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Panel on Development

Meeting on 24 February 2009

Background brief on Lok Ma Chau Loop

Purpose

This paper provides background information on the Lok Ma Chau Loop (the Loop) and a summary of the concerns and views expressed by Members on the development of the Loop in recent years.

The Loop

2. The Loop with an area of about 96 ha is located inside the Frontier Closed Area (FCA) with restricted access. It is not covered by any statutory plan and has no basic infrastructure. Upon completion of Stage I of the Shenzhen River Regulation Project including the Loop section in May 1997, the administrative boundary between Hong Kong and Shenzhen in the area has followed the centre line of the new river channel. The Loop, which lies to the south of the centre line of the new river channel, has been delineated as part of the Hong Kong Special Administrative Region administrative area. It has been used as a dumping ground for contaminated and uncontaminated mud dredged from the Shenzhen River. Reinstatement and landscaping of the Loop area were completed by the Drainage Services Department in 2000.

Study on the possible development of the Loop in the HK2030 Study and public comments

3. The development of the Loop was examined in the Hong Kong 2030: Planning Vision and Strategy (HK2030 Study)¹. In the Stage 3 Public Consultation Booklet published in November 2003, there was the suggestion that given its proximity to the Lok Ma Chau control point, the Spur Line and Shenzhen's central business district, the Loop had the potential of being developed to a "trade expo" or a special economic node. The Loop might also have the potential to be developed for other economic activities, such as high value-added, high-tech production and logistics activities. The relevant extract from the Public Consultation Booklet is given in **Appendix I**

4. According to the Stage 3 Public Consultation Report of the HK 2030 Study, the future of FCA including possible development of the Loop, development density and development patterns were most widely commented during the consultation period. Regarding the development of the Loop, views were rather diverse. Those who raised objection to the 'trade expo' proposal were mostly concerned with the potential impacts on the environment and its cost-effectiveness. Those in support of development included some representatives of the Chambers of Commerce, and there were various suggestions on the future uses of the Loop area. The relevant extract from the Public Consultation Report is given in **Appendix II**.

Partnership with Shenzhen on development of the Loop

5. The Loop is one of the 10 Major Infrastructure Projects announced by the Chief Executive in the 2007-2008 Policy Address. In the Policy Address, the Chief Executive announced the partnership with Shenzhen to jointly establish a high level coordinating mechanism to explore the feasibility of developing the Loop to the mutual benefits of both sides, and steer further research and planning work on other cross-boundary issues.

6. Under the "Co-operation Agreement on Recently Initiated Major Infrastructural Projects" signed by Hong Kong and Shenzhen on 18 December 2007, the Hong Kong-Shenzhen Joint Task Force on Boundary District Development (Joint Task Force) was set up to co-ordinate, liaise and steer work on the studies in relation to the planning and development of land in the boundary district.

¹ The HK2030 Study is a comprehensive review of Hong Kong's territorial development, aiming to formulate a broad planning framework to guide the future development of Hong Kong up to year 2030. The Administration had consulted three rounds of public consultation for the Study in early 2001, early 2002 and end 2003/early 2004 respectively. The Final Report of the Study was published in October 2007.

7. According to a paper provided by the Administration in April 2008, as the Loop is situated in the upstream of Mai Po Inner Deep Bay Ramsar Site, and the wetland around the Loop has very high ecological value, the Hong Kong and Shenzhen Governments would carry out careful studies and technical analysis on the development of the Loop to ensure that the existing ecology of the area will not be affected by development. In taking forward any land use and development proposals, the environmental impacts and any mitigation measures required would be taken into consideration.

8. According to another paper provided by the Administration in October 2008, at its meeting held on 18 September 2008, the Joint Task Force was briefed on the findings of the public engagement exercise undertaken separately in Hong Kong and Shenzhen in June/July 2008 to collect community views on the possible future land uses for the Loop. The possible land uses that are supported by respondents in both Hong Kong and Shenzhen are tertiary education, hi-tech research and development (R&D) and creative industries. On this basis, the two Governments will conduct more in-depth discussions with major stakeholders in the following months, with a view to deciding on the specific land uses and the development model.

Views and concerns of Members

9. At the Council meeting on 11 February 2004, the Legislative Council passed a motion urging the Government to discuss with the Shenzhen Municipal Government to explore the setting up of a Hong Kong-Shenzhen river-loop area development company to jointly develop a border river-loop industrial zone. The wording of the motion is given in **Appendix III**.

10. The Legislative Council passed another motion on 2 November 2005 urging the Government to devise an overall strategy to comprehensively develop the border area, including the Loop, so as to create new growth areas for Hong Kong's economy, while ensuring that the development plan is in line with the principles of sustainable development and nature conservation. The wording of the motion is given in **Appendix IV**.

11. At the meeting of Panel on Development on 27 May 2008, when the Administration briefed the Panel on the work of the Joint Task Force, members expressed the view that there should be good coordination between the planning, for the Loop and that for the Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling New Development Areas (i.e. the Three-in-One New Development Area Scheme), particularly on the provision of transport infrastructure. There was a

suggestion that consideration could be given to establishing a pharmaceutical product testing and certification centre at the Loop.

Recent development

12. According to a press release of the Administration, the Hong Kong and Shenzhen sides signed a co-operation agreement on the Joint Comprehensive Study of the Lok Ma Chau Loop on 13 November 2008 to kick off the relevant preparatory work. It is planned that consultants will be engaged in mid-2009 to undertake the planning and engineering feasibility study. On the land use aspect, both sides initially considered that higher education might be developed as the leading land use in the Loop with high-tech research and development facilities and creative industries incorporated. The idea would provide impetus for human resources development in the South China region and enhance the competitiveness of the Pearl River Delta, as well as benefit the long-term economic development of the two cities.

13. The Administration will brief the Panel on Development on the proposed planning, environmental and engineering study for the Loop on 24 February 2009. The Administration intends to submit the funding proposal to the Public Works Subcommittee and Finance Committee for consideration in early April and late April 2009 respectively.

Relevant papers

14. A list of the relevant papers is in **Appendix V**.

**Extract from the Study on Hong Kong 2030: Planning Vision and Strategy -
Stage 3 Public Consultation Booklet**

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Use of the Frontier Closed Area

With rapid development in Shenzhen adjacent to the boundary, there are public concerns regarding the contrasting development forms between Hong Kong's Frontier Closed Area (FCA) and Shenzhen and the need to provide better integration.

Despite its size of about 2,800 hectares, there are a number of constraints which considerably limit the development potential of the FCA, including hilly terrain, and the presence of sites of ecological and conservation value, traditional villages and burial grounds. Improvements to accessibility as well as provision of adequate sewerage and sewage treatment facilities will be required before development in some parts of the FCA can take place. Within the FCA, we have identified three locations, i.e. the Lok Ma Chau Loop, Heung Yuen Wai and Kong Nga Po, as having potential for special uses that warrant a boundary location. Other more passive uses, such as eco-tourism and cultural tourism, could also be considered for other parts of the FCA, such as Sha Tau Kok.

Given its proximity to the Lok Ma Chau control point, the Spur Line and Shenzhen's central business district, the Lok Ma Chau Loop (the Loop) has the potential of being developed to a "trade expo" or a special economic node. Subject to the proper provision of cross-boundary facilities and mutual arrangements between Hong Kong and Mainland authorities, the Loop could allow free entry of Hong Kong residents, overseas visitors and Mainlanders. It could reinforce Hong Kong's continued role as "Mainland's springboard to the world" and provide a venue for Mainland provinces/cities (especially those inner provinces/cities in the Western Region) to set up exhibition facilities and offices to attract foreign investments and promote their own products. At the same time, international firms could establish their bases at the "trade expo" for doing business with the Mainland, such as sourcing activities. The "trade expo" could also serve as a one-stop business centre for legal, accounting and other professional services. As the Loop is located within the boundary of the HKSAR, developing a business centre there could be particularly attractive because the execution of business agreements there could follow and be protected under Hong Kong's legal system.

The Loop may also have the potential to be developed for other economic activities, such as high value-added, high-tech production and logistics activities.

As for Heung Yuen Wai and Kong Nga Po, while there is no immediate development needs, consideration could be given to the development of cargo transit/logistics facilities or entertainment uses in the long term to make use of their strategic locations. Further studies and discussion with relevant stakeholders will be required to ascertain the feasibility of opening up the three FCA locations for development.

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**Extract from HK 2030 : Stage 3 Public Consultation Report -
Section II - Overview of Key Comments**

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Frontier Closed Area and Lok Ma Chau Loop

26. Most query the need for the FCA and considered that it should be opened up for development. In view of environmental and ecological considerations, majority of the commentators cast doubts on the cost effectiveness of developing the FCA and are of the view that the land in the FCA should more or less be maintained in the present state or developed for recreational / eco-tourism use for enjoyment of the public at large. However, villagers in the N.T., particularly those in the FCA, requested that development inside the FCA should be permitted. Priority should be given to the land under their ownership and not the 'Loop' as proposed in the HK2030 Consultation Booklet.

27. With respect to the proposed development of the LMC Loop for a 'trade expo', views are rather diverse. Many raise objection to the proposal in view of the environmental considerations, cost-effectiveness, lack of infrastructure and priority of development.

28. There are reservations to the suggestion of developing the LMC Loop as a 'trade expo'. Various Chambers of Commerce have put forward other suggestions on the future use of the area including an industrial zone (subject to there being free import of Mainland labour and land being offered free or at a very low rate), research and development base (subject to importation of Mainland experts and labour being allowed), retail outlets and entertainment centres and institutions for education and science research. Separately, the Legislative Council has passed a motion requesting the early development of the LMC Loop for a border industrial zone with supportive measures and incentives.

29. On the other hand, most of the participants at the Focus Meeting, mainly the N.T. villagers who own land inside the FCA but outside the LMC Loop, representatives of the professional institutes, green groups and academics, raise objection to the development of the LMC Loop in view of the environmental considerations, cost-effectiveness, lack of infrastructure and priority of development.

30. There are few comments on the need for additional cross-boundary transport infrastructure, i.e. over the long-term in terms of whether we should

enhance the existing cross-boundary facility at Sha Tau Kok or develop an 'Eastern Corridor' for better access to eastern Guangdong.

Government's Response

31. The Government is reviewing the coverage of the FCA and will consult the public on the findings as soon as the review and the related work are completed.

32. Based on the previous comments received in the Stage 2 Public Consultation, i.e. FCA should be used for strategic uses requiring a frontier location, a preliminary planning study on the development potential of FCA was undertaken as part of HK2030 Study. It is found that there are a number of constraints which considerably limit the development potential of the FCA, e.g. hilly terrain, general lack of infrastructure, sites of ecological and conservation values, traditional villages and burial ground. Therefore, only three areas have been identified as having long-term development potential including LMC Loop, Heung Yuen Wai and Kong Nga Po. Nevertheless, we will bear in mind the comments that have been raised in further considering the development and future uses of the FCA. Views will also be taken into account in the future assessment of the FCA.

33. With respect to the LMC Loop, it is close to the Shenzhen Futian commercial area, which will be the administrative, cultural and commercial centre within the Central Urban Cluster under the Shenzhen Comprehensive Plan (1996 – 2010). Besides, the LMC Loop is near the existing Huanggang crossing and the proposed LMC Station of the LMC Spur Line. According to the study on FCA, LMC Loop has the potential of being considered for use as a 'trade expo' as an initial concept in view of its strategic location. At the meeting with the Shenzhen officials led by Mayor Li Hongzhong on 17 June 2004, the Chief Secretary for Administration and Mayor Li exchanged preliminary views on the development of the LMC Loop. As the development of the LMC Loop will involve a number of issues, including land-use rights, treatment of contaminated mud, environmental concerns, provision of supporting infrastructure and transport network as well as development costs, both sides agreed that further discussion and study need to be conducted. We will reconsider the future use(s) of the LMC Loop in the light of the comments received and the results of the joint study with the Mainland authorities.

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**Motion on Border Industrial Zone
passed at the meeting of the Legislative Council on 11 February 2004**

(This motion was moved by Mrs Sophie LEUNG
and amended by Mr SIN Chung-kai)

"That this Council urges the Government to expeditiously formulate planning and support measures which are conducive to the development of a border industrial zone, and take the initiative to consult the relevant mainland authorities with a view to seeking a synergy of the strengths of the Mainland and Hong Kong in supporting the development of the advantaged industries and related trades; the Government should also discuss with the Shenzhen Municipal Government to explore the setting up of a Hong Kong-Shenzhen river-loop area development company to jointly develop a border river-loop industrial zone, so as to attract local, mainland and foreign investors, promote Hong Kong's economic growth, and create more local employment opportunities."

**Motion on comprehensively developing the board area
passed at the meeting of the Legislative Council on 2 November 2005**

(This motion was moved by Mr WONG Ting-kwong
and amended by Mr SIN Chung-kai)

"That, as the Chief Executive has announced in his policy address the decision to significantly reduce the size of the closed area and to redraw the limits of the new closed area so as to release land for redevelopment, this Council urges the Government to expedite the completion of the realignment of the closed area and formulation of the planning proposals, and to devise an overall strategy on this basis to comprehensively develop the border area between Hong Kong and Shenzhen, so as to create new growth areas for Hong Kong's economy, promote co-operation between Hong Kong and Shenzhen, facilitate the development of Hong Kong's trade in services, industries and tourism, and create new employment opportunities; but given the presence of many sites of ecological and conservation value, such as wetlands and streams within the closed area, the Government must, in considering the development of these sites, ensure that the development plan is in line with the principles of sustainable development and nature conservation, and should conduct a comprehensive ecological assessment of the plan and then formulate suitable conservation measures and conduct planning in a prudent manner; the Government should also allow stakeholders, including green groups, to participate in the planning process with a view to ensuring that the policy of sustainable development can materialize."

Lok Ma Chau Loop

List of relevant papers

Council/Committee	Date of meeting	Paper
Panel on Planning, Land and Works	25 November 2003	LC Paper No. CB(1)384/03-04(03) (http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plw1125cb1-384-3e.pdf) LC Paper No. CB(1)384/03-04(04) (http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plw1125cb1-384-4e.pdf) LC Paper No. CB(1)818/03-04 (http://www.legco.gov.hk/yr03-04/english/panels/plw/minutes/pl031125.pdf)
Council meeting	11 February 2004	Hansard (second Members' motion, pages 3584-3616) (http://www.legco.gov.hk/yr03-04/english/counmtg/hansard/cm0211ti-translate-e.pdf)
Council meeting	2 November 2005	Hansard (second Members' motion, pages 1416-1477) (http://www.legco.gov.hk/yr05-06/english/counmtg/hansard/cm1102ti-translate-e.pdf)
Panel on Development	27 May 2008	Administration's paper on "The Work of Hong Kong-Shenzhen Joint Task Force on Boundary District Development" (LC Paper No. CB(1)1273/07-08(06)) http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0422cb1-1273-6-e.pdf Minutes of meeting (LC Paper No. CB(1)2309/07-08) http://www.legco.gov.hk/yr07-08/english/panels/plw/minutes/de080527.pdf