

立法會
Legislative Council

LC Paper No. CB(1)264/15-16
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by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 20 October 2015, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon WONG Ting-kwong, SBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan

Members absent : Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon Dennis KWOK

Public officers attending : Agenda item III
Commerce and Economic Development Bureau

Mr Philip YUNG Wai-hung, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

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

Mr Clement LEUNG, JP
Commissioner for Economic and Trade Affairs, USA

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

Ms Irene YOUNG, JP
Permanent Representative of the Hong Kong Special
Administrative Region of China to the World Trade
Organization

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

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

Ms Priscilla TO
Director-General, Hong Kong Economic and Trade
Affairs, London

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

Mr Arthur AU
Director, Hong Kong Economic and Trade Affairs,
Sydney

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

Ms Betty HO
Director, Hong Kong Economic and Trade Affairs,
Berlin

Mr Bruno LUK
Director, Hong Kong Economic and Trade Affairs,
Singapore

Constitutional and Mainland Affairs Bureau

Miss Charmaine LEE Pui-sze, JP
Deputy Secretary for Constitutional and Mainland
Affairs 2

Ms Gracie FOO Siu-wai, JP
Director, Beijing Office

Mr Rex CHANG Wai-yuen, JP
Director, Hong Kong Economic, Trade and Cultural
Office (Taiwan)

Mr Danny LAU Kam-chuen, JP
Director, Hong Kong Economic and Trade Affairs,
Chengdu

Miss Victoria TANG Chung-man
Director, Hong Kong Economic and Trade Affairs,
Shanghai

Mr Albert TANG Ka-hei
Director, Hong Kong Economic and Trade Affairs,
Guangdong

Miss Sara TSE Yee-man
Director, Hong Kong Economic and Trade Affairs,
Wuhan

Agenda Item IV

Commerce and Economic Development Bureau

Mr Philip YUNG Wai-hung, 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

Constitutional and Mainland Affairs Bureau

Miss Charmaine LEE Pui-sze, JP
Deputy Secretary for Constitutional and Mainland
Affairs 2

Mr Rex CHANG Wai-yuen, 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

Ms May LEUNG
Legislative Assistant (1)3

I. Information papers issued since last meeting

(LC Paper No. CB(1)1041/14-15(01) -- Information paper on the financial position of the Applied Research Fund for the period from 1 December 2014 to 28 February 2015

File Ref: CITB CR 75/53/9, CITB -- Legislative Council Briefs on
CR 95/53/1 and CITB CR 136/53/1 United Nations Sanctions (Yemen) Regulation 2015, United Nations Sanctions (Libya) Regulation 2011 (Amendment) Regulation 2015 and United Nations Sanctions (Côte d'Ivoire) Regulation 2015)

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)15/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(1)15/15-16(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 17 November 2015 at 2:30 pm to discuss the following items proposed by the Administration:

(a) Latest development of the testing and certification industry; and

(b) Progress of negotiations under the World Trade Organization and on other plurilateral trade agreements.

III. Report on the work of the overseas Hong Kong Economic and Trade Offices and the Offices of the Government of the Hong Kong Special Administrative Region in the Mainland and Taiwan in 2014-2015

(LC Paper No. CB(1)15/15-16(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)15/15-16(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)15/15-16(05) -- Paper on the work of the overseas Hong Kong Economic and Trade Offices and the Offices of the Government of the HKSAR in the Mainland and Taiwan prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

3. 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 the Offices of the Government of the Hong Kong Special Administrative Region ("HKSAR") in the Mainland and Taiwan since the last report in October 2014. Details of the work of these offices were set out in the Administration's papers (LC Paper Nos. CB(1)15/15-16(03) and (04)). PSCIT said that in order to tap the emerging markets in the Association of Southeast Asian Nations ("ASEAN"), the Administration planned to set up a new ETO in Jakarta in 2016. He then invited the representatives of some ETOs and the Office of the Government of the HKSAR in Beijing ("BJO") to brief the Panel on their work progress.
4. Commissioner for Economic and Trade Affairs, USA ("C, USA") briefed members on the political and economic landscape of the United States ("US"), and gave an update on a series of activities promoting Hong Kong's art and culture launched by the three ETOs in Washington, New York and San Francisco. C, USA highlighted that the US presidential election would take place in 2016. The Washington ETO would closely monitor the situation and the potential ramifications on Hong Kong, and adjust its liaison and public relations strategy as necessary.
5. Special Representative for Hong Kong Economic and Trade Affairs to the European Union ("SREU") briefed members on the economic situation of the European Union, and the work of the three ETOs in Brussels, London and Berlin in promoting Hong Kong's bilateral relations with the European countries in various areas, including trade and economic relations, investment promotion, and arts and cultural exchanges. Looking ahead, the ETOs in Europe would continue to promote Hong Kong as a "super-connector" between the Mainland and the European countries to complement the national "One Belt, One Road" strategy.
6. On the Doha Development Agenda negotiations of the World Trade Organization, Permanent Representative of the Hong Kong Special Administrative Region of China to the World Trade Organization ("PR to WTO") reported that progress in the negotiations had been slow, owing to the very different positions held by WTO members in some key negotiation areas. WTO members would continue to work towards a substantive outcome at the Tenth Ministerial Conference to be held in Nairobi, Kenya in December 2015. PR to WTO further advised that apart from engaging in multilateral negotiations, Hong Kong also participated in the negotiations of plurilateral trade agreements, including the Trade in Services Agreement, as well as the Information Technology Agreement and the Environmental Goods Agreement that aimed at eliminating tariffs on a

wide range of information technology and environmental goods respectively.

7. Director, BJO reported BJO's continued efforts in supporting Hong Kong enterprises and Hong Kong residents living, working, studying or doing business in the Mainland. 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. Director, BJO highlighted that the Liaoning Liaison Unit under the BJO commenced operation in Shenyang in December 2014 to assist Hong Kong people and enterprises to better capitalize on the opportunities brought about by the rapid development of the northeastern region. The Liaoning Liaison Unit was dedicated to strengthening HKSAR's connection with the northeastern region of China by enhancing Government-to-Government co-operation.

8. Director, Hong Kong Economic and Trade Affairs, Shanghai updated members on the work progress of the Shanghai ETO in enhancing economic and trade co-operation between Hong Kong and the region under the ETO's purview, and providing appropriate information and assistance to Hong Kong enterprises and Hong Kong residents working, studying, living or doing business in the region. She reported that the Shandong Liaison Unit under the Shanghai ETO commenced service in Jinan of Shandong Province in April 2015. Through enhanced communication with local governments and trade organizations, the Shandong Liaison Unit aimed to further broaden its network to facilitate economic, trade and cultural exchanges and co-operation between Hong Kong and Shandong Province, and assist Shandong enterprises in using Hong Kong as a platform to "go global".

9. Director, Hong Kong Economic and Trade Affairs, Singapore reported the work of the Singapore ETO in promoting bilateral economic, trade and cultural relations between Hong Kong and the ten member countries of ASEAN. He said that the Singapore ETO had actively promoted, among others, Hong Kong as an international financial centre, the premier offshore Renminbi centre, and its unique role as the "super-connector" between the Mainland and ASEAN. The negotiation of the Hong Kong-ASEAN Free Trade Agreement ("FTA") was progressing smoothly, with the fourth round of negotiation completed in Singapore in July 2015. The establishment of a FTA between ASEAN and Hong Kong would no doubt foster closer economic partnership in the region. The Singapore ETO would continue to enhance Hong Kong's presence in and further integration with ASEAN to complement the national "One Belt, One Road" strategy.

10. Principal Hong Kong Economic and Trade Representative, Tokyo briefed members on the latest economic situation of Japan and Korea, and gave an update on the work of the Tokyo ETO in promoting Hong Kong and fostering closer bilateral relations with both Japan and Korea, including Government-to-Government contacts, business promotion, cultural and public events. The Tokyo ETO would continue to coordinate the efforts of Invest Hong

Kong, Hong Kong Trade Development Council and Hong Kong Tourism Board in major events and partner with local organizations to maximize reach and impact, and leverage on visits of Principal Officials or Hong Kong delegations to widen the network and cultivate relationship.

Discussion

Trans-Pacific Partnership

11. Referring to the successful conclusion of the negotiations of the Trans-Pacific Partnership ("TPP") among 12 economies, including the US and some of Hong Kong's major trading partners, Mr Andrew LEUNG and Mr CHUNG Kwok-pan expressed concern about the potential impact of the TPP on Hong Kong. Mr CHUNG called on the Administration to actively consider joining the TPP as it would encourage the industrial sector, such as the textile industry, to relocate their business and factories back to Hong Kong, and facilitate the export of Hong Kong products to the TPP economies, thereby diversifying Hong Kong's industries.

12. C, USA responded that the full text of the TPP Agreement had not yet been finalized and released. It was expected that the TPP Agreement would not enter into force in the near future as the completion of the drafting of the agreement and the necessary internal procedures by all the parties to the agreement would take time. The Washington ETO would continue to keep a close watch on the developments of the TPP, and report to relevant bureaux/departments when appropriate. PSCIT said that the Administration supported further trade liberalization among various economies, and was open to exploring the possibility of entering into FTAs with other economies, such as the TPP, so long as they were in Hong Kong's interests and were consistent with the principles and provisions of the WTO. PSCIT reiterated that the Administration had commenced FTA negotiation with ASEAN, which was progressing smoothly.

13. Mr Martin LIAO noted that given the slow progress of the Doha Development Agenda negotiations of the WTO, there appeared to be a trend for WTO members to forge bilateral and plurilateral agreements outside the WTO framework in the recent decade, such as the TPP and the Transatlantic Trade and Investment Partnership between the US and the European Union. He was concerned that the relevant agreements would create trading blocs that set out discriminatory trade rules against non-contracting countries, thereby posing a threat to the WTO and undermining the multilateral trading system.

14. In response, PR to WTO advised that WTO agreements were unique and particularly effective in facilitating world trade, given that they were multilateral agreements applicable to all WTO members, and that there were measures to assist

developing and the least developed countries to access to the world market. As WTO members remained supportive of the multilateral trading system of WTO, the Administration considered that bilateral and plurilateral agreements forged by WTO members could be seen as building blocks for the progressive liberalization of international trade. They were therefore complementing, rather than replacing the multilateral trading system, and would not undermine the importance of the WTO. PR to WTO added that the bilateral and plurilateral agreements should be consistent with WTO rules, and WTO members which were not parties to plurilateral agreements such as the Information Technology Agreement and Environmental Goods Agreement would also benefit by virtue of the most-favoured nation principle.

The national "One Belt, One Road" strategy

15. Referring to the "One Belt, One Road" strategy announced by the Central People's Government, Ir Dr LO Wai-kwok and Mr Jeffrey LAM urged the Administration to make the necessary preparations to actively lead and support Hong Kong's business and professional services sectors and various industries to seize the business opportunities arising from the "One Belt, One Road" strategy, and to ensure timely dissemination of the latest information and relevant policies to Hong Kong enterprises. Ir Dr LO suggested that a dedicated team be set up to better coordinate and take forward the relevant initiatives among the bureaux/departments concerned. Mr LAM called on the Administration to allocate additional resources for the ETOs in the "One Belt, One Road" region, and consider setting up new ETOs in the region.

16. PSCIT took note of members' suggestion for better coordination among the bureaux/departments concerned. He said that the Administration would pay close attention to the Mainland's strategy planning and policy measures relating to the "One Belt, One Road" strategy, and organize forums or seminars, as well as trade missions to the "One Belt, One Road" countries, so as to enhance the business sector's understanding of the "One Belt, One Road" strategy. Efforts would also be made to enhance Hong Kong's economic and trade relations with the "One Belt, One Road" countries, including negotiating FTAs and agreements for avoidance of double taxation so as to assist Hong Kong enterprises to tap the markets of these countries.

17. PSCIT further advised that the Administration planned to set up a new ETO in Jakarta of Indonesia, which was one of the countries on the 21st Century Maritime Silk Road. The Panel would be consulted on matters related to the establishment of the new ETO before the approval of the Finance Committee was sought. On the need for setting up new ETOs in other emerging economies, the Administration would, taking into account Hong Kong's economic and trade relations with these economies, 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 the ETOs.

Promoting Hong Kong's image

18. Dr LAM Tai-fai and Dr CHIANG Lai-wan expressed concern whether media reports on the Occupy Movement and the voting down of the constitutional reform proposal by the Legislative Council would adversely affect the image of Hong Kong and arouse international community's concern about the social and political stability of Hong Kong, thereby discouraging foreign investment to Hong Kong. Dr LAM enquired how overseas ETOs addressed their interlocutors' concerns in this regard. Referring to media coverage about a recent case of assault on a Mainland visitor and sentiments against Mainland visitors, Mr Jeffrey LAM and Dr CHIANG Lai-wan urged the Mainland ETOs to step up publicity on Hong Kong's hospitality for tourists so as to rebuild Mainland visitors' confidence in visiting Hong Kong.

19. In response, C, USA and SREU advised that the overseas ETOs had regular contacts with interlocutors of their respective coverage to brief them on Hong Kong's latest development, including the implementation of "One Country, Two Systems" and the Basic Law. On the constitutional development in Hong Kong over the past months, the interlocutors were briefed on the decision of the Standing Committee of the National People's Congress adopted on 31 August 2014 and the provisions of the Basic Law in relation to the method for selecting the Chief Executive by universal suffrage. Efforts had also been made to put across the message to overseas business communities that Hong Kong remained a free and safe society and that the Occupy Movement did not have a substantial impact on Hong Kong's overall business environment.

20. PSCIT said that promotion of inward investment was one of the major works of the ETOs. Hong Kong was the second largest foreign direct investment recipient in the world in 2014. The Investment Promotion Units of the overseas ETOs would continue to expand its contact network and co-operate with multipliers to promote Hong Kong as a prime location for investment and doing business. He added that the Administration would update the Panel on the work progress of Invest Hong Kong in promoting inward investment in year 2015 at the regular Panel meeting in February 2016.

21. Director, BJO advised that BJO and the Mainland ETOs had briefed their interlocutors in the Mainland authorities and business communities on Hong Kong's latest situation. Various activities were organized to promote a positive image of Hong Kong and to enhance Mainland people's overall understanding of Hong Kong. In particular, emphasis was made that the majority of the Hong Kong people considered the recent incidents of harassment of Mainland visitors

and anti-parallel protests unacceptable.

Promoting cultural co-operation and exchanges

22. Mr MA Fung-kwok reiterated his suggestion that the Administration should actively consider retitling the ETOs to better reflect their role on cultural promotion. He was pleased to note that in the past year, the ETOs had invited Hong Kong's performing arts groups to perform in arts and cultural events to promote cultural co-operation and exchanges between Hong Kong and the cities under their respective coverage. Referring to the Twelfth National Exhibition of Fine Arts held in the Mainland at the end of last year, Mr MA relayed the views of the local visual arts sector that the Administration had not provided adequate support for their participation in visual arts events held outside Hong Kong. He called on the Administration to better coordinate the division of responsibilities among the relevant bureaux/departments/ETOs in supporting local cultural and arts workers' participation in major cultural and arts activities held outside Hong Kong.

23. PSCIT responded that the Home Affairs Bureau ("HAB") maintained close liaison with overseas and Mainland ETOs to promote outbound cultural exchange activities. While HAB would invite the ETOs to include the performances of local artists and art groups in their promotion programmes, the ETOs would also invite Hong Kong's performance groups to participate in ETO-initiated arts and cultural exchange activities, and sponsor the performance of visiting performance groups to promote Hong Kong's vibrant arts and cultural scene.

24. Director-General, Hong Kong Economic and Trade Affairs, London said that to promote Hong Kong film culture in London, the London ETO recently supported the showing of a Hong Kong film competing in the London Film Festival, and held a reception on 16 October 2015 to mark the screening. Director, Hong Kong Economic and Trade Affairs, Toronto said that the Toronto ETO had assisted an international art gallery in Vancouver in organizing an exhibition showcasing the works of Hong Kong and Mainland artists.

Other roles and functions of the ETOs

25. Dr CHIANG Lai-wan called on the overseas ETOs to continue to closely monitor the political and economic development in the countries/places within their respective purviews. She requested the overseas ETOs and the offices in the Mainland and Taiwan to include in the future work report their observations on any legislative proposals, government policies, and regulatory measures that might affect Hong Kong, and where appropriate, make recommendations for enhancing the bilateral economic and trade relations between Hong Kong and the relevant countries/places within their purviews. The Administration took note of Dr

CHIANG's views and suggestion.

IV. Trade relations between Hong Kong and Taiwan

(LC Paper No. CB(1)15/15-16(06) -- Administration's paper on trade relations between Hong Kong and Taiwan

LC Paper No. CB(1)15/15-16(07) -- Paper on trade relations between Hong Kong and Taiwan prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

26. At the invitation of the Chairman, Director, Hong Kong Economic, Trade and Cultural Office (Taiwan) ("Director, HKETCO") briefed members on the latest developments of the trade relations between Hong Kong and Taiwan and the work of the HKETCO in 2014-2015, covering the key areas of trade promotion, investment promotion, cultural promotion and public relations work. Details of the latest developments were set out in Administration's papers (LC Paper Nos. CB(1)15/15-16(04) and (06)).

Discussion

Trade promotion

27. Mr MA Fung-kwok enquired about the latest situation of the establishment of a comprehensive and institutionalized economic and trade co-operation arrangement between Hong Kong and Taiwan, and the expected benefits to be brought about to the creative industries in Hong Kong by such economic and trade co-operation arrangement.

28. In response, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") advised that the Administration had expressed the wish of establishing with Taiwan a co-operation framework similar to the Mainland and Hong Kong Closer Economic Partnership Arrangement or the Cross-Straits Economic Co-operation Framework Agreement to the Taiwan side on a number of occasions. The Administration would continue to follow up closely with the Taiwan side through the platform of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council and the Taiwan-Hong Kong Economic and Cultural Co-operation Council with a view to starting substantive discussions on forging a closer co-operation

arrangement as early as possible. The Administration would take into consideration members' views about the cultural and creative industries when discussing the arrangement with the Taiwan side in future.

29. In response to Dr LAM Tai-fai's concern about the impact of the outcome of the 2016 Taiwan elections on cross-Straits relations and the trade relations between Hong Kong and Taiwan, Director, HKETCO said that it was not appropriate to comment on the political landscape and the coming elections in Taiwan, and HKETCO would closely monitor whether the development therein would affect cross-Straits and Hong Kong-Taiwan trade and economic co-operation.

Tourism

30. Dr LAM Tai-fai enquired about the general sentiments of Taiwan people on the increasing number of Mainland visitors to Taiwan under the Mainland's Individual Visit Scheme. In response, PSCIT advised that the Individual Visit Scheme for Mainland residents to visit Taiwan was launched in June 2011. As at September 2015, residents of over 40 Mainland cities were eligible to apply for individual visit endorsements to visit Taiwan, subject to a daily quota of 5 000. Director, HKETCO said that according to media reports in Taiwan, the number of Mainland visitors to Taiwan had dropped in recent months.

V. Any other business

31. The Chairman informed members that he and the Deputy Chairman would meet with the Secretary for Commerce and Economic Development to discuss the work plan of the Panel for the 2015-2016 session. The Chairman invited members to notify the Secretariat in writing by 26 October 2015 if they wished to propose any discussion items for the Panel meetings to be held from December 2015 to June 2016.

32. There being no other business, the meeting ended at 4:33 pm.