

Motion on
“Seizing the opportunity presented by the Cross-Straits Economic
Co-operation Framework Agreement and actively participating in the
development of the Economic Zone on the West Coast of the Taiwan Strait”
moved by Hon CHAN Kam-lam
at the Legislative Council meeting
of Wednesday, 15 December 2010

Progress Report

Purpose

At the Legislative Council meeting on 15 December 2010, the motion moved by the Hon CHAN Kam-lam, as amended by Hon WONG Kwok-hing, on “Seizing the opportunity presented by the Cross-Straits Economic Co-operation Framework Agreement and actively participating in the development of the Economic Zone on the West Coast of the Taiwan Strait” was carried. The wordings of the passed motion are at [Annex](#).

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

The strategy for co-operation between Hong Kong and the Economic Zone on the West Coast of the Taiwan Strait (the Economic Zone)

3. We have adopted a holistic strategy in taking forward the co-operation between Hong Kong and the Pan Pearl River Delta (PPRD) Region (including the Fujian Province). Entirely located within the Economic Zone, Fujian is a key partner for the HKSAR to develop multi-dimensional co-operation relationship, including tourism, economic and trade, investment and co-operation with Taiwan. We have been effectively fortifying our relationship with Fujian, leveraging on the co-operation with the PPRD Region. For example, we have explored in the PPRD Co-operation and Development Forum last year on how to capitalise on the development of the Economic Zone to take the relationship between Fujian, the HKSAR and Taiwan to a new level. We will continue to strengthen our communication and exchange with Fujian on this basis.

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

4. The Mainland and Hong Kong have announced some 280 liberalisation measures under CEPA. Hong Kong service suppliers can enjoy preferential

treatment in 44 service sectors in entering the Mainland market. Most of these measures are applicable to the Fujian Province. For medical, tourism, convention and exhibition as well as transport services, Fujian is also one of the provinces for “early and pilot implementation”. For example, under Supplement VII to CEPA effective from 1 January 2011, Hong Kong service suppliers are allowed to set up wholly-owned hospitals in five provinces/cities including the Fujian Province, and no restriction is imposed on the ratio of capital investment between Hong Kong service suppliers and Mainland partners in setting up hospitals in the form of equity joint venture or contractual joint venture in the Province. These measures can further deepen the co-operation of service industries between Hong Kong and the Economic Zone.

5. To further promote the co-operation of service industries between Hong Kong and the Mainland, we will explore with the Mainland the introduction of more measures for “early and pilot implementation”, taking into account the interests of the trade and the situation of the Mainland provinces and municipalities. For those service sectors with market conditions not ready for nationwide liberalisation, the implementation of such pilot measures in individual provinces and municipalities will serve as role models and lay the foundation for expanding the scope of liberalisation in the Mainland.

Tourism co-operation with the Fujian province and Taiwan

6. Hong Kong and Fujian have a strong foundation on tourism co-operation and have been jointly promoting the tourism development of the two places. In 2010, about 390 000 Fujian visitors came to Hong Kong, representing an increase of 8.4% compared to 2009. Individual Visit Scheme visitors accounted for 47% of these visitors. On the other hand, 880 000 visitors from Hong Kong visited Fujian during this period, representing a year-on-year increase of 4.5%, and accounting for 24% of Fujian’s overall visitors. The Hong Kong Tourism Board (HKTB) will continue to promote Hong Kong’s honest and quality tourism through the “Quality and Honest Hong Kong Tours” counters set up in Fuzhou and Xiamen, as well as promoting cruise tourism products with Fujian to tap into this high growth market.

7. Promoting the tourism development between Hong Kong and Taiwan is also one of the major work of the HKTB. Taiwan is Hong Kong’s second largest visitor source market after the Mainland. In 2010, 2.16 million Taiwan visitors came to Hong Kong, representing an increase of 7.7% compared to 2009. During the same year, about 650 000 Hong Kong visitors visited Taiwan, representing a year-on-year increase of 9.5%, and accounting for 11.6% of Taiwan’s overall visitors. The HKTB has stepped up its promotion and co-operation with Taiwan’s tourism organisations to attract overnight vacation visitors to Hong

Kong, as well as expanding its efforts to develop new visitor source markets outside Taipei (such as Taichung and Kaohsiung). The HKTb has also organised promotional activities via different media in a variety of themes, such as showcasing “Hong Kong Halloween Treats” in Taiwan restaurants, and promoting “Hong Kong WinterFest” and Chinese New Year-themed itinerary packages together with travel agents in Taiwan.

8. Moreover, the HKTb has formally applied to establish an office in Taipei, which would strengthen its tourism promotion work in Taiwan. The Government will continue its close liaison with the local travel trade and the tourism authorities of Fujian and Taiwan, and explore further co-operation opportunities that are mutually beneficial.

Enhancing the economic co-operation between Hong Kong and Taiwan

9. The development of the Economic Zone by the State provides a very good opportunity for Hong Kong to further deepen our relationship with Taiwan, and to play a special role of enhancing cross-straits relations. The establishment of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC), the Hong Kong-Taiwan Business Co-operation Committee (BCC) and the Hong Kong-Taiwan Cultural Co-operation Committee (CCC) last year, and the subsequent visit to Taiwan in August 2010 by members of the ECCPC, BCC, CCC as well as representatives of the business sector led by the Financial Secretary in his capacity as Honorary Chairperson of ECCPC, have created a new communication platform for promoting co-operation in various areas between Hong Kong and Taiwan.

10. On 17-18 December 2010, the Chairperson of the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC) Mr. LIN Chen-kuo led a delegation comprising representatives from the business and cultural sectors of Taiwan to visit Hong Kong. During the visit, the delegation met with the Financial Secretary, relevant bureaux and departments as well as the bilateral co-operation committees. This has effectively promoted exchanges between Hong Kong and Taiwan in the areas of finance, commerce, trade, innovation technology, culture and creative industry, etc.

11. In addition, since the establishment of the ECCPC and THEC, the secretariats of the two councils have maintained close liaison and discussed priority issues on the agreed agenda, including the establishment of HKTb’s office in Taiwan, air services arrangement, financial regulatory co-operation, cultural co-operation, avoidance of taxation in respect of shipping income and customs exchanges, etc. Besides, experts in charge of the relevant issues of the two places were arranged to have in-depth discussions on the technicalities and details

of these issues. Through the new communication platform of the ECCPC and the THEC, Hong Kong and Taiwan will continue to adopt a pragmatic attitude to explore co-operation opportunities with a view to promoting the formation of closer economic and trade partnership. Meanwhile, Hong Kong will seize the opportunities arising from the Economic Zone's proximity to Taiwan, and make contributions to the Economic Zone by virtue of Hong Kong's advantages.

Stepping up Hong Kong's investment promotion activities in the Economic Zone

12. On investment promotion, the Hong Kong Economic and Trade Office in Guangdong (GDETO) and InvestHK have all along been actively promoting the advantages of conducting business in Hong Kong and the six priority industries, as well as promoting Hong Kong as a springboard for expanding business operations into the international market. GDETO has also assisted InvestHK in organising study missions to Hong Kong for enterprises with an interest in setting up operations in Hong Kong. The Government will actively participate in the China International Fair for Investment and Trade in Xiamen, Fujian in September every year to explore development opportunities in the Economic Zone. We will also encourage Fujian to organise investment promotion activities in Hong Kong with a view to promoting bilateral investment flows.

13. GDETO, InvestHK and other relevant supporting organisations will continue to maintain close dialogue with the relevant authorities, trade organisations and business associations in the Economic Zone, with a view to encouraging enterprises to invest in Hong Kong (including the six priority industries), and leveraging on Hong Kong's advantages for launching their business operations into the international market. For example, the Hong Kong Council for Testing and Certification is now exploring with the Hong Kong Trade Development Council (HKTDC) on enhanced co-operation to promote Hong Kong's testing and certification industry through activities organised by HKTDC and its network in the Economic Zone, so as to attract organisations engaged in the field in the Economic Zone to set up their operations in Hong Kong.

14. In addition, GDETO and InvestHK will continue to strengthen their efforts in organising and participating in investment promotion related activities in the Economic Zone, including seminars and exhibitions, so as to reach out to more enterprises and provide those with an interest in setting up business in Hong Kong with the necessary support services.

**Commerce and Economic Development Bureau
Constitutional and Mainland Affairs Bureau
February 2011**

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Motion as amended by Hon WONG Kwok-hing

That, as the Cross-Straits Economic Co-operation Framework Agreement has come into force, and the Twelfth Five-Year Plan of the Central Authorities have clearly stated the need to fully fulfil the function of early and pilot implementation of the Economic Zone on the West Coast of the Taiwan Strait (‘the West Coast Economic Zone’) in promoting cross-strait exchanges and co-operation, cross-strait economic relations will enter a new stage of development with a rapid rise of the West Coast Economic Zone, which will create profound and far-reaching impact on Hong Kong’s economy; in this connection, this Council urges the Government to seize the opportunity through active participation and catch the ‘West Coast Economic Zone express’, so as to expand the scale of Hong Kong’s services industries; the relevant measures should include:

- (a) to expeditiously formulate Hong Kong’s regional development policy, and include the West Coast Economic Zone as a sub-core area of Hong Kong-Mainland economic co-operation, with a view to fostering closer co-operation between Hong Kong and the West Coast Economic Zone;
- (b) to set up a joint-conference mechanism for Hong Kong-Fujian co-operation, and establish a government office in the West Coast Economic Zone, so as to upgrade the level of co-operation between Hong Kong and the West Coast Economic Zone;
- (c) to strive for the inclusion of Fujian Province as an ‘early and pilot implementation zone’ under the Mainland and Hong Kong Closer Economic Partnership Arrangement, so as to intensify Hong Kong’s co-operation with the West Coast Economic Zone;
- (d) to make strenuous efforts in building a ‘Taiwan Strait tourism circle’ comprising Fujian, Hong Kong, Macao and Taiwan;

- (e) to proactively take part in the development of Pingtan Island, and establish a Hong Kong services park on the island;
- (f) to enhance the economic co-operation between Hong Kong and Taiwan, and include the development of the West Coast Economic Zone as part of Hong Kong-Taiwan economic co-operation; and
- (g) to step up Hong Kong's investment promotion activities in the West Coast Economic Zone and offer concessionary initiatives to induce the enterprises there, such as those engaged in testing and certification, environmental industries and innovation and technology, to establish their bases in Hong Kong, with a view to promoting the development of Hong Kong's six industries with competitive edge and increasing employment opportunities for local workers.