

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1830/10-11  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 15 February 2011, at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon WONG Ting-kwong, BBS, JP (Chairman)  
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)  
Hon Fred LI Wah-ming, SBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, BBS, JP  
Hon Paul CHAN Mo-po, MH, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon Samson TAM Wai-ho, JP  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip
- Member absent** : Hon Emily LAU Wai-hing, JP
- Public officers attending** : Agenda item IV  
Mr Joshua LAW Chi-kong, JP  
Permanent Secretary for Constitutional and  
Mainland Affairs

Mr Daniel CHENG Chung-wai  
Deputy Secretary for Constitutional and Mainland  
Affairs

Mr Albert TANG Ka-hei  
Principal Assistant Secretary for Constitutional and  
Mainland Affairs

Mrs Alice CHEUNG  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)

Ms Carol YUEN  
Deputy Director-General of Trade & Industry  
(Commercial Relations, Controls & Support)

Mr Andrew LAI, JP  
Deputy Commissioner for Innovation &  
Technology

Agenda item V

Mr Joshua LAW Chi-kong, JP  
Permanent Secretary for Constitutional and  
Mainland Affairs

Mr Daniel CHENG Chung-wai  
Deputy Secretary for Constitutional and Mainland  
Affairs

Ms Kinnie WONG Kit-yee  
Principal Assistant Secretary for Constitutional and  
Mainland Affairs

Mrs Alice CHEUNG  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)

Ms Carol YUEN  
Deputy Director-General of Trade & Industry  
(Commercial Relations, Controls & Support)

Mr Andrew LAI, JP  
Deputy Commissioner for Innovation &  
Technology

**Clerk in attendance :** Ms YUE Tin-po  
Chief Council Secretary (1)3

**Staff in attendance :** Mr Joey LO  
Senior Council Secretary (1)3

Miss Rita YUNG  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)1247/10-11 -- Minutes of meeting held on  
21 December 2010)

The minutes of the meeting held on 21 December 2010 were confirmed.

**II. Information paper issued since last meeting**

(LC Paper Nos. CB(1)1086/10-11(01) and (02) -- Administration's papers on  
United Nations Sanctions (Côte d'Ivoire) Regulation 2011, United Nations  
Sanctions (Arms Embargoes) Regulation (Repeal) Regulation and United  
Nations Sanctions (Sierra Leone) (Immigration Control) Regulation (Repeal)  
Regulation

LC Paper No. CB(1)1179/10-11(01) -- Information on the financial  
position of the Applied Research Fund for the period  
of 1 September 2010 to  
30 November 2010

LC Paper No. CB(1)1206/10-11(01) -- Submission from the Concern Group for a Competitive Exhibition in Hong Kong expressing views on Competition Bill dated 27 January 2011)  
(*Chinese version only*)

2. Members noted that the above papers had been issued since the last meeting.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)1249/10-11(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1249/10-11(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 15 March 2011 at 2:30 pm to discuss the item "Trade relations between the Mainland and Hong Kong —— Hong Kong/Guangdong Co-operation Joint Conference in relation to commerce and industry between the two places".

(*Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, an additional agenda item "Progress on improving the Innovation and Technology Fund and promotion of use of innovation and technology in the public sector" was subsequently included in the agenda for the March meeting.*)

4. The Chairman proposed and members agreed to advance the discussion of the item "Revitalization review of industrial estate" from 17 May to 19 April 2011.

**IV. The 2010 Hong Kong/Shenzhen Co-operation Meeting in relation to commerce and industry between the two places**

(LC Paper No. CB(1)846/10-11(01) -- Administration's paper on the 2010 Hong Kong/Shenzhen Co-operation Meeting

LC Paper No. CB(1)1249/10-11(03) -- Paper on trade relations between the Mainland and Hong Kong prepared by the Legislative Council Secretariat (updated background brief)

Presentation by the Administration

5. At the Chairman's invitation, Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) and Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (DSCED) briefed members on the gist of the Hong Kong/Shenzhen Co-operation Meeting held on 6 December 2010, as well as the Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area (Qianhai Development Plan), as set out in the Administration's paper (LC Paper No. CB(1)846/10-11(01)).

Discussion

*Qianhai development*

6. Mr Jeffrey LAM opined that Hong Kong enterprises should make the best use of the opportunities brought about by the mutual co-operation in modern service industries in Qianhai. He enquired about the measures adopted by the Administration to assist Hong Kong enterprises to participate in the development of Qianhai. He considered that the Shenzhen Municipal Government and the SAR Government should, by making reference to the experience of the European Union, consider putting in place measures of tax concessions to facilitate flows of trade, investment and people between Shenzhen and Hong Kong.

7. In response, PSCMA advised that the SAR Government would continue to provide comments to the Shenzhen authorities on development planning as well as the study and formulation of related policies, and facilitate the Shenzhen authorities to have a better understanding of the Hong Kong business sector, especially the financial services, professional services and other services sector, and the business environment and policies required to encourage Hong Kong service industries to set up operations in Qianhai to tap into the Mainland market. Besides, the Administration would actively complement the publicity and promotional work of the Shenzhen authorities to introduce to Hong Kong enterprises, professional sectors and service suppliers the business opportunities brought about by the Qianhai Development Plan. The Administration would relay Mr Jeffrey LAM's view

on tax concessions to relevant authorities for consideration.

*Technology Co-operation*

8. On mutual co-operation in modern service industries in Qianhai, Mrs Regina IP enquired about the actual benefits and opportunities that would bring to Hong Kong's economic development. She opined that the Administration should strengthen effort to attract Shenzhen enterprises to invest in Hong Kong, particularly the six priority industries, and seek closer co-operation with the Shenzhen authorities in sectors in which Shenzhen excelled. In this connection, she urged the Administration to encourage and assist high-tech enterprises in Shenzhen to set up their operations in Hong Kong, thereby promoting technological developments, creating more job opportunities and improving Hong Kong's economy in the long run.

9. In response, PSCMA advised that Hong Kong enterprises could, through participation in the development of Qianhai, gain greater access to the vast market in Guangdong Province, Pearl River Delta Region and other areas of the Mainland. Deputy Commissioner for Innovation & Technology (DCIT) supplemented that in December 2010, the Shenzhen Municipal Government had invited 20 institutions from Hong Kong to pledge their support towards the development of modern service industries in Qianhai. The Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited and Hong Kong Design Centre were amongst these 20 institutions to participate in the Qianhai Development Plan. The Administration would update the Panel on the latest development of the matter in due course.

10. DCIT further advised that the SAR Government had established the "Shenzhen-Hong Kong Innovation Circle" with the Shenzhen Municipal Government. It was a technological co-operation framework with a view to attracting more high-tech enterprises to conduct research and development (R&D) activities in the region. Both governments had been working closely to pursue the 24 technology collaboration projects under the 3-year Action Plan. In 2010, both governments had also assisted a genetic R&D company in Shenzhen to set up a genetic R&D centre in Tai Po Industrial Estate.

11. In response to Mrs Regina IP's further enquiry, DCIT advised that to tie in with the development of the Science Park Phase 3, the Administration would work closely with the Hong Kong Science and Technology Parks Corporation to promote Phase 3 and recruit potential tenants starting from this year, with a view to attracting more overseas and Mainland companies, including Shenzhen enterprises, to establish R&D bases in Hong Kong.

*Other issues*

12. In response to Mr Jeffrey LAM's request for expediting the development of Lok Ma Chau Loop which was one of the 10 major infrastructure projects announced by the Chief Executive in the 2007-2008 Policy Address, PSCMA advised that a two-month public engagement exercise to collect public views on the Preliminary Outline Development Plan and the development proposals in the adjacent areas of the Lok Ma Chau Loop had recently been conducted concurrently in Hong Kong and Shenzhen. Both the Shenzhen Municipal Government and the SAR Government were studying the feasibility of developing the Loop, with higher education as the leading land use, complemented with high technology research and development, as well as cultural and creative industries. The Panel on Development had been briefed on the progress of the matter. He would relay Mr LAM's comment to the Development Bureau.

13. The Chairman and Mrs Regina IP opined that the Administration should formulate measures to strengthen Hong Kong's position as a leading regional logistics hub in face of keen competition from Shenzhen. PSCMA advised that the Framework Agreement on Hong Kong/Guangdong Co-operation defined clearly the development positioning of Hong Kong/Guangdong co-operation which included, inter alia, facilitating the flow of key factors, such as people and goods, with a view to building an international aviation, shipping and logistics hub. In this regard, the SAR Government and the Shenzhen Municipal Government would explore areas of co-operation in developing the logistics industry in the region. He would relay members' views to the Transport and Housing Bureau.

**V. Third Plenary Session of the Hong Kong/Beijing Economic and Trade Cooperation Conference in relation to commerce and industry between the two places**

(LC Paper No. CB(1)846/10-11(02) -- Administration's paper on the Third Plenary Session of the Hong Kong/Beijing Economic and Trade Cooperation Conference

LC Paper No. CB(1)1249/10-11(03) -- Paper on trade relations between the Mainland and Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

14. At the Chairman's invitation, Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) and Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (DSCED) briefed members on the gist of the Third Plenary Session of the Hong Kong/Beijing Economic and Trade Co-operation, as set out in the Administration's paper (LC Paper No. CB(1)846/10-11(02)).

Discussion

*The Mainland and Hong Kong Closer Economic Partnership Arrangement*

15. In response to the Chairman's enquiry about information on trade in goods under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Deputy Director-General of Trade & Industry (Commercial Relations, Controls & Support) (DDGTI) advised that in 2003, the Mainland and Hong Kong signed the main text of CEPA which covered liberalization of trade in goods, trade in services, as well as trade and investment facilitation between the two places. Since 1 January 2006, the Mainland had granted all products of Hong Kong origin tariff free treatment upon applications by local manufacturers and subject to the agreed CEPA rules of origin (ROOs) being met. For products without agreed ROO, Hong Kong manufacturers might apply to include these products into the subsequent rounds of ROO consultation which were held twice a year. In sum, Hong Kong products with a total Free on Board (FOB) value of some HK\$29.2 billion had so far enjoyed tariff free treatment upon importation into the Mainland under CEPA. According to the General Administration of Customs, the total tariff savings amounted to about RMB 2.1 billion.

16. The Chairman said that Hong Kong failed to make the best use of the opportunities brought about by CEPA. He considered that the Administration should step up efforts in attracting overseas enterprises of internationally renowned goods, such as those in the red wine industry, to set up operations for post-processing arrangement in Hong Kong so as to gain access to the Mainland market by taking advantage of the tariff concessions applicable to Hong Kong products under CEPA. Such an arrangement would help create more employment opportunities for local workers. He urged the Administration to be more proactive in formulating concrete measures to assist these enterprises in tapping the Mainland market under CEPA.

17. DDGTI responded that the Administration welcomed inward direct



investment from foreign enterprises to capitalize on the zero-tariff benefit under CEPA. In fact, the Administration had been promoting through the overseas Hong Kong Economic and Trade Offices and Invest Hong Kong to foreign investors the advantages available under CEPA for access to the Mainland market.

18. The Chairman expressed concern that the Economic Cooperation Framework Agreement (ECFA) might have a competitive impact on the role of Hong Kong as a gateway to the Mainland under CEPA. He enquired about the Administration's assessment of liberalization measures under CEPA vis-à-vis those under ECFA.

19. DDGTI advised that under the current terms of ECFA, the Mainland agreed to eliminate in stages the tariffs imposed on a list of products from Taiwan within two years. At present, all Hong Kong products that fulfilled the agreed origin rules already enjoyed zero tariff under CEPA, whereas only some 500 products of Taiwan origin could enjoy tariff concessions under ECFA. The number of service sectors covered by liberalization of trade in services under CEPA was 44, whereas the Mainland only opened up 11 service sectors to Taiwan under ECFA. She assured members that the Administration would not be complacent about the current situation and would continue to discuss with the Mainland authorities, with a view to broadening and enriching the scope of CEPA and its supplements through continuous and further reciprocal liberalization in a gradual and orderly manner.

*Customs duty on import goods to the Mainland*

20. Noting the recent enforcement actions strengthened by the Mainland authorities regarding customs duty on import goods carried by resident or non-resident travelers entering the Mainland, the Chairman expressed concern that such actions might dampen visitors' desire for consumption, in particular Mainland visitors traveling Hong Kong under the Individual Visit Scheme, thus affecting the retail businesses in Hong Kong.

21. DSCED responded that the Administration had maintained close liaison with the Mainland authorities. The SAR Government would continue to keep in view the situation. In this connection, the Chairman urged the Administration to pursue the matter with the General Administration of Customs in the Mainland.

*Other issues*

22. In response to Ms Tanya CHAN's enquiry about the progress of

co-operation between Hong Kong and Beijing in the creative and cultural industries, PSCMA advised that there had been exchanges between the two places in various aspects including music, archaeology and film exhibition. The museums in the two places were also planning to co-organize a thematic exhibition about wine history. DCIT supplemented that the Hong Kong Trade Development Council had established the Design Gallery Beijing Shop to promote Hong Kong brands and designs. The Create Hong Kong had also communicated with relevant organizations in Beijing to explore co-operation opportunities.

**VI. Any other business**

23. At the Chairman's request, PSCMA agreed that the Administration would brief members on the latest progress of work of the Hong Kong/Guangdong Co-operation Joint Conference at the next regular Panel meeting to be held on 15 March 2011.

24. There being no other business, the meeting ended at 4:02 pm.

Council Business Division 1  
Legislative Council Secretariat  
7 April 2011