

立法會
Legislative Council

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 22 October 2013, at 2:30 pm
in Conference Room 2 of the Legislative Council Complex

Members present : Hon Vincent FANG Kang, SBS, JP (Chairman)
Dr Hon CHIANG Lai-wan, JP (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon Charles Peter MOK
Hon Dennis KWOK
Hon Martin LIAO Cheung-kong, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan

Members absent : Hon MA Fung-kwok, SBS, JP
Hon SIN Chung-kai, SBS, JP

**Public officers
attending** : Agenda item III

Commerce and Economic Development Bureau

Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Ms Carol YUEN, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 1

Mr Donald TONG, JP
Commissioner for Economic and Trade Affairs,
USA

Ms Linda LAI, JP
Special Representative for Hong Kong Economic
and Trade Affairs to the European Union

Ms Sally WONG, JP
Principal Hong Kong Economic and Trade
Representative, Tokyo

Mr Steve BARCLAY, JP
Director, Hong Kong Economic and Trade Affairs,
Sydney

Mr Ivan LEE
Director, Hong Kong Economic and Trade Affairs,
Berlin

Miss Anita CHAN
Director, Hong Kong Economic and Trade Affairs,
New York

Miss Erica NG
Director-General, Hong Kong Economic and Trade
Affairs, London

Ms Subrina CHOW
Director, Hong Kong Economic and Trade Affairs,
San Francisco

Mr FONG Ngai
Director, Hong Kong Economic and Trade Affairs,
Singapore

Miss Gloria LO
Director, Hong Kong Economic and Trade Affairs,
Toronto

Miss Winky So
Deputy Representative 2, Hong Kong Economic
and Trade Affairs, Geneva

Constitutional and Mainland Affairs Bureau

Miss Charmaine LEE, JP
Deputy Secretary for Constitutional and Mainland
Affairs (2)

Miss Cathy CHU, JP
Director, Beijing Office

Mr John LEUNG, JP
Director, Hong Kong Economic, Trade and Cultural
Office (Taiwan)

Mr Alan CHU
Director, Hong Kong Economic and Trade Affairs,
Guangdong

Ms Joyce TAM, JP
Director, Hong Kong Economic and Trade Affairs,
Shanghai

Mr Danny LAU
Director, Hong Kong Economic and Trade Affairs,
Chengdu

Agenda Item IV

Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mrs Alice CHEUNG CHIU Hoi-yue, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 3

Miss Charmaine LEE, JP
Deputy Secretary for Constitutional and Mainland
Affairs (2)

Mr John LEUNG, JP
Director, Hong Kong Economic, Trade and Cultural
Office (Taiwan)

Clerk in attendance : Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Miss Rita YUNG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Information papers issued since last meeting

(LC Paper Nos. CB(1)1628/12-13(01) and (02) -- Administration's papers on United Nations Sanctions (Eritrea) (Amendment) Regulation 2013 and United Nations Sanctions (Somalia) (Amendment) Regulation 2013

LC Paper No. CB(1)1745/12-13(01) -- Administration's paper on the Mainland and Hong Kong Closer Economic Partnership Arrangement

LC Paper Nos. CB(1)1753/12-13(01) and (02) -- Administration's papers on United Nations Sanctions (Libya) Regulation 2011 (Amendment) Regulation 2013, United Nations Sanctions (Sudan) Regulation 2013 and United Nations Sanctions (Sudan) Regulation (Repeal) Regulation

- LC Paper No. CB(1)1827/12-13(01) -- Information on the financial position of the Applied Research Fund for the period from 1 March to 31 May 2013
- LC Paper No. CB(1)51/13-14(01) -- Press release on the extension of public consultation period on parody issued by the Commerce and Economic Development Bureau on 10 October 2013)

Members noted that the above papers had been issued since the last meeting.

II. Date of next meeting and items for discussion

- (LC Paper No. CB(1)72/13-14(01) -- List of outstanding items for discussion
- LC Paper No. CB(1)72/13-14(02) -- List of follow-up actions)

2. The Chairman informed members that a special meeting of the Panel had been scheduled for 4 November 2013 to meet with deputations and receive views from stakeholders and the public on the treatment of parody under the copyright regime. Members noted that so far 15 deputations had signed up for the meeting to make oral presentation to the Panel. The closing date for enrolment was 28 October 2013.

3. Members also noted that the next regular Panel meeting would be held on 19 November 2013 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Extension of the operation of Research and Development Centres;
- (b) Progress report of the Hong Kong Council for Testing and Certification; and
- (c) Establishment of the Hong Kong Economic and Trade Office in Wuhan.

III. Report on the work of the Hong Kong Economic and Trade Offices, the Hong Kong Economic, Trade and Cultural Office (Taiwan) and the Office of the Government of the HKSAR in Beijing in 2012-2013

(LC Paper No. CB(1)72/13-14(03) -- Administration's paper on reports on the work of the overseas Hong Kong Economic and Trade Offices provided by the Commerce and Economic Development Bureau

LC Paper No. CB(1)72/13-14(04) -- Administration's paper on report on the work of HKSAR Government's Offices in the Mainland and Taiwan provided by the Constitutional and Mainland Affairs Bureau

LC Paper No. CB(1)72/13-14(05) -- Paper on the work of the Hong Kong Economic and Trade Offices, the Office of the Government of the HKSAR in Beijing, and the Hong Kong Economic, Trade and Cultural Office (Taiwan) prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) briefed members on the work of the 11 overseas Hong Kong Economic and Trade Offices (ETOs), and HKSAR Government's Offices in the Mainland and Taiwan in 2012-2013. Details of the work of these offices were set out in the Administration's papers (LC Paper Nos. CB(1)72/13-14(03) and (04)). PSCIT said that in the face of the global economic uncertainties, Heads of overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan would continue to keep a close watch on the economic and trade developments in regions and countries under their coverage that might have

an impact on Hong Kong. These offices would also continue their efforts in promoting the advantages of Hong Kong as an ideal place for business and trade. He then invited the representatives of some ETOs and Office of the HKSAR in Beijing (BJO) to brief the Panel on their work progress.

5. Commissioner for Economic and Trade Affairs, USA (C,USA) briefed members on the political and economic landscape of the US, and gave an update on a series of activities promoting the cultural aspects of Hong Kong launched by the Washington ETO, New York ETO and San Francisco ETO during the reporting period. He said that the US socio-economic and political landscape in the coming months would be shaped by the interplay of a number of key developments, including the debt ceiling, tax reform, sequester, and the future of the third round of quantitative easing on the economic front, as well as the government shutdown and mid-term elections in November 2014. The Washington ETO would continue to keep a close eye on the political and economic developments in the US and their potential ramifications on Hong Kong. Continued efforts would also be made to encourage and facilitate more exchanges, visits and cooperation between the US and Hong Kong.

6. Special Representative for Hong Kong Economic and Trade Affairs to the European Union briefed members on the economic situation of the EU, in particular the Eurozone sovereign debt crisis and the bail-out arrangements for Cyprus, Greece, Ireland and Portugal, as well as the timetable for the establishment of the European Banking Union. Members noted that the Brussels ETO had continued its efforts in promoting Hong Kong films in Europe and supporting other forms of arts and cultural exchanges between Hong Kong and Europe. The Hong Kong fashion exhibition held in September 2013 in Brussels was well received by the local community. The Brussels ETO would also step up its efforts in promoting Hong Kong as the gateway for doing business in Asia.

7. Director of Beijing Office reported BJO's continued efforts in supporting Hong Kong enterprises in the Mainland. Together with other ETOs in the Mainland, BJO had issued Topical Newsletter on business policies related to taxation, labour and intellectual property, etc. to business chambers and Hong Kong enterprises from time to time, and invited experts to explain the relevant policies and regulations. BJO had also stepped up the information dissemination on economic and trade policies and regulations, business promotion, investment as well as economic and trade activities at both the national level and in the provinces/municipalities/autonomous regions under BJO's coverage through periodic newsletters. Practical information on medical care, study, legal services, etc. would be disseminated to Hong Kong residents in the Mainland through publication of booklets and

by regular updating of BJO's website. Activities to promote Hong Kong's art, culture and creativity were also organized to bring home the multifarious aspects of the city to the Mainland people. BJO would continue its efforts to enhance trade, investment, cultural exchanges and communications, etc. between Hong Kong and the Mainland.

8. Principal Hong Kong Economic and Trade Representative, Tokyo (PRT) briefed members on the latest economic situation of Japan and Korea, and the economic policies implemented by the Japan Prime Minister Shinzo Abe to boost Japan's economy. Members noted that with a view to achieving greater synergy, PRT had coordinated the efforts of Tokyo ETO, the Hong Kong Trade Development Council (HKTDC), the Hong Kong Tourism Board (HKTB) and Invest Hong Kong (InvestHK) in Japan in organizing a number of business promotion seminars promoting the advantages and opportunities of doing business in Hong Kong. In the light of recent developments in Sino-Japanese relations and some Japanese people's misconception about Hong Kong, the Tokyo ETO had launched publicity programmes to promote Hong Kong as a free and cosmopolitan city that was safe, hospitable and welcoming for visitors and businessmen from around the world, including the Japanese. A series of events had been organized to showcase Hong Kong as a cultural hub where creativity thrived. The Tokyo ETO would continue to promote Hong Kong and foster closer bilateral relations with both Japan and Korea through Government-to-Government contacts, business promotion, cultural and public relations events.

9. Director, Hong Kong Economic and Trade Affairs, Singapore informed members that the Association of Southeast Asian Nations (ASEAN) taken as a bloc had continued to be Hong Kong's second largest trading partner. Trade between ASEAN and Hong Kong had increased by 6% year-on-year from 2008 to 2012. To strengthen bilateral ties between Hong Kong and ASEAN, the Singapore ETO had organized a high level delegation of some 20 members from Hong Kong's business, professional and financial services sectors led by the Financial Secretary (FS) to visit Cambodia and Myanmar in June 2013. The Chief Secretary for Administration had also visited Singapore and Thailand in July/August and September 2013 respectively. These senior officials' exchanges were conducive to Hong Kong's pursuit of a bilateral Free Trade Agreement (FTA) with ASEAN. Formal negotiation on the FTA was expected to commence in early 2014. On the cultural front, a series of events such as the Hong Kong Festival 2012 in Singapore and the Hong Kong Film Week in Ho Chi Minh City had been organized to promote cultural exchanges between Hong Kong and ASEAN.

A delegation of some 100 creative entrepreneurs and arts practitioners from ASEAN had attended a four-day conference entitled, "Asia On The Edge 2013", in Hong Kong. A number of initiatives had also been carried out to promote exchanges among young people and students of Hong Kong and ASEAN.

10. Deputy Representative 2 of the Hong Kong Economic and Trade Affairs, Geneva reported that the principal function of the Geneva ETO was to represent Hong Kong, China (HKC) as a Member of the World Trade Organization (WTO). It also represented HKC to participate in the work of regular WTO committees and bodies. The Geneva ETO would continue to showcase the strength of Hong Kong's trade policies and advance the commercial interests of Hong Kong. On the development of the Doha Development Agenda negotiation, members noted that Members of WTO had considerably stepped up efforts to draw up a package of deliverables for the Ninth Ministerial Conference of the WTO to be held from 3 to 6 December 2013 in Bali, Indonesia. Looking ahead, the trade policy review of HKC scheduled by the WTO for late 2014 would be a major task to be undertaken by the Geneva ETO in the year to come.

Discussion

Setting up new ETOs in emerging markets

11. Mr Jeffrey LAM expressed appreciation for the work of overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan. Given the vast growth potential of ASEAN and as Hong Kong was forging a closer tie with the Asia-Pacific Economic Cooperation and the ASEAN, Mr LAM asked if the Administration would consider setting up more ETOs, be they of a smaller scale, in ASEAN member nations to further explore and tap the emerging markets in ASEAN as well as to promote Hong Kong's tourism industry and provide assistance to overseas Hong Kong residents there.

12. PSCIT responded that as the setting up of an ETO involved large amount of investment and resources, the Administration would carefully assess the need for setting up new ETOs, taking into account the development of Hong Kong's economic and trade relations with the concerned country. PSCIT said that the existing network of overseas ETOs had already covered major economies in the world, and the Administration would seek to further enhance Hong Kong's presence in ASEAN. Meanwhile, the Administration would review the coverage of existing ETOs and the resources required for their work. Proposals for setting up new ETOs would be put forward to the Legislative Council (LegCo) as and when necessary.

13. Mr Jeffrey LAM commented that the Administration should be more proactive in advancing economic and trade ties with potential emerging markets. Consideration should also be given to increasing the number of Mainland Offices to strengthen the homeland relationship between Hong Kong and the Mainland. Echoing Mr Jeffrey LAM, Mr Andrew LEUNG opined that the setting up of ETOs in ASEAN was of strategic importance in the light of the commencement of the formal FTA negotiations between Hong Kong and ASEAN in 2014. He further suggested the Administration to consider setting up ETOs in Mexico, Columbia and Chile to further Hong Kong's trade and economic interest in the vast South America market, even though at present this market did not have significant economic and trade relations with Hong Kong. The Chairman concurred with Mr Andrew LEUNG and said that Hong Kong's presence in ASEAN and the South America markets should be strengthened.

14. In response to Mr Andrew LEUNG's enquiry about the Administration's plan on furthering Hong Kong's trade and economic interests in ASEAN, PSCIT informed members that the Administration would strive for an early conclusion on the formal FTA negotiations between Hong Kong and the ten ASEAN member nations which were due to commence in early 2014. He added that the "Hong Kong – ASEAN Business Partnership Symposium" held on 22 October 2013 and attended by ASEAN economic ministers was also one of the Administration's initiatives in promoting the bilateral trade ties between Hong Kong and ASEAN. PSCIT concurred with members that early efforts should be made to promote bilateral trade relations with potential markets and emerging economies. In this connection, the HKTDC had set up offices in emerging markets to help Hong Kong enterprises tap the business opportunities in these markets. PSCIT reiterated that setting up new overseas ETOs required prudent consideration in view of the substantial cost outlay.

15. Ms Emily LAU thanked the Heads of overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan for their briefing. In the face of the global economic challenge, Ms LAU enquired if the Administration would help the Hong Kong business sector in exploring business opportunities in the BRIC countries of Brazil, Russia and India in addition to what was being done in Mainland China. PSCIT responded that the FS had visited the emerging markets of South Africa, Brazil, Russia and India in the past few years. Mindful of the potential of these markets, work had been undertaken to strengthen Hong Kong's trade relations with the relevant countries. The bilateral trade relation between Hong Kong and Russia was currently under the purview of the London ETO. For Brazil and India, not currently covered by the overseas ETOs, the promotion of bilateral trade relation was undertaken by Government staff in Hong Kong. Ms

Emily LAU advised the Administration to proactively explore new markets for Hong Kong in a systemic manner, and report the work undertaken in this regard to the Panel in future. She said that if considered necessary, the Panel would support the allocation of additional resources for overseas ETOs to explore new markets.

16. Mr WONG Ting-kwong suggested that instead of setting up full-scale ETOs, the Administration might consider establishing sub-offices in emerging markets under the purview of existing ETOs, such as setting up a sub-office in South America under the management of the Washington ETO. PSCIT responded that such an arrangement would be feasible if the proposed sub-office and the concerned ETO were in the same country. Indeed, liaison offices had been set up in some Mainland cities. In Canada, apart from the Toronto ETO, there was also an office in Vancouver. The Administration would review the geographical coverage of existing ETOs having regard to new demands from time to time and suitably deploy or increase resources when necessary to enhance the effectiveness of ETOs.

Promotion of cruise tourism of Hong Kong

17. Dr LAM Tai-fai hoped that Heads of the Mainland Offices and the ETOs that were geographically close to Hong Kong could have more frequent exchanges with the local business sector given their proximity to Hong Kong. Expressing concern about the low utilization rate of the Kai Tak Cruise Terminal (the Cruise Terminal), Dr LAM enquired about the work of the overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan on promoting cruise tourism of Hong Kong. He said that efforts should be stepped up to support Hong Kong as a cruise homeport and foster the business development of the Cruise Terminal.

18. PSCIT responded that overseas ETOs, in particular those located in Asia, and the Offices of the HKSAR Government in the Mainland and Taiwan had been sparing no efforts in promoting cruise tourism of Hong Kong in countries and regions under their coverage. The major focus of the business development of the Cruise Terminal would be on the promotion of multi-destination itineraries of cruise travel with Hong Kong as the homeport. In this regard, the HKTB and the Taiwan tourism authorities had announced in June 2013 that they would step up collaboration in promoting cruise tourism. An agreement had been reached with a cruise company for deployment of more ships to Hong Kong and Taiwan with Hong Kong as the homeport, including the additional sailings on 29 October and 2 November 2013 to Taiwan with Hong Kong as the homeport. The HKTB would further step up cruise tourism promotion and encourage more visitors to join cruise journeys from Hong Kong.

Negotiations on FTA between Hong Kong and ASEAN

19. Noting that the formal negotiations on FTA between Hong Kong and ASEAN would commence in early 2014, Mr CHUNG Kwok-pan asked whether negotiation work could be made with individual member nations instead of the ASEAN en bloc so as to expedite the process. PSCIT advised that negotiations on the framework agreement were required to be done with ASEAN as a bloc rather than with individual member nations. Separate bilateral trade liberalization negotiations with individual ASEAN member nations could proceed upon finalization of the framework agreement on FTA with ASEAN as a bloc. Meanwhile, the Administration had been pursuing an Investment Promotion and Protection Agreement with Myanmar.

Promotion of innovation and technology and creative industries

20. While appreciating the substantial efforts made by ETOs on promoting Hong Kong movies, Mr CHUNG Kwok-pan opined that the Administration should also step up overseas promotion of other industries of Hong Kong, such as the innovation and technology and fashion industries, and allocate more resources to foster the development of the innovation and technology and creative industries in Hong Kong. Mr Dennis KWOK shared Mr CHUNG's views. He said that the Government's recent decision over the issue of free-to-air TV licences, which had resulted in laying off hundreds of young people who aspired to develop their career in the TV industry, had dealt a heavy blow to the development of the creative industry in Hong Kong.

21. PSCIT responded that the Administration had all along attached great importance to and had been providing staunch support for the development of the creative industry, innovation and technology industry and promoting research and development in Hong Kong. He stressed that apart from promoting the development of the film industry overseas and in the Mainland, considerable efforts had been made by ETOs and HKTDC offices in the past in promoting Hong Kong's multifarious industries, such as the digital media, innovation and technology and fashion industries.

Division of work between overseas ETOs and HKTDC offices

22. Mr CHUNG Kwok-pan commented that in some overseas cities, such as London, where both offices of the ETO and HKTDC co-existed, a clear division of work between the two offices should be drawn up to avoid any overlap in their functions. In response, PSCIT advised that the functions of overseas ETOs and HKTDC offices were different. Overseas ETOs sought to promote bilateral economic and trade relations between Hong Kong and

different regions at the "Government-to-Government" level, and their interlocutors mainly included government officials, politicians, opinion-formers and the media. The HKTDC's overseas offices, on the other hand, were tasked to provide support for overseas buyers and individual companies of Hong Kong on import and export trade. In fact, most of the offices of the overseas ETOs and the HKTDC were located in different host cities, except in a few major cities such as London and New York where both offices had been set up.

Promoting Hong Kong as an international arbitration centre

23. Mr Dennis KWOK said that members belonging to the Civic Party supported the work of the overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan. He enquired about the efforts made by the overseas ETOs in promoting Hong Kong as an international arbitration and mediation centre, and expressed concern that the support rendered by the Hong Kong Government in this respect was less than adequate when compared with Singapore. He said that as he had mentioned on other occasions before, the funds of the Professional Services Development Assistance Scheme (PSDAS), a funding scheme from which the Hong Kong International Arbitration Centre (HKIAC) used to secure funding support for its projects, had almost been exhausted. Mr KWOK asked if the Administration would consider injecting additional funds to the PSDAS to support the work of the HKIAC in promoting Hong Kong as an international arbitration centre

24. PSCIT responded that the work on promoting Hong Kong as an arbitration centre in the Mainland and other countries was coordinated by the Department of Justice (DoJ), and it was part of the on-going initiatives of the overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan to assist DoJ in the related promotion work. On further injection of funds to PSDAS, PSCIT advised that the PSDAS was established by the Government for an initial period of three years to provide financial support for projects with the aim of increasing the competitiveness of Hong Kong's professional service sector as a whole. The number of qualifying projects had decreased over the years, and the PSDAS had in fact been running for over 10 years now. A working group under the Economic Development Commission had been set up this year to look into issues concerning professional services. The working group would recommend to the Administration specific policies and measures to support the development of professional services. Pending the working group's recommendations, the Administration had no plan of allocating additional funding to the PSDAS.

New York ETO

25. Mr CHUNG Kwok-pan enquired about the achievements made by the New York ETO in promoting commercial relations between Hong Kong and New York. Director, Hong Kong Economic and Trade Affairs, New York (D,NY) responded that the New York ETO's efforts in promoting closer trade and investment relations with the states that it covered had borne fruit. For example, the New York ETO had assisted in organizing the "Think Asia Think Hong Kong" Symposium in New York in June 2013 to promote Hong Kong-US ties. The event was participated by about 1 500 representatives from the New York business sector and had attracted wide media coverage. Following the completion of the event, the HKTDC and InvestHK had received enquiries from over 300 and 600 US companies respectively expressing their interest in doing business with and setting up offices in Hong Kong. Besides, subsequent to the efforts made by the New York ETO on promoting Hong Kong as Asia's wine hub, many US companies had signed up to participate in the "Hong Kong International Wine and Spirits Fair". Reciprocal visits to Hong Kong were also made by US political leaders, state officials, businessmen and prominent academics over the past year following the visits conducted by C,USA and D,NY to various cities in the US.

Shanghai ETO

26. Expressing concern over the long-term impact of the establishment of the China (Shanghai) Pilot Free Trade Zone (FTZ) on Hong Kong, Mr WONG Ting-kwong enquired about the assistance that could be rendered by the Shanghai ETO to Hong Kong enterprises in tapping the business opportunities in the FTZ.

27. In response, Director, Hong Kong Economic and Trade Affairs, Shanghai (D, Shanghai) briefed members that the "General Plan for the China (Shanghai) Pilot Free Trade Zone" (the "General Plan") was announced by the State Council on 27 September 2013. The "General Plan" covered the opening up of six service sectors, namely the financial services, transportation services, commerce and trade services, professional services, cultural services, and social services, involving a total of 23 measures. Another focus of the "General Plan" was the reform on foreign investment regulatory regime through the implementation of a "Negative List" mechanism which set out administrative measures applicable to foreign investment projects and establishment of foreign-invested enterprises in the FTZ where "national treatment" was not granted. For projects that were not stated in the "Negative List", foreign investors and domestic investors would receive the same treatment by going through registration procedures instead of approving requirements (with the exception of areas specifically defined

by the State Council). The FTZ also sought to accelerate the innovation of the financial system reform. Under proper risk control, the FTZ would pilot RMB capital account convertibility, interest rate liberalization, and the cross-border use of RMB. Up to the present, three Hong Kong licensed banks had been approved to set up branch offices in the FTZ.

28. D. Shanghai said that as the General Plan for the FTZ was promulgated only in end September 2013, details of the policies had yet to be announced. In addition to disseminating the latest information on the policies and measures of FTZ, the Shanghai ETO would also seek the assistance of the relevant government agencies in arranging policy briefings for Hong Kong chambers of commerce and enterprises at appropriate time. Meanwhile, the Shanghai ETO would follow up with the management committee of FTZ on cases of Hong Kong enterprises seeking to establish their business in the FTZ.

29. Dr LAM Tai-fai welcomed the establishment of the FTZ, saying that it would help expand the financial market in the Mainland and in turn create more business opportunities for Hong Kong enterprises. He urged the Shanghai ETO to keep a close watch on the development of the FTZ and disseminate the necessary information to Hong Kong businessmen in a timely manner to enable them to grasp the business opportunities in the FTZ.

Guangdong ETO

30. Mr WONG Ting-kwong sought information regarding the implementation progress of the Guangdong Scheme, under which eligible Hong Kong elderly people residing in Guangdong would receive the monthly Old Age Allowance without the need to return to Hong Kong each year. He was particularly concerned about the assistance rendered to those elders who were unable to return to Hong Kong to attend the scheduled interview for completing the application procedures. Director, Hong Kong Economic and Trade Affairs, Guangdong responded that the Guangdong ETO had received numerous enquiries regarding the application procedures of the Guangdong Scheme since its implementation. The Guangdong ETO had collaborated with the Hong Kong and Macao Office and non-governmental organizations in Guangdong province to promote the Scheme. For those elderly people who were unfit to travel to Hong Kong for the application because of health reasons, the Social Welfare Department had appointed an agency to conduct home visit to help the elders in need complete the applications. The implementation of the Guangdong Scheme was smooth so far.

Summing up

31. The Chairman expressed his appreciation for the efforts made by BJO in disseminating useful information on tax-related issues on the Mainland to Hong Kong enterprises. He said that the Panel would welcome more frequent exchanges with Heads of overseas ETOs and Offices of the HKSAR Government in the Mainland and Taiwan.

IV. Trade relations between Hong Kong and Taiwan

(LC Paper No. CB(1)72/13-14(06) -- Administration's paper on trade relations between Hong Kong and Taiwan

LC Paper No. CB(1)72/13-14(07) -- Paper on the trade relations between Hong Kong and Taiwan prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

32. At the invitation of the Chairman, PSCIT and Director, Hong Kong Economic, Trade and Cultural Office (Taiwan) (Director, HKETCO) briefed members on the latest developments of trade co-operation between Hong Kong and Taiwan, covering a wide range of areas including trade promotion, investment promotion, tourism, creative industries, as well as the fourth Joint Meeting of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC) and the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC) held in September 2013. Details of the latest developments were set out in the Administration's paper (LC Paper No. CB(1)72/13-14(06)). Director, HKETCO supplemented that the HKETCO had held an economic forum in Taipei on 18 October 2013 that was attended by more than 200 representatives from Hong Kong and Taiwan's business and academic sectors to discuss the outlook and prospects for Hong Kong-Taiwan economic co-operation.

Discussion*Trade promotion*

33. Mr CHUNG Kwok-pan was concerned that the signing of the Cross-Straits Economic Co-operation Framework Agreement (ECFA) between Taiwan and the Mainland might undermine the intermediary role of Hong Kong as the gateway to the Mainland for Taiwan enterprises. He called on the Administration to step up efforts to encourage Taiwan enterprises explore business opportunities in the Mainland via Hong Kong. The Chairman suggested the Administration to look into the feasibility of establishing a comprehensive framework for economic and trade co-operation between Hong Kong, the Mainland and Taiwan, thereby facilitating the direct export of products manufactured by Hong Kong enterprises in the Mainland to Taiwan.

34. In response, PSCIT advised that there was no sign of Hong Kong's intermediary role being undermined by ECFA. Hong Kong remained an important entrepot for Cross-Straits indirect trade, which had registered considerable growth, despite growing Cross-Straits direct trade amid improved relations between the two places. The Customs and Excise Department (C&ED) had launched the Hong Kong Facilitation Scheme for Cross-Straits Transshipment Cargoes (the Scheme) in January 2011 with a view to retaining cargo flow through Hong Kong. C&ED would continue to streamline the arrangements of the Scheme taking into account the feedback of users in Hong Kong and Taiwan.

35. PSCIT further said that a comprehensive and institutionalized economic and trade co-operation arrangement between Hong Kong and Taiwan similar to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) or ECFA could provide policy certainty and strengthen investor confidence. The business sectors of both sides had indicated support for Hong Kong and Taiwan to actively explore the establishment of a comprehensive framework for economic and trade co-operation. The Administration had expressed the wish to the Taiwan side for a number of times to forge a co-operation arrangement similar to CEPA or ECFA. The Administration would continue to actively follow up with the Taiwan side through the ECCPC – THEC platform with a view to starting substantive discussions as early as possible.

36. Mr CHUNG Kwok-pan noted that the ETO in Brussels had organized a Hong Kong fashion exhibition in Brussels in September 2013. The "Hong Kong Week 2013" to be held from 29 November 2013 in Taipei also included a fashion show featuring cheongsams by designers from both Hong Kong and

Taiwan. Mr CHUNG urged the Administration to step up its support for Hong Kong's fashion industry. PSCIT took note of Mr CHUNG's views.

Testing and certification

37. Ir Dr LO Wai-ki declared that he was a member of the Hong Kong Council for Testing and Certification. He enquired about the Administration's efforts on promoting collaboration or mutual recognition of testing and certification results between the testing and certification industries of Hong Kong and Taiwan. PSCIT responded that at the third Joint Meeting of the ECCPC and THEC in September 2012, the Taiwan side had suggested that co-operation between the testing and certification industries of the two places would contribute to improving the safety of consumer products of both places and promoting technical exchanges. The accreditation bodies of Hong Kong and Taiwan were now considering how to strengthen technical co-operation in accreditation.

Tourism

38. Mr CHUNG Kwok-pan enquired whether the Administration would liaise with the Taiwan authorities on granting visa-free entrance to Hong Kong residents visiting Taiwan. Deputy Secretary for Constitutional and Mainland Affairs (2) responded that entry facilitation measures between Hong Kong and Taiwan should be considered in the spirit of reciprocity amongst other factors. Hong Kong residents visiting Taiwan could apply online for Taiwan entry permits free of charge. Starting from 1 September 2012, eligible Taiwan residents could submit pre-arrival registration for visiting Hong Kong through the internet free of charge. The introduction of the above entry facilitation measures had increased the flow of visitors between the two places. The Administration would keep in view the operation of the pre-arrival registration measure for Taiwan visitors, and continue to liaise with the Taiwan authorities on facilitating visitors between Hong Kong and Taiwan.

39. Referring to the commissioning of the Kai Tak Cruise Terminal, the Chairman called on the Administration to further explore opportunities for tourism collaboration and step up co-operation with Taiwan in promoting cruise tourism in both places and strengthening Hong Kong's position as one of Asia's cruise hubs.

40. In response, PSCIT advised that to support Hong Kong's role as a cruise homeport, the Mainland tourism authorities had announced in August 2013 the implementation details of the new measure that Mainland tour groups taking cruises from Hong Kong to Taiwan could also visit Japan or

Korea in the same journey before returning to the Mainland. The new measure would attract more Mainland tourists to join cruise journeys from Hong Kong and encourage cruise companies to organize more diversified itineraries in the Asian region (including Hong Kong and Taiwan). PSCIT added that the HKTB and the Taiwan tourism authorities had announced in June 2013 that they would step up collaboration in promoting cruise tourism.

Legal services

41. Mr Dennis KWOK called on the Administration to liaise with the Taiwan authorities to seek recognition of Hong Kong legal qualifications that would enable Hong Kong legal practitioners to practise in Taiwan. Mr KWOK enquired about the role and input of the HKETCO in assisting Hong Kong legal services sector to explore business opportunities in Taiwan.

42. Director, HKETCO responded that DoJ had noted the industry's concern about the lack of access for Hong Kong lawyers to practise in Taiwan, and would continue to relay the industry's views to and liaise with relevant Taiwan authorities through the ECCPC – THEC platform. The HKETCO would continue to assist DoJ in establishing contacts with the Taiwan counterparts. He further advised that HKTDC and The Law Society of Hong Kong had organized a seminar in Taipei in May 2013 promoting Hong Kong's legal services in the areas of arbitration, intellectual property, company law, etc. to Taiwan business sectors. The seminar was well received, and the HKETCO would continue to co-operate with relevant parties in organizing similar events to promote the advantages and strengths of Hong Kong's professional services. Mr Dennis KWOK highlighted the importance for the HKETCO to follow up and maintain contacts with the relevant stakeholders in Taiwan after these promotional events.

Operation of the HKETCO

43. Noting that the HKETCO was the first multi-functional office established by Hong Kong in Taiwan, Mr WONG Ting-kwong enquired whether the HKETCO had encountered any problems in its operation since its inception. Director, HKETCO responded that the HKETCO had been running smoothly since it started operation in December 2011. The HKETCO would continue to strengthen relationships with the Taiwan authorities and representatives of various sectors, and keep abreast of policies, initiatives, and rules and regulations promulgated by the Taiwan authorities. He added that apart from promoting economic, trade and investment co-operation between Hong Kong and Taiwan, enhancing cultural exchanges between the two places was also a key function of the HKETCO. He remarked that manpower might sometimes be fully stretched, for example

when co-organizing the "Hong Kong Week 2013" in Taipei to be held from 29 November 2013.

44. Mr WONG Ting-kwong suggested the Panel to explore the feasibility of a duty visit to Taiwan to enable members to obtain a better understanding of the operation of the HKETCO. The Chairman noted the suggestion and advised that other members' views on the proposal would be sought at the next regular Panel meeting.

V. Any other business

45. There being no other business, the meeting ended at 4:40 pm.

Council Business Division 1
Legislative Council Secretariat
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