

**Legislative Council Panel on Commerce and Industry**

**2014 Policy Address**

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

This paper briefs Members on the policy initiatives of the Constitutional and Mainland Affairs Bureau (“CMAB”) in relation to Mainland and Taiwan co-operation, some of which have been covered in the 2014 Policy Address.

**Our vision**

2. As an international financial centre and a business hub of our country, and with our strengths in institutional arrangements, Hong Kong can continue to play an active role in the further development of our country, and in this process, foster our own development. The Hong Kong Special Administrative Region (“HKSAR”) Government attaches great importance to the relationship with the Mainland and will, under the “One Country, Two Systems” principle, enhance our economic partnership with provinces and municipalities in the Mainland on various fronts through a series of new and on-going initiatives. The HKSAR Government will also continue to advance economic and financial cooperation with the Mainland by capitalizing on the enormous growth opportunities arising from the implementation of the National 12th Five-Year Plan. On Hong Kong-Taiwan relations, in the spirit of pragmatism and mutual benefit, we will continue to promote multi-level co-operation and exchanges with Taiwan proactively on various fronts.

3. The new initiatives we will pursue and the on-going initiatives we will continue to implement are highlighted as follows –

New initiatives

- (a) set up a liaison unit each in the Northern Region and Eastern Region of the Mainland to strengthen the work of the Beijing Office (“BJO”), the Shanghai Economic and Trade Office (“ETO”) of the HKSAR Government, and after the establishment of the Wuhan ETO, make preparation for setting up a liaison unit in the Central Region of the Mainland;

## On-going initiatives

- (b) implement the policy initiatives outlined in the Chapter on Hong Kong and Macao of the National 12th Five-Year Plan, and commencing the preparatory work to complement the drafting of the National 13th Five-Year Plan;
- (c) deepen regional co-operation through our co-operation mechanisms with the Pan-Pearl River Delta (“PPRD”) Region, the Guangdong Province, the Municipalities of Beijing, Shanghai and Shenzhen, and the Macao Special Administrative Region;
- (d) continue to complement the efforts of the Guangdong provincial government, as well as the municipal governments of Guangzhou, Zhuhai and Shenzhen, in pushing forward the development of Nansha, Hengqin and Qianhai respectively;
- (e) enhance the functions of the Mainland Offices of the Government and strengthen their working relationship with the Mainland offices of the Hong Kong Trade Development Council and the Hong Kong Tourism Board to better assist Hong Kong residents and enterprises in the Mainland;
- (f) make preparation for the establishment of a new ETO in Wuhan in 2014; and
- (g) strengthen exchanges and co-operation between Hong Kong and Taiwan in trade, tourism, cultural, social livelihood and other fronts through the “Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council (ECCPC)” and the “Hong Kong Economic, Trade and Cultural Office (HKETCO)” in Taiwan.

## **New initiatives**

### Setting up more liaison units in the Mainland

4. With the approval of the Legislative Council’s Finance

Committee on 10 January this year regarding the proposed creation of the post of Director of Wuhan ETO, we are working towards the establishment of the Wuhan ETO around the second quarter of this year. By then, the network of the HKSAR Government's Offices in the Mainland will be more comprehensive, with Shanghai ETO in the Eastern Region, Guangdong ETO in the Southern Region, Chengdu ETO in the Western Region, BJO in the Northern Region and Wuhan ETO in the Central Region.

5. Currently the HKSAR Government also has three liaison units in the Mainland, namely the Shenzhen Liaison Unit and Fuzhou Liaison Unit under the Guangdong ETO, and the Chongqing Liaison Unit under the Chengdu ETO<sup>1</sup>. To further improve the network of the Mainland Offices, we will set up a liaison unit in the Northern Region, to be followed by a liaison unit in the Eastern Region, to strengthen the work of the BJO and Shanghai ETO. We will also make preparation to set up a liaison unit in the Central Region after the establishment of the Wuhan ETO.

6. We are actively pursuing the setting up of a liaison unit under the BJO, and initially consider Shenyang City of Liaoning Province to be the preferred location. Following the implementation of the "Strategy for Revitalising the Northeast Region" by the Central Government, the development in the region has begun to mature in recent years. Hong Kong enterprises in the region also indicated that it is an opportune time for Hong Kong enterprises to invest in the Northeast Region which is abundant in resources and receives support for development from the Central Government. In the Northeast Region, Liaoning is the province with the strongest economic strength and the closest economic and trade ties with Hong Kong. In addition, the provincial capital city of Liaoning, Shenyang, is the political, financial and transportation hub of the Northeast Region. Shenyang is served by a convenient transportation network, connecting the Jilin Province, Heilongjiang Province, the vicinity of Beijing and Tianjin, as well as Russia and other countries in Northeast Asia. Setting up a liaison unit in Shenyang will facilitate Hong Kong residents and enterprises in capitalising the opportunities brought about by the rapid development of the Northeast Region.

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<sup>1</sup> These liaison units, save for having a smaller set up and service area, perform functions similar to those of the Mainland Offices, including enhancing liaison and communication with the relevant provincial and municipal governments, promoting economic and trade relations, providing support to Hong Kong residents and enterprises in the service area, promoting co-operation between Hong Kong and the relevant provinces and municipalities, promoting Hong Kong, etc.

## **On-going initiatives**

### National Five-Year Plans

7. Implementation of the policy initiatives outlined in the “Chapter on Hong Kong and Macao” of the National 12th Five-Year Plan is the HKSAR Government’s key working area. The Steering Committee on Co-operation with the Mainland chaired by the Chief Secretary for Administration has all along been providing the steer and co-ordinating with the relevant policy bureaux and departments on the implementation of the various policy initiatives. Under the “One Country, Two Systems” principle, the HKSAR Government has also commenced the groundwork to complement the drafting of the National 13th Five-Year Plan. At this stage, relevant bureaux and departments will consult the relevant sectors and advisory committees to solicit their views on the initially identified topics for study, with a view to formulating HKSAR’s formal proposal on the National 13th Five-Year Plan for possible submission.

### Deepening regional co-operation

8. The HKSAR Government will deepen regional co-operation through existing co-operation mechanisms with the PPRD Region; the Guangdong Province; the Municipalities of Beijing, Shanghai and Shenzhen; and the Macao SAR to open up more business and career opportunities for Hong Kong enterprises and residents as well as further contribute to the development of our country.

### *Enhancing co-operation with PPRD Region*

9. The PPRD Regional Co-operation and Development Forum cum Trade Symposium (“PPRD Forum”) is an important regional co-operation platform comprising nine provinces/autonomous region<sup>2</sup> and two SARs (viz. Hong Kong and Macao), and representing around one-third of the population and Gross Domestic Product of the Mainland. This year, Hong Kong will host the 10<sup>th</sup> PPRD Forum jointly with the Guangdong Province and Macao SAR to deepen PPRD regional co-operation. We will coordinate relevant bureaux in pursuing the preparatory work. With its extensive and close connections with international community, Hong Kong can make good use of its role as a “super-connector” for international funds, talents and technology, and explore further room for co-operation and business opportunities.

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<sup>2</sup> Including Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan.

## *Co-operation with the Guangdong Province*

10. In Hong Kong's efforts to strengthen co-operation with various regions in the Mainland, Guangdong Province is our most important partner. The HKSAR Government will continue to maintain a close working relationship with the Guangdong provincial government through established co-operation mechanism, including the annual Hong Kong / Guangdong Co-operation Joint Conference ("HK/GDCJC"), the annual Hong Kong / Guangdong Co-operation Working Meeting, as well as the various Task Forces set up under the Hong Kong/Guangdong co-operation framework, with a view to fully implementing the Hong Kong/Guangdong Co-operation Framework Agreement ("the Framework Agreement") and achieving mutually beneficial results.

11. The Chief Executive, Mr CY Leung, and the Governor of Guangdong Province, Mr Zhu Xiaodan, co-chaired the 16th Plenary of the HK/GDCJC in Hong Kong in September last year. At the meeting, the two sides discussed the progress of various key co-operation areas, including promoting early basic achievement of liberalisation of trade in services between Hong Kong and Guangdong, financial development, professional services, tourism, commerce and trade, innovation and technology, creative industries, cross-boundary infrastructure, environmental protection, education, combating smuggling activities as well as the key co-operation areas etc. The two sides were satisfied that implementation of the 84 co-operation items under the 2013 Work Plan have made good progress. The two sides also signed eight letters of intent and co-operation agreements after the meeting.

12. CMAB and relevant bureaux will strive to implement the various co-operation initiatives under the Framework Agreement. We are now compiling the Guangdong / Hong Kong Co-operation 2014 Work Plan, based on the consensus on directions of Hong Kong/Guangdong co-operation in 2014 reached at the 16th Plenary of HK/GDCJC. Key areas to be covered include promoting the early and basic achievement of liberalisation of trade in services between Hong Kong and Guangdong in 2014; pushing for the further expansion of cross-border Renminbi lending to other parts of the Guangdong Province (including Nansha and Hengqin); enhancing transportation arrangements for cross-boundary students; implementing jointly sustainable and effective measures to combat parallel trading activities; and promoting the developments of Nansha, Hengqin and Qianhai etc. The current plan is for the Chief Secretary for Administration, Mrs Carrie Lam, and the Vice-Governor of Guangdong Province, Ms Zhao Yufang, to sign the 2014 Work Plan after

the 19th Hong Kong/Guangdong Co-operation Working Meeting, to be held in the first quarter of 2014 in Hong Kong.

*Promotion of Nansha, Hengqin and Qianhai development*

13. Nansha, Hengqin and Qianhai are major co-operation projects between Guangdong, Hong Kong and Macao listed in the “Chapter on Hong Kong and Macao” of the National 12th Five-Year Plan. While each of these three districts has its own development plan with unique development positioning and distinct directions assigned by the Central Government, their common development strategy is to leverage on the deepening of co-operation between Guangdong, Hong Kong and Macao. The HKSAR Government will continue to complement the efforts of the Guangdong provincial government, as well as the municipal governments of Guangzhou, Zhuhai and Shenzhen, in pushing forward the development of Nansha, Hengqin and Qianhai to facilitate Hong Kong people and enterprises to expand their business in the Mainland through these three new development areas.

14. In respect of Nansha, the Hong Kong and Guangzhou have already reached consensus to strive to incorporate preferential measures for Hong Kong companies in the implementation arrangements of the Nansha Development Plan. The HKSAR Government will continue to actively complement the work of the Guangdong provincial government and the Guangzhou municipal government on Nansha development, and to convey the views of the Hong Kong business sector, through the HK/GDCJC and the Hong Kong/Guangzhou Co-operation Working Group.

15. For the development of Hengqin, the commissioning of the Hong Kong-Zhuhai-Macao Bridge is expected to greatly reduce the effective distance between Hong Kong and the west bank of the Pearl River estuary, and hence, open up more opportunities for Hong Kong enterprises to develop their business in Hengqin. The HKSAR Government has already reached a consensus with the Zhuhai municipal government to set up a working group, under the framework of HK/GDCJC, to enhance co-operation to facilitate Hong Kong companies to take advantage of the business opportunities arising from the development of Zhuhai and Hengqin.

16. For Qianhai, of the 22 policies supporting the development of Qianhai (“Qianhai Policies”) approved by the State Council in June 2012, 16 have already been implemented and the relevant authorities are preparing for the implementation of the remaining six policies. The

HKSAR Government will continue to gather the views of the Hong Kong business sector on Qianhai development, and convey these to the Shenzhen authorities and the Central Government with a view to facilitating Hong Kong enterprises to open up the Mainland market by capturing the business opportunities arising from the development of Qianhai.

*The Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland*

17. The Chief Executive announced in the 2013 Policy Address that the “Greater Pearl River Delta Business Council” would be re-organised into the “Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland” (“the Committee”). The Committee was established in October last year, to advise the HKSAR Government on matters related to strengthening co-operation with the Mainland in trade, economic and other relevant areas, including studying the implications of Nansha, Hengqin, Qianhai and the Loop area on the future development of Hong Kong, as well as opportunities and possible modes of co-operation; as well as the further implementation of the trade liberalisation and investment facilitation between Hong Kong and the Mainland, with a view to providing active support to the business sector in further opening up the Mainland market and enhancing the co-operation with other regions in the Mainland.

Enhancing the functions of the Mainland Offices of the Government

18. We have enhanced the functions of the Mainland Offices. The new Immigration Division in Chengdu ETO commenced operation in October 2013. All Offices have arranged dedicated staff to strengthen liaison with different Hong Kong residents and groups, and produce information booklets on practical information about living in the Mainland. To assist Hong Kong enterprises in seizing development opportunities, the BJO has conducted researches on national policies, such as taxation, labour and intellectual property etc., arranged experts to hold seminars in the Mainland and compiled “Topical Newsletter”. All Offices also stepped up efforts in disseminating information on major development and investment projects. Besides, the Mainland Offices have promoted Hong Kong through different media, and strengthened co-ordination and co-operation with the offices of Hong Kong Trade Development Council and Hong Kong Tourism Board in the Mainland. We will continue to co-ordinate all Mainland Offices to better support Hong Kong residents and enterprises in the Mainland.

## Setting up new Economic and Trade Office in Wuhan

19. We are actively pursuing the preparatory work for the establishment of the Wuhan ETO, such as identifying relevant staff and office accommodation, so that it can commence operation around the second quarter of this year. The Wuhan ETO will liaise with Hong Kong residents and groups in the region to understand their situation and service needs, as well as provide support proactively with reference to the services rendered by existing Mainland Offices. The Wuhan ETO will also step up Government-to-Government work with local authorities and promote co-operation between Hong Kong and provinces in the Central Region, with a view to exploring further room for development for Hong Kong residents and enterprises.

## Development of Hong Kong –Taiwan relations

20. Hong Kong and Taiwan have been promoting exchanges and co-operation on public policy areas via the ECCPC and the “Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC)” platform, and have implemented various measures to benefit the people of the two places. Such co-operation has extended from the economic and cultural areas to social livelihood matters such as education, law enforcement personnel exchanges and city management. In the past year, the export credit insurance organisations and the academic qualification accreditation authorities of both sides respectively signed agreements to enhance co-operation; three policy secretaries led delegations to Taiwan to study environmental protection facilities, revitalised historic buildings, and port infrastructure respectively. In the coming year, we will continue to deepen the exchanges and co-operation between the two places through the ECCPC-THEC platform on various areas.

21. In addition, our multi-functional office in Taiwan viz. HKETCO has continued to leverage on its local presence to forge closer ties with the Taiwan Authorities, city and county governments, major economic, cultural, academic and media organisations, as well as Hong Kong people and businesses in Taiwan. Through organising and joining various activities (e.g. “Hong Kong Week”, “Intercity Forum”, etc.), HKETCO will continue to promote the image and strengths of Hong Kong, enhance exchanges between the two places, and introduce to Taiwan residents Hong Kong’s developments and unique culture.



## **Conclusion**

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

Constitutional and Mainland Affairs Bureau  
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