

**For Information  
on 13 January 2009**

**Legislative Council Panel on Commerce and Industry**

**Enhancement of economic and trade co-operation  
Between Hong Kong and Taiwan**

This paper briefs Members on the measures to enhance co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism.

**Hong Kong Trade Development Council (TDC)'s Taipei Office**

2. Taiwan was the fourth largest trading partner of Hong Kong in 2007 with a total trade value amounting to over HK\$258 billion. From January to November 2008, the total trade value was about HK\$232 billion.

3. The Hong Kong Trade Development Council (TDC) has been actively promoting trade and economic cooperation between Hong Kong and Taiwan. It established a consultant office to carry out trade promotion work in 1988. Recently, TDC has set up its own office in Taipei to step up its efforts in promoting Hong Kong as a business platform and establishing contacts with senior business leaders in Taiwan. This is to ensure that Hong Kong will be positioned to take advantage of the business opportunities arising from the improving trade and economic relations between the Mainland and Taiwan. The Taipei Office has commenced operation since late 2008.

4. The Taipei Office provides a wide range of marketing, market intelligence, business matching and promotion services, with a view to facilitating and encouraging Taiwanese enterprises to identify suppliers and to expand their Mainland and international markets through the Hong Kong platform. At the same time, the Office also assists Hong Kong companies to promote their products and services and expand their markets in Taiwan through online and print media, exhibitions, conferences, seminars, roadshows and other activities. In this connection, the Office has developed a comprehensive and well-structured programme for 2009. The tentative list of the major promotion activities are set out at the **Annex**.

## **Investment Promotion**

5. Taiwan is a major source of inward direct investment (IDI) in Hong Kong. As at the end of 2007, Taiwan was the tenth major source of IDI in Hong Kong with an IDI stock of HK\$39.9 billion. In June 2008, there were 26 regional headquarters, 158 regional offices and 149 local offices in Hong Kong representing Taiwan companies. Hong Kong's unique advantages, e.g. the Closer Economic Partnership Arrangement between Hong Kong and Mainland, low tax rate and a simple tax regime, are major attractions to Taiwan businesses.

6. In view of the business potential of Taiwan, InvestHK has been stepping up efforts in tapping IDI from Taiwan. Its work includes promoting Hong Kong's investment environment, identifying potential investors and providing advisory and other support services to these investors. Since May 2006, InvestHK has hired a Taiwan consultant to cater specifically for the Taiwan market.

7. Looking ahead, InvestHK will strengthen its partnership with chambers of commerce, trade organizations and professional bodies in Taiwan, and also plans to explore future cooperation opportunities with organisations such as the Taiwan External Trade Development Council (TAITRA) and the Taiwan Chamber of Commerce. These organizations have a huge membership base and network and are valuable partners to InvestHK when it organises investment promotion activities. InvestHK will also liaise closely with the TAITRA's office in Hong Kong to exchange information of mutual interest. At the same time, InvestHK will continue to call on potential investors and engage more actively in Taiwan-oriented large-scale promotion activities such as seminars, investment environment promotion conferences and international trade exhibitions held in Taiwan.

## **Tourism**

8. Taiwan is Hong Kong's second largest visitor source. From January to November 2008, there were over 2.06 million visitor arrivals from Taiwan, an increase of 1.2% over the same period in 2007.

9. To attract more Taiwan visitors, the Hong Kong Tourism Board has adjusted its promotion efforts in Taiwan by opening up new visitor sources in cities like Kaohsiung and Taichung, and strengthening its promotion of new tourist attractions such as Hong Kong Disneyland and Ngong Ping 360, as well as novel travel themes such as Halloween, WinterFest and fun places along the tram route, in order to attract more

family and young visitors from Taiwan.

10. In cooperation with the travel trade, we will continue to enhance tourism promotion in Taiwan and develop more “multi-destination” itineraries as well as MICE (Meetings, Incentives, Conventions and Exhibitions) tourism so as to open up more visitor sources. At the same time, two new measures to facilitate Taiwan tourists to visit Hong Kong, namely lifting the restriction that only two iPermits can be applied within 30 days and extending the period of stay in Hong Kong from 14 days to 30 days for holders of iPermits and Multiple Entry Permits, were implemented with effect from 1 January 2009.

### **Facilitating Exchanges between Hong Kong and Taiwan**

11. The Economic Analysis and Business Facilitation Unit of the Financial Secretary’s Office organized the “Economic Forum on the Development of the Mainland, Taiwan and Hong Kong” on 29 October 2008. Distinguished economists and financial services professionals from the Mainland, Taiwan and Hong Kong were invited to examine and discuss the unique comparative advantages of the three places and the direction for further economic integration. The forum has not only provided the opportunity for economists from the three places to exchange their views, but has also enhanced Hong Kong participants’ understanding of the economic developments of the two sides across the Taiwan Straits, and facilitated the discussion of related policy proposals to foster regional economic integration.

### **Hong Kong-Taiwan Business Co-operation Committee**

12. To facilitate direct communication between enterprises of Hong Kong and Taiwan and to foster closer co-operation in areas such as trade, investment and tourism, we are encouraging the establishment of a Hong Kong-Taiwan Business Co-operation Committee (Committee). Similar to the Hong Kong-United States Business Council, Hong Kong-Japan Business Co-operation Committee and Hong Kong-European Union Business Co-operation Committee, TDC will be the secretariat. There would be no government officials on the Committee though they may attend its meetings or activities as advisors. We hope that the Committee could be established in early this year.

**Commerce and Economic Development Bureau  
January 2009**

**A tentative list of key promotion activities of  
the TDC Taipei Office in 2009**

*Promoting Hong Kong's service industries*

- organising business missions to Taiwan
- organising a business mission of the Taiwanese real estate and infrastructure sectors to Hong Kong
- exploring co-operation opportunities between R&D (research and development) organisations and the design sectors of Hong Kong
- inviting Taiwanese film industry to attend the Filmart in Hong Kong
- promoting Hong Kong's exhibition industry in partnership with Hong Kong Exhibition and Convention Industry Association through seminars and press conferences in Taiwan
- inviting Taiwanese companies to join the Asian Financial Forum in Hong Kong

*Promoting Hong Kong products and business platform*

- coordinating the recruitment and participation of Taiwanese exhibitors and buyers for over 30 TDC trade fairs in Hong Kong
- organising a grand promotion for the Hong Kong Convention and Exhibition Centre Atrium Link Extension project and the 20<sup>th</sup> Anniversary of the Hong Kong Book Fair in Taipei
- organising roadshows in Taiwanese cities to promote the Hong Kong business platform

*Promoting Technology Co-operation*

- organising a Hong Kong high technology/information technology mission to showcase their products in the Computex computer show in Taiwan

*Joint Promotion in the Mainland market*

- organising a joint promotion with the relevant agencies in Taiwan to promote selected consumer products (particularly branded products) in a Mainland city