

# 立法會 *Legislative Council*

LC Paper No. CB(1)735/10-11(05)

Ref: CB1/PL/DEV

## **Panel on Development**

**Meeting on 16 December 2010**

### **Updated background brief on Lok Ma Chau Loop**

#### **Purpose**

This paper provides background information on the Lok Ma Chau Loop (the Loop), and a summary of the concerns and views previously expressed by Members relating to the development of the Loop.

#### **The Loop**

2. The Loop with a land area of about 87 hectares is located inside the Frontier Closed Area (FCA) with restricted access. It is not covered by any statutory plan and has no basic infrastructure. Upon completion of Stage I of the Shenzhen River Regulation Project including the Loop section in May 1997, the administrative boundary between Hong Kong and Shenzhen in the area has followed the centre line of the new river channel. The Loop, which lies to the south of the centre line of the new river channel, has been delineated as part of the Hong Kong Special Administrative Region administrative area. It has been used as a dumping ground for contaminated and uncontaminated mud dredged from the Shenzhen River. Reinstatement and landscaping of the Loop area were completed by the Drainage Services Department in 2000.

## **Study on the possible development of the Loop in the HK2030 Study and public comments**

3. The development of the Loop was examined in the Hong Kong 2030: Planning Vision and Strategy (HK2030 Study)<sup>1</sup>. In the Stage 3 Public Consultation Booklet published in November 2003, there was the suggestion that given its proximity to the Lok Ma Chau control point, the Spur Line and Shenzhen's central business district, the Loop had the potential of being developed to a "trade expo" or a special economic node. The Loop might also have the potential to be developed for other economic activities, such as high value-added, high technology production and logistics activities. The relevant extract from the Public Consultation Booklet is given in **Appendix I**.

4. According to the Stage 3 Public Consultation Report of the HK 2030 Study, the future of FCA including possible development of the Loop, development density and development patterns were most widely commented during the consultation period. Regarding the development of the Loop, views were rather diverse. Those who raised objection to the 'trade expo' proposal were mostly concerned with the potential impacts on the environment and its cost-effectiveness. Those in support of development included some representatives of the Chambers of Commerce, and there were various suggestions on the future uses of the Loop area. The relevant extract from the Public Consultation Report is given in **Appendix II**.

### **Partnership with Shenzhen on development of the Loop**

5. In the 2007-2008 Policy Address, the Chief Executive announced the partnership with Shenzhen to jointly establish a high level coordinating mechanism to explore the feasibility of developing the Loop to the mutual benefits of both sides, and steer further research and planning work on other cross-boundary issues.

6. Under the "Co-operation Agreement on Recently Initiated Major Infrastructural Projects" signed by Hong Kong and Shenzhen on 18 December 2007, the Hong Kong-Shenzhen Joint Task Force on

---

<sup>1</sup> The HK2030 Study is a comprehensive review of Hong Kong's territorial development, aiming to formulate a broad planning framework to guide the future development of Hong Kong up to year 2030. The Administration had consulted three rounds of public consultation for the Study in early 2001, early 2002 and end 2003/early 2004 respectively. The Final Report of the Study was published in October 2007.

Boundary District Development (Joint Task Force) was set up to co-ordinate, liaise and steer work on the studies in relation to the planning and development of land in the boundary district.

7. The Administration advised in October 2008 that the Joint Task Force was briefed on 18 September 2008 on the findings of the public engagement exercise undertaken separately in Hong Kong and Shenzhen in June/July 2008 to collect community views on the possible future land uses for the Loop. The possible land uses that are supported by respondents in both Hong Kong and Shenzhen are tertiary education, high technology research and development (R&D) and creative industries. On this basis, the two governments will conduct more in-depth discussions with major stakeholders in the following months, with a view to deciding on the specific land uses and the development model.

### **Concerns and views of Members**

8. The Administration briefed the Panel on Development (DEV Panel) on the proposal to launch the Planning and Engineering Study on the Development of Lok Ma Chau Loop (the Study) at the Panel meeting on 24 February 2009. On 8 April 2009, the Public Works Subcommittee (PWSC) endorsed the Administration's proposal, which was approved subsequently by the Finance Committee on 24 April 2009.

#### Proposal to develop higher education

9. At the DEV Panel meeting on 24 February 2009, in response to members' queries on the proposal to develop higher education in the Loop and the nature of the institutions to be developed, the Administration advised that two local higher education institutions had already submitted detailed proposals in 2008. The Administration would take a further step to discuss with other higher education institutions. Collaboration between local and non-local higher education institutions might also be adopted in developing the Loop. Nevertheless, the development proposal was still at the conceptual stage and the exact approach to be adopted would need further study.

10. At the PWSC meeting on 8 April 2009, some members expressed reservation about the selection of higher education as the leading use in the Loop and considered this not in the interest of Hong Kong. As local universities and research institutions might not be able to compete with international ones for the development opportunities in the Loop, these

members enquired whether the local education sector had been consulted and whether the universities and research institutions to be established in the Loop would be local or international in nature. They also expressed concern about the criteria that the Administration would use in choosing partner institutions. The Administration advised that the relevant proposal had received the general support of both governments. Hong Kong's higher education institutions had attained international standards and the Administration would gauge and relay their views to the Joint Task Force for consideration.

### Scope of the Study

11. At the DEV Panel meeting on 24 February 2009, on members' suggestion to expand the scope of the Study, the Administration explained that separate studies were being conducted for the Frontier Closed Area and the North East New Territories New Development Areas. There would be coordination among those studies with the present Study, in view of the close proximity of the areas concerned.

12. At the PWSC meeting on 8 April 2009, the Administration pointed out that although future development would mainly focus on the Loop, the existing infrastructure and transport facilities in the area were insufficient in meeting future development needs. It was therefore necessary for the Study to review and recommend the provision of necessary infrastructure in the adjoining areas to support the development of the Loop by enhancing its external linkage, and there were difficulties in further expediting the Study.

### Impact on North East New Territories New Development Areas

13. At the DEV Panel meeting on 24 February 2009, members enquired about the connection between the Loop and the North East New Territories New Development Areas. The Administration's response was that there would be good connectivity between the Loop and the North East New Territories New Development Areas.

14. At the PWSC meeting on 8 April 2010, on the impact of the proposed development of the Loop, Kwu Tung North New Development Area and Fanling North New Development Area on the traffic flow of San Tin Highway and Fanling Highway, the Administration advised that a detailed Traffic Impact Assessment would be conducted under the Study to project traffic growth and recommend provision of necessary transport infrastructure to cope with the growing traffic demand. The alignment of

the proposed Fanling Bypass, and the widening of the San Tin Highway and Fanling Highway would be examined in the context of the development of the New Development Areas. In the meantime, the Administration would explore the feasibility of providing another access road to link up the Loop with the Kwu Tung North New Development Area, which would in turn be linked to the Fanling North New Development Area.

#### Treatment of the contaminated mud

15. Since the Loop had been used as a dumping ground for mud extracted from the river training works, both the DEV Panel and PWSC were concerned about future treatment of the contaminated mud in the Loop. The Administration advised that detailed site investigation and assessment work would be conducted as required under the Environmental Impact Assessment (EIA) Ordinance (Cap. 499) and in accordance with the guidelines of Environmental Protection Department. The EIA Study would cover the issue of contaminated mud in the Loop. It would also ascertain the quantity of contaminated mud involved and come up with the recommended methods of treatment.

#### Cost sharing, interface and selection of consultants for different study areas

16. As far as cost sharing, interface and selection of consultants for different study areas were concerned, the Administration advised the PWSC that while Shenzhen and Hong Kong would meet the costs separately for the studies to be carried out in the study areas within Shenzhen and within Hong Kong respectively, they would share the cost equally for the study on the Loop. Shenzhen and Hong Kong had set up two working groups to coordinate various tasks related to the studies. Officers and professionals from one side would attend the project meetings of the other side to keep abreast of the latest development of and problems encountered in the studies.

#### **Recent developments**

17. According to a press release issued by the Administration on 23 November 2009, based on the initial view of the Hong Kong and Shenzhen authorities that higher education could be the leading use in the Loop, and complemented with high technology research and development facilities, as well as cultural and creative industries, the Joint Task Force considered that the Loop should be developed along the principle of

sustainable development with a view to building up an area for fostering cross-boundary talent and exchange of knowledge and technology. The relevant consultant would formulate the draft development plan for the Loop based on the above principle.

18. With a view to deepening co-operation between Hong Kong and Guangdong, the Hong Kong and Guangdong governments signed the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) on 7 April 2010. Chapter 8 of the Framework Agreement states that based on the research and development jointly undertaken by the Joint Task Force, efforts would be made to explore the possibility of developing the Loop into an area for higher education, complemented with high technology research and development, as well as cultural and creative industries.

19. In November 2010, the Shenzhen and Hong Kong governments completed the Preliminary Outline Development Plan (PODP) for the Loop. Based on the findings of the public engagement exercise conducted in 2008, the two governments considered that complemented by research and development of high technology industries and cultural and creative industries, higher education could be the leading land use in the Loop. These three land uses will form the basis of PODP. At the fifth meeting of the Joint Task Force held on 22 November 2010, it was agreed that the two sides should launch concurrently the Stage One Public Engagement of the Planning and Engineering Study on Development of Lok Ma Chau Loop on 23 November 2010. The two-month public engagement aims to receive public on PODP for the Loop and development proposals for the surrounding areas.

20. The Administration will brief the DEV Panel on PODP for the Loop on 16 December 2010.

### **Relevant papers**

21. A list of the relevant papers with hyperlinks is in **Appendix III**.

**Extract from the Study on Hong Kong 2030:  
Planning Vision and Strategy -- Stage 3 Public Consultation Booklet**

\* \* \* \* \*

*Use of the Frontier Closed Area*

With rapid development in Shenzhen adjacent to the boundary, there are public concerns regarding the contrasting development forms between Hong Kong's Frontier Closed Area (FCA) and Shenzhen and the need to provide better integration.

Despite its size of about 2,800 hectares, there are a number of constraints which considerably limit the development potential of the FCA, including hilly terrain, and the presence of sites of ecological and conservation value, traditional villages and burial grounds. Improvements to accessibility as well as provision of adequate sewerage and sewage treatment facilities will be required before development in some parts of the FCA can take place. Within the FCA, we have identified three locations, i.e. the Lok Ma Chau Loop, Heung Yuen Wai and Kong Nga Po, as having potential for special uses that warrant a boundary location. Other more passive uses, such as eco-tourism and cultural tourism, could also be considered for other parts of the FCA, such as Sha Tau Kok.

Given its proximity to the Lok Ma Chau control point, the Spur Line and Shenzhen's central business district, the Lok Ma Chau Loop (the Loop) has the potential of being developed to a "trade expo" or a special economic node. Subject to the proper provision of cross-boundary facilities and mutual arrangements between Hong Kong and Mainland authorities, the Loop could allow free entry of Hong Kong residents, overseas visitors and Mainlanders. It could reinforce Hong Kong's continued role as "Mainland's springboard to the world" and provide a venue for Mainland provinces/cities (especially those inner provinces/cities in the Western Region) to set up exhibition facilities and offices to attract foreign investments and promote their own products. At the same time, international firms could establish their bases at the "trade expo" for doing business with the Mainland, such as sourcing activities. The "trade expo" could also serve as a one-stop business centre for legal, accounting and other professional services. As the Loop is located within the boundary of

the HKSAR, developing a business centre there could be particularly attractive because the execution of business agreements there could follow and be protected under Hong Kong's legal system.

The Loop may also have the potential to be developed for other economic activities, such as high value-added, high-tech production and logistics activities.

As for Heung Yuen Wai and Kong Nga Po, while there is no immediate development needs, consideration could be given to the development of cargo transit/logistics facilities or entertainment uses in the long term to make use of their strategic locations. Further studies and discussion with relevant stakeholders will be required to ascertain the feasibility of opening up the three FCA locations for development.

\* \* \* \* \*



**Extract from HK 2030 : Stage 3 Public Consultation Report --  
Section II -- Overview of Key Comments**

\* \* \* \* \*

**Frontier Closed Area and Lok Ma Chau Loop**

26. Most query the need for the FCA and considered that it should be opened up for development. In view of environmental and ecological considerations, majority of the commentators cast doubts on the cost effectiveness of developing the FCA and are of the view that the land in the FCA should more or less be maintained in the present state or developed for recreational / eco-tourism use for enjoyment of the public at large. However, villagers in the N.T., particularly those in the FCA, requested that development inside the FCA should be permitted. Priority should be given to the land under their ownership and not the 'Loop' as proposed in the HK2030 Consultation Booklet.

27. With respect to the proposed development of the LMC Loop for a 'trade expo', views are rather diverse. Many raise objection to the proposal in view of the environmental considerations, cost-effectiveness, lack of infrastructure and priority of development.

28. There are reservations to the suggestion of developing the LMC Loop as a 'trade expo'. Various Chambers of Commerce have put forward other suggestions on the future use of the area including an industrial zone (subject to there being free import of Mainland labour and land being offered free or at a very low rate), research and development base (subject to importation of Mainland experts and labour being allowed), retail outlets and entertainment centres and institutions for education and science research. Separately, the Legislative Council has passed a motion requesting the early development of the LMC Loop for a border industrial zone with supportive measures and incentives.

29. On the other hand, most of the participants at the Focus Meeting, mainly the N.T. villagers who own land inside the FCA but outside the LMC Loop, representatives of the professional institutes, green groups and academics, raise objection to the development of the LMC Loop in view of

the environmental considerations, cost-effectiveness, lack of infrastructure and priority of development.

30. There are few comments on the need for additional cross-boundary transport infrastructure, i.e. over the long-term in terms of whether we should enhance the existing cross-boundary facility at Sha Tau Kok or develop an 'Eastern Corridor' for better access to eastern Guangdong.

### **The Government's Response**

31. The Government is reviewing the coverage of the FCA and will consult the public on the findings as soon as the review and the related work are completed.

32. Based on the previous comments received in the Stage 2 Public Consultation, i.e. FCA should be used for strategic uses requiring a frontier location, a preliminary planning study on the development potential of FCA was undertaken as part of HK2030 Study. It is found that there are a number of constraints which considerably limit the development potential of the FCA, e.g. hilly terrain, general lack of infrastructure, sites of ecological and conservation values, traditional villages and burial ground. Therefore, only three areas have been identified as having long-term development potential including LMC Loop, Heung Yuen Wai and Kong Nga Po. Nevertheless, we will bear in mind the comments that have been raised in further considering the development and future uses of the FCA. Views will also be taken into account in the future assessment of the FCA.

33. With respect to the LMC Loop, it is close to the Shenzhen Futian commercial area, which will be the administrative, cultural and commercial centre within the Central Urban Cluster under the Shenzhen Comprehensive Plan (1996 – 2010). Besides, the LMC Loop is near the existing Huanggang crossing and the proposed LMC Station of the LMC Spur Line. According to the study on FCA, LMC Loop has the potential of being considered for use as a 'trade expo' as an initial concept in view of its strategic location. At the meeting with the Shenzhen officials led by Mayor Li Hongzhong on 17 June 2004, the Chief Secretary for Administration and Mayor Li exchanged preliminary views on the development of the LMC Loop. As the development of the LMC Loop will involve a number of issues, including land-use rights, treatment of contaminated mud, environmental concerns, provision of supporting infrastructure and transport network as well as development costs, both sides agreed that further discussion and study need to be conducted. We will reconsider the

future use(s) of the LMC Loop in the light of the comments received and the results of the joint study with the Mainland authorities.

\* \* \* \* \*

## Lok Ma Chau Loop

## List of relevant papers

Council/Committee	Date of meeting	Paper
Panel on Development	27 May 2008	<p>Administration's paper on "The Work of Hong Kong-Shenzhen Joint Task Force on Boundary District Development" (LC Paper No. CB(1)1273/07-08(06))  <a href="http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0422cb1-1273-6-e.pdf">http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0422cb1-1273-6-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)2309/07-08)  <a href="http://www.legco.gov.hk/yr07-08/english/panels/plw/minutes/de080527.pdf">http://www.legco.gov.hk/yr07-08/english/panels/plw/minutes/de080527.pdf</a></p>
Panel on Development	24 February 2009	<p>Administration's paper on "The Planning and Engineering Study on Development of Lok Ma Chau Loop: Consultants' Fees and Site Investigation" (LC Paper No. CB(1)816/08-09(05))  <a href="http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev0224cb1-816-5-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev0224cb1-816-5-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)1633/08-09)  <a href="http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20090224.pdf">http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20090224.pdf</a></p>
Public Works Subcommittee	8 April 2009	<p>Administration's paper on "The Planning and Engineering Study on Development of Lok Ma Chau Loop: Consultants' Fees and Site Investigation" (PWSC(2009-10)2)  <a href="http://www.legco.gov.hk/yr08-09/english/fc/pwsc/papers/p09-02e.pdf">http://www.legco.gov.hk/yr08-09/english/fc/pwsc/papers/p09-02e.pdf</a></p> <p>Minutes of meeting (LC Paper No. PWSC75/08-09)  <a href="http://www.legco.gov.hk/yr08-09/english/fc/pwsc/minutes/pwsc20090408.pdf">http://www.legco.gov.hk/yr08-09/english/fc/pwsc/minutes/pwsc20090408.pdf</a></p>

Council/Committee	Date of meeting	Paper
Finance Committee	24 April 2009	Minutes of meeting (LC Paper No. FC146/08-09) <a href="http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090424.pdf">http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090424.pdf</a>
---	23 November 2009	Administration's press release on "Hong Kong-Shenzhen Joint Task Force on Boundary District Development holds fourth meeting" <a href="http://www.devb.gov.hk/en/secretary/press/press20091123.htm">http://www.devb.gov.hk/en/secretary/press/press20091123.htm</a>
---	22 November 2010	Press Releases on Hong Kong-Shenzhen Joint Task Force on Boundary District Development holds fifth meeting <a href="http://www.devb.gov.hk/en/publications_and_press_releases/press/index_id_6281.html">http://www.devb.gov.hk/en/publications_and_press_releases/press/index_id_6281.html</a>
---	23 November 2010	Administration's paper on Planning and Engineering Study on Development of Lok Ma Chau Loop – Investigation Stage One Public Engagement <a href="http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/devcb1-540-1-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/devcb1-540-1-e.pdf</a>