

For Information

Legislative Council Panel on Commerce and Industry

**Latest progress of the work of the
Hong Kong Special Administrative Region in
Complementing the National 12th Five-Year Plan**

PURPOSE

This note aims at updating Members on the latest progress of the work of the Hong Kong Special Administrative Region in complementing the National 12th Five-Year Plan.

BACKGROUND

2. The National Five-Year Plan is the blueprint and action agenda for the economic and social development of our country in the next five years. The “Outline of the Eleventh Five-Year Plan for National Economic and Social Development of the People’s Republic of China” promulgated in March 2006 already included some general statements on Hong Kong. The relevant contents on Hong Kong included the continuous implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); the support for Hong Kong’s development on fronts such as financial services, logistics, tourism and information services; and the maintenance of Hong Kong’s status as an international centre for financial services, trade and shipping, etc.

3. The specific reference to Hong Kong’s functions and positioning in the overall national development strategy in the National Five-Year Plan is of great significance for Hong Kong in our endeavour, under the “One Country, Two Systems” principle and the overall direction for national development, to leverage our unique

advantages, explore new development opportunities and contribute to the country's development. There has been general consensus in the community supporting Hong Kong's efforts in complementing the National 12th Five-Year Plan. In January and May 2010, the Legislative Council passed two motions respectively on "Actively participating in the National Twelfth Five-Year Plan" and "Proactively implementing the Framework Agreement on Hong Kong/Guangdong Co-operation".

4. The 2007- 08 Policy Address stated that Hong Kong would take early action to complement the preparation of the National 12th Five-Year Plan. In 2008, the Government established direct working relationship with the National Development and Reform Commission (NDRC). Over the last two years or so, we have maintained close liaison with the NDRC to take forward Hong Kong's efforts progressively in complementing the preparation of the National 12th Five-Year Plan, through reciprocal visits, working meetings, etc. The Government has also endeavoured to deepen the understanding of the general public on Hong Kong's efforts in complementing the National Five-Year Plan, through different channels such as organising seminars and workshops. The Government has from time to time invited relevant Mainland officials and academics to Hong Kong to exchange views and give speeches on related topics, such as the seminar on "National 12th Five-Year Plan and Future Development of Hong Kong" held in Hong Kong on 13 December 2010. Different sectors of the community have also been enthusiastic in organising forums and thematic seminars to enhance exchanges on relevant matters. One major recent activity is the "High-end Economic Forum Hong Kong 2010" held in Hong Kong on 17 November 2010.

5. The "Outline of the Twelfth Five-Year Plan for the National Economic and Social Development of the People's Republic of China" (the National 12-5 Plan) was endorsed at the Fourth Session of the 11th National People's Congress and promulgated officially on 16 March this year. It is a significant breakthrough in that an individual chapter is dedicated to the Hong Kong and Macao Special Administrative Regions (the Dedicated Chapter) (see **Annex**), whereby the deepening of co-operation between the Mainland and Hong Kong, as well as the

functions and positioning of Hong Kong in the overall national development are elevated to the national strategic level.

ICONIC SIGNIFICANCE

6. The Dedicated Chapter has iconic significance on the future development of Hong Kong, as embodied in the following three major areas –

- (a) The Dedicated Chapter emphasises the Central Authorities’ support for Hong Kong in consolidating and enhancing our competitive advantages, including consolidating and enhancing Hong Kong’s status as an international centre for financial services, trade and shipping, and support for Hong Kong’s development into an offshore Renminbi (RMB) business centre and an international asset management centre. The relevant statements are helpful to Hong Kong in further consolidating and enhancing our overall competitive advantages, in particular our global influence in the financial sector and playing the roles of “firewall” and “testing ground”. This will assist the country in capitalising on Hong Kong’s financial market as a platform for attracting capital, allocating assets and promoting the “go global” strategy of RMB.
- (b) The Dedicated Chapter emphasises the Central Authorities’ support for Hong Kong in nurturing emerging industries and developing the six industries¹ where Hong Kong enjoys clear advantages (the six industries). The relevant statements will help the six industries extend the fields of co-operation and scope of service in the Mainland. Through interactive co-operation efforts, the development of the six industries can in turn help upgrade the country’s industry structure, particularly the development of service industries.

¹ The 2009-10 Policy Address mentioned the strategy of developing six industries where Hong Kong enjoys clear advantages. The relevant industries are medical services, environmental industries, testing and certification, education services, innovation and technology, and cultural and creative industries.

- (c) The Dedicated Chapter emphasises the Central Authorities’ support for deepening the economic co-operation between the Mainland and Hong Kong; continuing the implementation of CEPA; and confirming the significant functions and positioning of Hong Kong’s co-operation with Guangdong under the Framework Agreement on Hong Kong/Guangdong Co-operation, including the establishment of a financial co-operation zone and a world-class metropolitan cluster with Hong Kong’s financial system taking the lead; and opening up of the Guangdong market under “early and pilot measures” to Hong Kong’s service industries, and the gradual extension of such measures to other regions. The relevant statements have defined clearly the core functions and positioning of Hong Kong in the development of the Pearl River Delta region, and provides a clear direction and basis for Hong Kong in taking forward further regional co-operation with other provinces.

WAY FORWARD

7. The Dedicated Chapter signifies the Central Authorities’ strong support for maintaining the long-term prosperity and stability of Hong Kong. It provides a solid foundation and platform for enhancing co-operation between the Mainland and Hong Kong, and a historic opportunity propelling the future development of Hong Kong. It also enables Hong Kong to formulate, under the “One Country, Two Systems” principle and the Basic Law, its own development direction, policies and measures that complement the overall national development strategies.

8. The Government will continue to follow the “One Country, Two Systems” principle and take forward the relevant work in complementing the National 12-5 Plan in a pragmatic manner, having regard to its specific contents. We will work towards the following three directions to implement the relevant work –

- (a) Formulating corresponding policies and measures: The relevant bureaux will formulate corresponding policies and measures for

the respective areas under their purview in accordance with the specific contents of the National 12-5 Plan. For example –

- (i) In the development of offshore RMB business, the Government will strive to further enhance the RMB settlement platform, conduct overseas roadshows to promote Hong Kong's offshore RMB market and attract more enterprises to make use of Hong Kong's settlement services. At the same time, the Government will continue to encourage overseas enterprises to issue RMB bonds in Hong Kong, as well as Mainland enterprises to issue bonds in Hong Kong. To reinforce Hong Kong's status as an offshore RMB business centre, the Government will also seek to establish channels for enterprises to invest in the Mainland the RMB funds raised in Hong Kong and promote the diversification of RMB financial products and services.
- (ii) In facilitating the development of asset management business, our priorities include seeking to enter into more agreements for the avoidance of double taxation, continuing to develop an Islamic financial platform, providing fiscal incentives and stepping up overseas promotion. The Government will also continue to strength the competitiveness of our asset management industry by improving the regulatory regime, enhancing market quality and facilitating market development.
- (iii) In developing the six industries, the Government will adopt proactive and effective measures to strengthen co-operation with the Mainland and explore and serve the domestic market in the Mainland, making use of CEPA and the existing regional co-operation platforms.
- (iv) The Dedicated Chapter mentions the support for Hong Kong to develop into a high-value goods inventory management and regional distribution centre. To complement the sector's development towards providing

high-value-added logistics services, we will gradually make available long-term sites in Kwai Tsing to attract third-party logistics services providers to operate in Hong Kong. Moreover, we will also proactively promote the wider use of e-logistics services, and continue to promote to the Mainland and overseas markets the professional logistics services which can be offered by Hong Kong. As regards aviation, the Hong Kong Airport Authority is actively increasing the handling capacity of the airport to meet future demand. This includes the midfield expansion project and the construction of a new air cargo terminal.

- (b) Enhancing regional co-operation: Through the existing regional co-operation platforms and communication channels with Mainland provinces and municipalities, we will step up efforts in reinforcing and enhancing Hong Kong's functions and positioning in regional co-operation. The Dedicated Chapter clearly defines the functions and positioning of Hong Kong-Guangdong co-operation, as well as Hong Kong's core role in the Pearl River Delta regional co-operation. On this basis, the Government will co-operate further with relevant Mainland provinces and municipalities in taking forward the relevant measures which will focus on forging ahead with advanced manufacturing industry and modern service industries, Qianhai development, the opening up of the Guangdong market under "early and pilot measures" to Hong Kong's service industries, cross-boundary infrastructure development, the building of the Guangdong-Hong Kong-Macao Quality Living Area and a modern economic circulation sphere.
- (c) Enhancing liaison with the Central Government ministries: Some of the contents of the National 12-5 Plan may involve policy considerations of relevant Central Government ministries, such as the continuous implementation of CEPA, as well as the opening up of the Guangdong market under "early and pilot measures" to Hong Kong's service industries, and the gradual extension of such measures to other regions. The National 12-5

Plan has provided a firm basis for Hong Kong. The Government will proactively liaise with the Central Government ministries with a view to securing their support to take forward the relevant work further.

PRAGMATIC IMPLEMENTATION

9. The relevant bureaux have been maintaining dialogue under the existing mechanism with the stakeholders of their respective policy areas. Their views have been incorporated as appropriate into the Government's proposals regarding the National 12-5 Plan. The coverage of the Dedicated Chapter is very extensive. In taking forward the complementing work, the relevant bureaux will continue to make use of different channels and maintain their dialogue with the relevant stakeholders on how to tap the opportunities brought about by the National 12-5 Plan. The Constitutional and Mainland Affairs Bureau (CMAB) has set up a webpage on "The HKSAR's work in complementing the National 12th Five-Year Plan", gathering the relevant materials for public perusal, with a view to enhancing public understanding of the National 12th Five-Year Plan and Hong Kong's complementing work.

10. Under the chairmanship of the Chief Secretary for Administration, the Government has strengthened the existing cross-bureaux steering committee to oversee the overall co-ordination of bureaux' efforts and the follow-up work. The CMAB will assist in handling the daily liaison and co-ordination. The Office of the Government of HKSAR in Beijing will also assist in the liaison with the Central Government ministries. According to established practice, relevant bureaux will consult the relevant panels of the Legislative Council on matters with significant policy and public expenditure implications.

Constitutional and Mainland Affairs Bureau
March 2011

(Unofficial English translation for reference only)

**Extract of the Dedicated Chapter on
Hong Kong and Macao in the “Outline of the
Twelfth Five-Year Plan for the National Economic
and Social Development of the People’s Republic of China”**

**Article 14 Deepening co-operation in building a common
home for the Chinese nation**

From the fundamental interests of the Chinese nation, taking forward the implementation of “One Country, Two Systems” and the peaceful reunification of the motherland; deepening the economic and trade co-operation among the Mainland, Hong Kong and Macao; promoting the development of cross-strait economic relations and working together to bring about the great rejuvenation of the Chinese nation.

**Chapter 57 Maintaining the long-term prosperity and
stability of Hong Kong and Macao**

Unswervingly implementing the principles of “One Country, Two Systems”, “Hong Kong people administering Hong Kong”, “Macao people administering Macao” and high degree of autonomy. Adhering strictly to the Basic Law of the Special Administrative Regions; and fully supporting the Chief Executives and Governments of the Special Administration Regions to govern according to law. Supporting Hong Kong and Macao to fully leverage their strengths and continue to play an important part in the overall development of the country.

Section 1 Supporting Hong Kong and Macao to reinforce and enhance their competitive advantages

Continuing to support Hong Kong in developing its financial services, shipping, logistics, tourism, professional services, information and other high-value-added services; supporting Hong Kong to develop into an offshore Renminbi business centre and an international asset management centre; supporting Hong Kong to develop into a high-value goods inventory management and regional distribution centre; reinforcing and enhancing Hong Kong's status as an international centre for financial services, trade and shipping; and strengthening the global influence of its financial centre. Supporting Macao to develop into a world tourism and leisure centre and expedite its development as the service platform for business and trade co-operation between China and the Lusophone countries.

Section 2 Supporting Hong Kong and Macao to nurture emerging industries

Supporting Hong Kong and Macao to strengthen their capabilities in industrial innovation, expedite the nurturing of new economic growth points and take forward co-ordinated economic and social development. Supporting the development of industries where Hong Kong enjoys clear advantages including environmental industries, medical services, education services, testing and certification, innovation and technology, and cultural and creative industries and to widen the areas of co-operation and scope of services of these industries. Supporting Macao to promote the moderate diversification of its economy and to accelerate the development of its leisure tourism, convention and exhibition business, Chinese medicine, education services, cultural and creative industries.

Section 3 Deepening economic co-operation of the Mainland with Hong Kong and Macao

Strengthening exchanges and co-operation of the Mainland with Hong Kong and Macao; continuing to implement the Closer Economic Partnership Arrangement. Deepening co-operation among Guangdong, Hong Kong and Macao; implementing the Framework Agreements on Hong Kong/Guangdong Co-operation and Macao/Guangdong Co-operation; promoting co-ordinated regional economic development and developing a world-class metropolitan cluster with enhanced competitiveness. Supporting the development of a financial co-operation zone led by Hong Kong's financial system and backed by financial resources and services of the cities in Pearl River Delta; building an advanced global manufacturing and modern services base; developing a modern economic circulation sphere; supporting Guangdong to open up its services industry to the service providers of Hong Kong through early and pilot implementation measures and gradual extension of the measures to other regions. Expediting the development of the Guangdong-Hong Kong-Macao Quality Living Area. Strengthening the planning and co-ordination of a comprehensive transportation system among Pearl River Delta Region, Hong Kong and Macao. Strengthening exchanges and co-operation between the Mainland and Hong Kong and Macao in areas of culture and education, etc.

Special Column No. 22 — Major co-operation projects among Guangdong, Hong Kong and Macao	
01	<p>Hong Kong-Zhuhai-Macao Bridge</p> <p>To construct a bridge-cum-tunnel sea-crossing carriageway, as well as separate boundary crossing facilities and link roads in Hong Kong, Zhuhai and Macao, to provide a land transport link connecting the three locations.</p>
02	<p>Guangzhou-Shenzhen-Hong Kong Express Rail Link</p> <p>To construct dedicated passenger railways linking up the Wuhan-Guangzhou Passenger Line and the Hangzhou-Fuzhou-Shenzhen Passenger Line.</p>
03	<p>Hong Kong-Shenzhen Western Express Line</p> <p>To study Hong Kong's third cross-boundary railway linking up the Hong Kong International Airport with the Shenzhen Bao'an International Airport and passing through the Shenzhen Qianhai Area.</p>
04	<p>Liantang/Heung Yuen Wai Boundary Control Point</p> <p>To shorten travel time between Hong Kong and Shenzhen East; enhance the handling capacity of vehicles and passengers and improve the efficiency of the eastern boundary crossing between Guangdong and Hong Kong.</p>
05	<p>Development of Qianhai New District, Shenzhen</p> <p>To expedite construction of city railways, railway networks, maritime transportation and boundary crossing infrastructure; develop Qianhai by 2020 into an important production service centre in the Asia Pacific region, and a Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone.</p>

**Special Column No. 22 — Major co-operation projects
among Guangdong, Hong Kong and Macao**

06	Development of Nansha New District, Guangzhou To develop Nansha into a business service centre, an innovation and technology centre and an education training centre serving the Mainland and linking up with Hong Kong and Macao, and to build a port-related industries support services co-operation zone.
07	Development of Hengqin New District, Zhuhai With a planning area of 106.46 square kilometers, to progressively develop the area into an exemplary zone for pursuing a new mode of co-operation among Guangdong, Hong Kong and Macao, a pilot zone for deepening reform and technology innovation, and a new platform for the upgrading of the industries in the western region of the Pearl River estuary.

Constitutional and Mainland Affairs Bureau
March 2011