

**Motion on “Actively participating in the ‘National Twelfth Five-Year Plan’”  
moved by the Hon WONG Ting-kwong  
at the Legislative Council meeting of Wednesday, 20 January 2010**

**Progress Report**

**Purpose**

At the Legislative Council meeting on 20 January 2010, the motion moved by the Hon Wong Ting-kwong, as amended by the Hon Miriam Lau Kin-ye, on “Actively participating in the ‘National Twelfth Five-Year Plan’” was carried. The wording of the passed motion is at Annex.

2. This report briefs Members on the work progress of the major areas covered in the Motion.

**Work Progress**

3. The Hong Kong Special Administrative Region (HKSAR) Government attaches great importance to the complementary work relating to the preparation of the National Twelfth Five-Year Plan (the Plan). We have been maintaining close liaison with the National Development and Reform Commission (NDRC) to take forward the relevant work. In this regard, the state leaders have indicated that in preparing the Plan, the Mainland authorities will keep the HKSAR Government informed of the planning progress and seek our views, so that we can have a full picture of the national situation and development directions. We will capitalize on this opportunity and continue to strengthen our liaison with the relevant Mainland ministries, with a view to complementing the preparation of the Plan under the principle of “One Country, Two Systems”.

4. Apart from our complementary work relating to the Plan, we are currently actively taking forward the formulation of a framework agreement for Hong Kong-Guangdong co-operation. The framework agreement will translate the macro policies in “The Outline of the Plan for the Reform and Development of the Pearl River Delta” into concrete measures conducive to the development of both places, with a view to incorporating the related initiatives into the Plan. We look forward to signing the framework agreement with the Guangdong Province as soon as possible.

5. In the recent meeting of the National People’s Congress, the state leader indicated in the annual work report that full support would be given to maintaining the long term’s prosperity and stability in Hong Kong and to consolidating and boosting its status as an international centre of financial services, trading and shipping. Support will also be given to the development of priority industries that enjoy competitive advantages so as to create new drivers for economic growth. This shows the support of the Central Government to Hong Kong’s economic development strategies of promoting pillar industries and the six priority industries. Progress on promoting these industries is set out below.

### Financial Services

6. On financial services, we are striving to develop Hong Kong into a capital formation centre, asset management centre and offshore Reminbi (RMB) business centre attracting capital and talent from within and outside the country. Also, we hope to fully leverage the role of Hong Kong as the testing ground for the country’s financial reform initiatives.

7. On the development of offshore RMB business, the Hong Kong Monetary Authority issued a regulatory circular on 11 February 2010 to provide an elucidation on the supervisory principles and the operational arrangements regarding the RMB trade settlement scheme and cross-border fund flows of RMB within the existing policy framework, with a view to simplifying the operational procedures and facilitating trade and investment. Meanwhile, we are engaging relevant Mainland authorities to actively explore how to further develop the RMB bond business in Hong Kong. On 5 March 2010, Vice-premier Wang Qishan expressed to the Chief Executive in Beijing that the Central Government was actively following up issues relating to the development of RMB business in Hong Kong.

8. On 19 January 2010, Hong Kong and Shanghai signed a Memorandum of Understanding Concerning Advancing Hong Kong-Shanghai Financial Co-operation to complement each other's strengths by enhancing co-operation in the development of securities and bond markets, encouraging mutual establishment of financial institutions, and training and exchange of financial talents.

#### Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

9. The HKSAR Government and the Central Government have embarked on a new round of consultation on further liberalization of service industries under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). We are jointly exploring an expansion of the scope of liberalization of the Mainland's service industries, so as to facilitate development of service industries on both sides, and to help Hong Kong enterprises further tap the vast Mainland market. Where certain liberalisation or facilitation measures may not be implemented across the nation, we will seek

to introduce such measures for early and pilot implementation in Guangdong Province. The HKSAR Government will continue to address problems that have arisen when the announced CEPA measures are put to implementation, through close liaison with the Mainland authorities at central, provincial and municipal levels.

### Port, Shipping and Logistics

10. In the National Eleventh Five-Year Plan, the Central Government unequivocally supports Hong Kong in the development of our logistics industry and in maintaining our position as an international shipping centre. In order to make use of the opportunities arising from the National Eleventh Five-Year Plan, the HKSAR Government established the Focus Group on Maritime, Logistics and Infrastructure under the Economic Summit on “China’s 11th Five-Year Plan and the Development of Hong Kong” to collect opinions and suggestions from the experts in the industry. The Government has been working with the industry and stakeholders to implement relevant measures proposed by the Focus Group in the past years.

11. In the port and shipping sector, the Government has implemented the multiple entry permit for river-trade vessels and simplified the related procedures, which helped lower the overall operating cost; provided land in close proximity to the Kwai Tsing container terminals by short-term tenancy for port back-up uses, including berth of barges; completed and announced the “Study on Hong Kong Port Cargo Forecasts 2005/06”; strengthened the Hong Kong Shipping Register’s Pre-registration Quality Control System and the application of electronic services; provided the Hong Kong Maritime Scholarship, and continued with a series of training incentive schemes relating to sea-going and ship repairing.

12. On the logistics front, the Government has through stepping up communication with Mainland authorities helped facilitate cross-boundary freight and reduce operating cost. We have also encouraged the trade to use information technology through training and providing sponsorship. Separately, having regard to the competitive advantages of Hong Kong, the Chief Executive announced in last year's Policy Address that a number of permanent sites in the Kwai Tsing area would be gradually released for the development of a logistics cluster. This would help facilitate the trade to migrate to handling high-value goods and providing high value-added services, thereby enhancing the long-term competitiveness of the sector.

### Tourism

13. On tourism, the Mainland has been very supportive of Hong Kong through overall planning and major policy directions.

14. Since its introduction in July 2003, the Individual Visit Scheme has played an important role in the development of Hong Kong's tourism and related industries, bringing significant benefits to the Hong Kong economy. In recent years, many Mainland cities are enjoying rapid economic development, with their citizens' spending power and travel sentiment increasing in general. We will continue to lobby for the designation of more Individual Visit cities.

15. The Central Government implemented new measures in 2009 to facilitate Shenzhen residents to visit Hong Kong. Among them, response to the one-year multiple-entry Individual Visit endorsement to visit Hong Kong for Shenzhen permanent residents rolled out in April 2009 is encouraging, with over 2.1 million visits to Hong Kong through this endorsement by the end of

February this year. We have obtained the Guangdong Provincial Government's support to continue to lobby the relevant ministries of the Central Government to extend these facilitation measures to the entire Guangdong Province.

16. At the same time, CEPA VI's measure to allow Mainland tour groups going to Taiwan to enter and remain in Hong Kong in transit, and the measure to allow Mainland tour groups to take cruise vessels homeporting in Hong Kong to Taiwan, will facilitate the development of "multi-destination" itineraries comprising of Hong Kong and Taiwan. The first cruise carrying Mainland tour groups from Hong Kong to Taiwan was completed smoothly in August 2009. We estimate that there will be more than 20 Hong Kong-Taiwan cruise tours this year. We have encouraged the local trade to join hands with their Mainland counterparts in making use of this opportunity in developing more Hong Kong-Taiwan "multi-destination" travel itineraries.

17. In addition, we are petitioning the Mainland to expand the scope of operation of Hong Kong travel agents in the Mainland, such as to operate tours going to Taiwan and outbound destinations, so as to provide more business opportunities for the Hong Kong travel trade.

#### Environmental Protection

18. On environmental protection, we are facilitating the local environmental technology service companies in applying for the qualification under CEPA. On participation of Hong Kong companies in the Clean Development Mechanism projects in the Mainland, the relevant arrangements have been announced in December 2009. As of to-date, we have received applications from a number of Hong Kong companies. As for the Cleaner Production Partnership Programme, its coverage has been revised to provide

technical support in the treatment and reduction of effluent discharges to Hong Kong-owned factories in the Pearl River Delta region. Furthermore, Governments on both sides have jointly promoted the establishment of a Solar Energy Research and Industrial Platform by DuPont under “Shenzhen Hong Kong Innovation Circle”. The DuPont Apollo Global Thin Film Photovoltaic Business Headquarters and Research and Development Centre was opened in March 2009, and established a relevant production base in Shenzhen.

19. Energy enterprises on both sides have been working closely on the implementation of the Memorandum of Understanding on Energy Cooperation, concluded between the National Energy Administration and the HKSAR Government in 2008. The extension of nuclear electricity supply to 2034 has been confirmed. PetroChina’s Shenzhen-Hong Kong spur line of the Second West-East Natural Gas Pipeline, and the liquefied natural gas terminal in Shenzhen to be jointly constructed by energy enterprises on both sides are anticipated to be completed in 2013. Energy enterprises on both sides are actively pursuing with the follow up work, including the construction of gas pipeline leading to Hong Kong.

20. The Steering Committee on the Promotion of Electric Vehicles under the leadership of the Financial Secretary was formed in April last year. The Committee recommends the strategy and specific measures to promote the use of electric vehicles (EVs) in Hong Kong, like enhancing cooperation with car manufacturers and conducting trials on EVs. In this year’s Budget, we propose to accelerate the tax deduction for capital expenditure on environment-friendly vehicles. Enterprises can enjoy a 100 per cent profits tax deduction in the first year under the proposal. As regards the development of EV charging facilities, we expect that by mid 2010, the Government and the two power companies will have set up EV charging points in more than 60 locations in Hong Kong. The

Environment Bureau has recently issued to the property management sector and car park operators a pamphlet on the setting up of EV charging facilities at car parks. The Electrical and Mechanical Services Department has also issued technical guidelines on the installation of charging facilities.

21. At present, we have developed green specifications for some 60 products commonly used by Government departments, and will actively apply them in the procurement process. The Environmental Protection Department is further devising green procurement guidelines of stores and services for Government departments, in order to promote the green procurement policy. Furthermore, the two current trial waste recycling centres for waste plastics and waste electrical and electronic equipment (WEEE) are being developed by non-profit making organizations Yan Oi Tong and St. James' Settlement respectively at the EcoPark. The waste plastics recycling centre started operation in March 2010 while the WEEE recycling centre is expected to commence operation in mid 2010.

22. The \$450 million Building Energy Efficiency Funding Scheme, which was launched in April last year under the Environment and Conservation Fund, has been well received. A total of 300 applications have been approved and the amount of funding granted exceeds \$66 million. We have also introduced the Building Energy Efficiency Bill into the Legislative Council in 2009. These building energy efficiency initiatives create new business opportunities for the electrical, mechanical, building services, environmental engineering and related sectors. They will also create job opportunities for engineers, technicians, workmen and engineering contractors in these sectors.

23. The Government announced in June last year that it would, with immediate effect, cease the purchase of tungsten filament lamps, and will switch

to environmentally-friendly light bulbs after the exhaustion of the stock of tungsten filament lamps. The Government also announced in last year's Policy Address a series of measures to promote the use of energy-efficient lighting installations, including a public consultation on proposals to progressively restrict the sales of incandescent light bulbs by legislation.

### Testing and Certification

24. On testing and certification, the Government set up the Hong Kong Council for Testing and Certification (HKCTC) in September 2009 to spearhead the development of the testing and certification industry. HKCTC is now formulating a three-year market-oriented development plan for the industry and will submit its plan to the Government shortly. It will make specific recommendations to increase the competitiveness of the industry, step up promotional effort in the Mainland and overseas, strengthen manpower support, and help the industry tap business opportunities in those areas with good potential.

25. The Government has initially allocated \$41 million in the next two years to support further development of the testing and certification industry. Additional resources will be provided as necessary. Furthermore, the Government will strengthen exchanges with the Mainland authorities on testing and certification and continue to pursue with the Mainland authorities through CEPA to seek their agreement to accept the testing reports of Hong Kong's accredited laboratories.

## Innovation and Technology

26. In addition to our ongoing efforts of promoting the development of innovation and technology through the provision of funding and technological infrastructure, we have recently launched / will launch a number of new measures to support the growth of this sector. These include:

- (i) Launching a \$200 million R&D Cash Rebate Scheme this April to encourage companies investing more in R&D and collaborating with our public R&D institutions.
- (ii) Increasing the grant under the Patent Application Grant Scheme from \$100,000 to \$150,000 to companies and inventors in their first patent applications.
- (iii) Implementing Phase 3 development of the Hong Kong Science Park which is target for completion in phases between 2013 and 2016.

## Creative Industries

27. Creative industries are one of the Hong Kong's six economic areas with high growth potential. Through the Create Hong Kong Office established last June, the Government will continue to liaise closely with the local industries to better understand their needs and work together with them on projects conducive to the promotion of the industries. The newly established \$300 million CreateSmart Initiative will also provide financial assistance to promote the industries' development.

## Medical Services

28. On development of medical industry, the Government has launched an expression of interest exercise on 14 December 2009 to solicit market interest in developing private hospitals at four reserved sites (at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau respectively). Interested parties are invited to provide response by 31 March 2010.

29. The Government will continue to step up the training of medical personnel and encourage the development and pooling of talents. The Hospital Authority has implemented a number of initiatives to enhance the training of healthcare professionals, including the implementation of new career development structures; re-opening some of the nurse training schools to train more nurses; and enhancing the specialist training for doctors, nurses and allied health professionals.

## Education

30. To further develop the education services, we will consider further relaxing the requirement to allow Mainland students to pursue studies in non-local programmes at degree level or above in Hong Kong. This measure will attract more world-renowned institutions to offer quality courses in Hong Kong, which will in turn, provide more education opportunities for people in Hong Kong, the Mainland and the region.

31. Furthermore, we will also explore the possibility of allowing Mainland senior secondary students to study in Hong Kong. For example, we may allow them to take short-term courses offered by our degree-awarding tertiary institutions, or pursue senior secondary education at non-public schools

in Hong Kong.

32. Regarding the possibility of allowing Mainland students to pursue studies at senior levels of non-public sector secondary schools, the Education Bureau has started to explore with other relevant government departments. Consultation with school sectors have also been kicked off.

Constitutional and Mainland Affairs Bureau

March 2010

**Motion on  
“Actively participating in the ‘National Twelfth Five-Year Plan’”  
moved by Hon WONG Ting-kwong  
at the Legislative Council meeting  
of Wednesday, 20 January 2010**

**Motion as amended by Hon Miriam LAU Kin-ye**

That, our country’s economy has made fruitful achievements in recent years, proving that appropriate planning is conducive to long-term economic development; as the research and preparation of the Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People’s Republic of China has commenced, which will map out the economic and social development for the years from 2011 to 2015, this Council urges the SAR Government to expeditiously make plans and examine the positioning and role of Hong Kong in the country’s economic development in a new setting of economic development, and actively participate in the early preparation of the ‘National Twelfth Five-Year Plan’, with a view to facilitating further development of the four pillar industries and the six industries in Hong Kong, together with expeditious upgrading of the level of our own software and hardware infrastructure to tie in with such developments to lay a good foundation for the future economic development of Hong Kong, so as to facilitate Hong Kong’s economic restructuring and resolve the problem of structural unemployment, which has been plaguing Hong Kong for a long time, as well as the deep-rooted problems existing in economic development, thereby consolidating and enhancing Hong Kong’s status as an international centre for financial services, trading and shipping, etc., and developing the six industries into new pillar industries, so that Hong Kong’s economy will prosper further.