trade and shipping centre, increase its global influence as a financial centre; support Hong Kong in nurturing emerging industries and new growth areas for its economy; and further intensify the co-operation between the Mainland and Hong Kong, this Council urges the HKSAR Government to give active response, seize the golden opportunity presented by the Twelfth Five-Year Plan and intensify the co-operation between Hong Kong and the Mainland, particularly our country has designated the accelerated development of service industries as one of the strategic focuses to adjust the economic structure, Hong Kong should better grasp the opportunity to extend the radius of local service industries in the Mainland, so as to promote Hong Kong’s economic development and improve people’s livelihood; the relevant measures should include:

- (a) to expeditiously formulate long-term development planning for the overall economy and society of Hong Kong, so as to dovetail with the implementation of the National Twelfth Five-Year Plan;
- (b) to optimize the use of abundant financial revenue and huge foreign exchange reserve to further enhance the building of the social security system and take good care of the underprivileged, with a view to improving people’s livelihood;
- (c) to develop the financial industries, promote Renminbi business, enhance market stability, and turn Hong Kong into an offshore

- Renminbi clearing centre and an international asset management centre, so as to enhance the global influence of Hong Kong's financial industries;
- (d) to expeditiously study and implement the construction of a third runway to consolidate and enhance Hong Kong's status as an aviation centre;
 - (e) to assist local service industries in upgrading and value-adding, and discuss with the Mainland to further improve the situation of 'Big doors are open, but small doors are shut', including further relaxing the threshold of market access and strengthening mutual recognition of professional qualifications, so as to facilitate Hong Kong's small and medium enterprises to open up the Mainland market;
 - (f) to conduct studies on rationalizing the double taxation problem under the current taxation regimes of the two places, so as to facilitate Hong Kong people going north for development and promote exchanges and interactions between talents in the two places;
 - (g) to grasp the opportunity presented by the development of Qianhai New District in Shenzhen which is one of the 'major co-operation projects among Guangdong, Hong Kong and Macao', and strive for the early and pilot implementation of more policies and measures to help intensify regional co-operation, including providing special taxation arrangements to help develop Qianhai into a 'Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone', and adopting a more convenient immigration clearance mode to facilitate the interactive flows of people and goods, etc.;
 - (h) to establish a 'brand development council' and specialized funds to open up the Mainland market, and develop a 'bridgehead economy' around the Hong Kong-Zhuhai-Macao Bridge, so as to consolidate and enhance Hong Kong's status as a trade centre;
 - (i) to establish a standard patent examination system in Hong Kong

- to encourage innovation and enhance the sustainability of economic development;
- (j) to establish industrial investment funds for investment immigrants, strengthen training of talents, and amend the Quality Migrant Admission Scheme to attract talents, with a view to promoting and enhancing the development of emerging industries, including environmental industries, medical services, education services, testing and certification services, innovation and technology as well as cultural and creative industries, etc., fostering diversified economic development, supporting small and medium enterprises and promoting employment; and
 - (k) to further intensify the co-operation between Hong Kong and the Mainland, implement the Framework Agreement on Hong Kong/Guangdong Co-operation, and foster the co-operation between Hong Kong and the Economic Zone on the West Coast of the Taiwan Strait, with a view to promoting joint development.