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Panel on Commerce and Industry

Meeting on 18 October 2011

**Background brief on establishment of the
Hong Kong Economic, Trade and Cultural Office in Taiwan**

Purpose

This paper provides background information on the proposed establishment of the Hong Kong Economic, Trade and Cultural Office (HKETCO) in Taiwan and a summary of views and concerns expressed by the Panel on Commerce and Industry (the Panel) during previous discussion on the subject.

Background

2. In the 2009-2010 Policy Address, the Chief Executive proposed new strategies for developing the relations between Hong Kong and Taiwan, which included the establishment of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council (ECCPC) to promote multi-faceted, multi-level exchanges with Taiwan. The Chief Executive also proposed that Hong Kong should play an active role in financial, economic and trade, tourism and other exchanges among the Mainland, Taiwan and Hong Kong — which included the provision of cross-Strait Renminbi clearing services. The Administration would also seek to enable Hong Kong travel agents to operate in the Mainland tours to Taiwan, and explore further development of cross-Strait Mainland-Hong Kong-Taiwan multi-destination tourism products, including air and cruise packages. With the concerted efforts of both sides, the ECCPC and the Hong Kong-Taiwan Business Cooperation Committee at the corporate level were established on 1 April 2010 to facilitate direct communication between the trade and industries in Hong Kong and Taiwan and to foster closer cooperation in trade, investment and tourism.

3. The Financial Secretary visited Taiwan in August 2010 in his capacity as the Honorary Chairperson of the ECCPC to attend the first Joint Meeting of the ECCPC with the Taiwan-Hong Kong Economic and Cultural Cooperation Council (THEC), and met with senior representatives of the Taiwanese authorities. During the visit, both sides reached consensus in a wide range of issues, and the Taiwanese side welcomed Hong Kong to establish a multi-functional Office in Taiwan. Over the past months, Hong Kong and Taiwan conducted multiple rounds of discussion through the ECCPC-THEC platform. To enhance the exchanges between Hong Kong and Taiwan, both sides reached a consensus that Hong Kong should set up the HKETCO in Taiwan by the end of 2011.

Discussion by the Panel on Commerce and Industry

4. The Panel has followed closely the development on economic and trade cooperation between Hong Kong and Taiwan.

5. At the Panel meeting on 19 July 2011, the Administration briefed members on the relevant arrangements for the establishment of a multi-functional office in Taiwan by Hong Kong. The Panel noted that the establishment of the HKETCO would be similar to that of Hong Kong's Economic and Trade Offices (ETOs) in the Mainland. The functions of the HKETCO would also be similar to these ETOs, including:

- (a) to promote economic relations, investment, financial services and business exchanges, etc between Hong Kong and Taiwan;
- (b) to enhance cultural, education, tourism and other exchanges between Hong Kong and Taiwan;
- (c) to strengthen cooperation between Hong Kong and Taiwan in areas such as technology, transport, medical services, public health and food safety, etc;
- (d) to provide assistance to Hong Kong residents in Taiwan to the extent possible;
- (e) to assist in handling matters relating to entry applications from Taiwanese residents where necessary; and
- (f) other relevant services.

6. The Panel also noted that to further facilitate multi-faceted cooperation between Hong Kong and Taiwan, staff of the HKETCO could liaise with relevant authorities in Taiwan when necessary to discuss and study issues of mutual concern. With the establishment of the HKETCO in Taiwan in the near future, and in the spirit of reciprocity, the Chung Hwa Travel Service in Hong Kong had changed its name to Taipei Economic and Cultural Office with effect from 15 July 2011 to reflect its functions.

7. Panel members in general supported the establishment of the HKETCO to promote multi-faceted and multi-level exchanges between Hong Kong and Taiwan. Some Panel members expressed concern about the measures to foster cooperation between the two places in trade and investment, and the measures to facilitate Taiwan tourists in visiting Hong Kong.

8. According to the Administration, the ECCPC and the THEC would commence an exploratory study of the possibility of concluding an economic cooperation framework agreement by Hong Kong and Taiwan, similar to that between the Mainland and Taiwan. The Administration would also explore further measures to facilitate entry of Taiwan tourists visiting Hong Kong.

Recent developments

9. The ECCPC and the THEC held their second joint meeting in Hong Kong on 10 August 2011. Both sides were encouraged by the progress achieved through the ECCPC-THEC platform in the past year.

10. To further facilitate the entry of Taiwan tourists visiting Hong Kong for business or leisure, the HKSAR Government has further relaxed the relevant arrangement. Starting from 1 September 2011, Taiwan visitors holding a valid Mainland Travel Permit for Taiwan Residents (commonly known as "Tai Bao Zheng") may visit Hong Kong for 30 days (extended from seven days), regardless of whether they possess an entry-exit endorsement for the Mainland. In addition, based on the principle of reciprocity, the HKSAR Government is also working on the detailed implementation arrangements to allow Taiwan visitors to make prior entry registration on their own through the Internet free of charge.

Latest position

11. The Administration will brief the Panel on 18 October 2011 on the staffing proposal for the creation of a directorate post to head the HKETCO.

Relevant papers

Administration's paper for the Commerce and Industry Panel meeting on 20 July 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0720cb1-2521-3-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 20 July 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0720cb1-2521-4-e.pdf>

Minutes of Commerce and Industry Panel meeting on 20 July 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20100720.pdf>

Administration's paper for the Commerce and Industry Panel meeting on 19 July 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/cicb1-2641-1-e.pdf>

Minutes of Commerce and Industry Panel meeting on 19 July 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110719.pdf>

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