

**Legislative Council Panel on Commerce and Industry
2010-2011 Policy Agenda**

**The initiatives of the Constitutional and Mainland Affairs Bureau
in relation to Mainland and Taiwan co-operation**

INTRODUCTION

This paper briefs Members on the initiatives of the Constitutional and Mainland Affairs Bureau (CMAB) in relation to Mainland and Taiwan co-operation as set out in the 2010-11 Policy Agenda.

POLICY AGENDA

2. We will pursue one new initiative and will continue to implement four on-going initiatives.

New Initiative

- (a) On the development of modern service industries in Qianhai, work with the Shenzhen authorities to encourage Hong Kong enterprises and service providers to capitalise on the opportunities and develop service industries in Qianhai, with a view to opening up the Mainland market.

On-going Initiatives

- (b) Continuing to strengthen regional co-operation through our co-operation mechanisms with the Pan-Pearl River Delta Region; the Guangdong Province; the Municipalities of Beijing, Shanghai and Shenzhen; and the Macao Special Administrative Region.

- (c) Following up with the relevant Mainland authorities on how the HKSAR can complement the preparation of the National 12th Five-Year Plan under the principle of “One Country, Two Systems”. The objectives are to help ensure that we can make necessary preparations to realise Hong Kong’s development potentials, and to facilitate our timely and effective contribution to the Mainland’s social and economic development during the 12th Five-Year Plan period.
- (d) Taking forward the implementation of the “Framework Agreement on Hong Kong/Guangdong Co-operation” (the Framework Agreement), and drawing up annual work plan on focus areas.
- (e) Further promoting and expanding trade, investment, tourism and other areas of co-operation between Hong Kong and Taiwan and promoting multi-faceted, multi-level exchanges with Taiwan in a proactive manner through the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council and the Hong Kong-Taiwan Business Co-operation Committee.

Details of the above initiatives are set out in the following paragraphs.

Guangdong and regional co-operation

3. Since the establishment of the HKSAR, Hong Kong has participated fully in the reform and opening up of the Mainland by capitalising on the advantages of “One Country, Two Systems”. Faced with globalisation of economies and increasingly intense competition among different regions, Hong Kong has to strengthen regional co-operation in order to leverage on and enhance its own strengths as well as boost the overall competitiveness of the region, with a view to

fostering development of Hong Kong and the Mainland. This will not only support the further reform and opening up of the Mainland, but also help Hong Kong tap into the market in the Pearl River Delta region, which has a population of about 50 million, and then gain access to the markets in the Pan Pearl River Delta region with a population of more than 400 million.

4. The HKSAR Government will continue to push forward co-operation and exchanges with other provinces and regions in the Mainland under the established co-operation frameworks, including the Pan-Pearl River Delta Regional Co-operation and Development Forum, the Hong Kong/Guangdong Co-operation Joint Conference, the co-operation framework with Shenzhen, the Hong Kong/Shanghai and the Hong Kong/Beijing Economic and Trade Co-operation Conferences, and with Macao SAR through the Liaison Officers' mechanism.

5. Among various regional co-operation initiatives, the Central Government highly supports and attaches great importance particularly to Hong Kong/Guangdong co-operation. The National Development and Reform Commission promulgated in January last year the "Outline of the Plan for the Reform and Development of the Pearl River Delta" (the Outline), which elevates co-operation between Hong Kong and Guangdong to a national strategic level. To translate the macro policies in the Outline into concrete measures conducive to the development of both places, Hong Kong and Guangdong, with the support of the Central Government, signed the Framework Agreement in April this year.

6. The Framework Agreement sets out clearly the six functional positions of Hong Kong/Guangdong co-operation, including a world-class new economic region, a financial co-operation region, a manufacturing and modern service base, a modern economic circulation sphere, a quality living area and a world-class metropolitan cluster.

7. The progress of implementation of the Framework Agreement has been satisfactory. In particular, the regional co-operation plan on

“Building a Quality Living Area”, included in the Framework Agreement, will be completed on confirmation from the Hong Kong, Guangdong and Macao governments, while the plan on “Infrastructure Construction” has reached the final stage.

8. CMAB and relevant Bureaux will strive to implement the policy measures and initiatives under the Framework Agreement. We will also liaise closely with Guangdong to draw up the major work plan for 2011, so as to further deepen Hong Kong/Guangdong co-operation by making good use of the platform provided by the Framework Agreement.

Promoting development of modern service industries in Qianhai

9. Qianhai is one of the major co-operation areas in the Framework Agreement. The Shenzhen Municipal Government has taken up the leading role and is responsible for the development and management of Qianhai, while the HKSAR Government provides comments on the study and formulation of issues like development planning and the related policies. The HKSAR Government has maintained close liaison with the Guangdong Provincial Government and Shenzhen Municipal Government in the past year in relation to the development of Qianhai.

10. The State Council gave approval in-principle to the Overall Development Plan on Hong Kong / Shenzhen Co-operation on Modern Service Industries in Qianhai Area (Qianhai Development Plan) in August this year. The Qianhai Development Plan designates Qianhai as a Hong Kong / Guangdong modern service industry innovation and co-operation exemplary zone with an aim to playing a pilot role in promoting co-operation in service industries between Hong Kong and the Mainland. The HKSAR Government will complement the relevant authorities in implementing the Qianhai Development Plan, and encourage the Hong Kong service industries to grasp the opportunities presented by the related policies and to set up business and invest in Qianhai. This will not only expand the hinterland for the service industries of Hong Kong, but also

assist the Mainland in speeding up the development of the tertiary industries by leveraging on our strengths. Moreover, the Guangdong Economic and Trade Office of the HKSAR Government has set up the Shenzhen Liaison Unit to enhance communication and co-operation with the relevant authorities in Shenzhen, including support to co-operation between Hong Kong and Shenzhen in the development of modern service industries in Qianhai. The Shenzhen Liaison Unit has come into operation in August this year.

Complementing the preparation of the National 12th Five-year Plan

11. Our country will commence its 12th Five-year Plan (the Plan) period in 2011. The future development direction of our country is to accelerate the transformation of its economic mode and to adjust and improve its economic structure. Being an international centre for financial services, trade and shipping, Hong Kong possesses various unique strengths which make it an important link bridging the Mainland with the global market and an important asset for progressing forward.

12. To ensure that Hong Kong can play a greater role with its unique advantages and functions during the Plan period, we will strive to further enhance Hong Kong's status as an international centre for financial services, trade and shipping; actively strengthen our service industries, such as financial services, logistics, tourism and information services; and develop the six industries where Hong Kong enjoys clear advantages as the new growth areas for radiating into the Mainland. We will actively assist the service industries of Hong Kong, in particular professional services, so that they could gradually develop the Mainland market and help raising the general standard of service industries in our country. Working together with Guangdong Province, we seek to incorporate the most important functions and roles of Hong Kong/Guangdong co-operation into the Plan so as to further enhance the regional co-operation with the Mainland.

13. The Plan will have significant influence on Hong Kong's future development. Over the past two years or so, the HKSAR Government has on the one hand strengthened communication with the Mainland authorities, while on the other hand strived to promote public engagement. We have been gauging views from different sectors of the public through various channels so as to ensure that Hong Kong could complement the preparation of the Plan under the "One Country, Two Systems" principle and the Basic Law. The HKSAR Government will continue its effort in this regard so that we could make more timely and effective contribution to the country in the Plan period, promote mutually beneficial cooperation with the Mainland and maintain Hong Kong's prosperity and stability.

Hong Kong–Taiwan relations

14. Cross-Strait relations had entered into a new era since 2005. Following the general election in March 2008 in Taiwan, there had been further positive developments in cross-Strait relations. Improvements in cross-Strait economic ties have created demand for financial services, trade and professional services, etc. in Hong Kong. Economic relations between Hong Kong and Taiwan will progress further. The HKSAR Government is actively implementing our new strategy for promoting Hong Kong-Taiwan relations, and established the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council ("ECCPC") as the counterpart of the Taiwan-Hong Kong Economic and Cultural Cooperation Council ("THEC") in Taiwan to promote multi-faceted and multi-level exchanges and to strengthen our ties and cooperation with Taiwan. At the same time, through this new platform, ECCPC and THEC can study and discuss public policy-related matters. Henceforth, Hong Kong and Taiwanese officials can exchange views on issues of mutual concern in appropriate capacities under this umbrella, and both sides can consider areas where co-operation could be strengthened, so as to further promote high-level exchanges between Hong Kong and Taiwan.

15. On the economic and cultural fronts, the Hong Kong-Taiwan Cultural Cooperation Committee and the Hong Kong-Taiwan Business Cooperation Committee have been established earlier this year. These two committees will interact with the Cultural Cooperation Committee and Economic Cooperation Committee under the THEC to promote direct exchanges between the business and cultural sectors in Hong Kong and Taiwan, so as to strengthen cooperation in the areas of trade, investment and tourism in the two places.

16. The Financial Secretary, Mr John Tsang, led a delegation to Taiwan in his capacity of the Honorary Chairperson of the ECCPC in end August this year. In addition to attending the first Joint Meeting of ECCPC and THEC, the Financial Secretary had also met with the responsible officers of relevant authorities as well as representatives of the trade and cultural sectors in Taiwan. During the visit, we reached positive consensus with Taiwan side on various priority areas for future cooperation between the two places:

- (a) to further enhance exchanges between Hong Kong and Taiwan on all fronts: To facilitate long-term co-operation and communication, the Taiwan side welcomes Hong Kong to set up in Taipei a multi-functional office. Both sides will discuss detailed arrangements for the setting up of the office;
- (b) to jointly promote tourism co-operation between the two places: The Taiwan side supports the setting up of an office in Taipei by the Hong Kong Tourism Board to strengthen our tourism promotion work in Taiwan. Both sides agree to actively pursue this issue in the near future with a view to implementing the relevant arrangements as soon as possible. Both sides have also agreed to strengthen cooperation in tourism in particular in developing products on “single journey with multi destinations” and cruise tours;

- (c) to strengthen bilateral co-operation in financial services and regulation: To actively urge the respective responsible organisations to strengthen communication channel and liaison mechanism on co-operation in regulating the banking industry in the near future;
- (d) to foster trade and economic ties between the two places: By making use of the new ECCPC-THEC platform to actively explore opportunities for economic and trade co-operation, and on double taxation avoidance issues;
- (e) to update air services arrangements: Respective responsible organisations in Hong Kong and Taiwan will seek to update air services arrangements between Hong Kong and Taiwan and implement the relevant arrangements through the ECCPC-THEC platform in the near future; and
- (f) to strengthen cooperation and exchanges between Hong Kong and Taiwan in areas of education, creative arts, cultural arts, health and food safety.

17. Through the past years, Hong Kong and Taiwan have established close relations through exchanges on the business front and the frequent flow of people between the two places, which had also played an important intermediary role in exchanges across the Straits. Since the establishment of the HKSAR, we have worked to complement the Central Government's policy towards Taiwan in a proactive manner, so as to act as a bridge across the Straits and to promote cooperation and exchanges among people in Mainland, Taiwan and Hong Kong on the cultural and economic fronts. With the improvement of cross-Strait relations in recent years, the two sides have signed the Economic Cooperation Framework Agreement ("ECFA") earlier this year, which will enhance momentum for economic growth in the Mainland, Taiwan, Hong Kong and Macao. The HKSAR Government will continue to

strengthen our ties with Taiwan on trade and other fronts in a proactive and practical manner, so as to maintain our position as the international financial, trade and shipping centre in the region.

18. At the same time, CMAB endeavours to strengthen our liaison and relations with the Taiwanese business sector, trade associations, fraternity associations and other Taiwan organisations in Hong Kong. We supported exchanges between Hong Kong and Taiwan through various means, which include inviting representatives from the political, business and academic sectors to visit Hong Kong and arranging visits to relevant Government departments, with a view to enhancing their understanding of the latest development of Hong Kong and the implementation of the “One Country Two Systems”. Separately, we have also provided sponsorships to local bodies to organise forums and seminars to discuss issues of mutual interest in Hong Kong and Taiwan, and funded youth exchange activities to encourage exchanges and communications between young people in Hong Kong and Taiwan. These activities have provided students in Hong Kong and Taiwan as well as members of the public from different walks of life with opportunities to exchange with each other, which will help promote positive interaction and enhance understanding between the two places, thereby enhancing the development of Hong Kong-Taiwan relations.

CONCLUSION

19. Members are invited to note the content of this paper.

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