

## **For Information**

### **Legislative Council Panel on Commerce and Industry**

#### **Third Plenary Session of the Hong Kong/Beijing Economic and Trade Cooperation Conference**

### **Purpose**

This paper briefs Members on the gist of the Third Plenary Session of the Hong Kong/Beijing Economic and Trade Cooperation Conference (the Conference) held on 25 November 2010 in Hong Kong.

### **Background**

2. The Chief Executive of the HKSAR, Mr Donald Tsang, and the Mayor of Beijing Municipality, Mr Guo Jinlong, co-chaired the Conference on 25 November 2010. Both sides reviewed the progress of cooperation since the Second Plenary Session of the Conference held in 2006 in eight areas, namely, economic and trade, city management and public services, education, tourism, financial services, health, professional exchanges, as well as innovation technology and creative and cultural industries. The two sides also exchanged views on direction for future cooperation. The ensuing paragraphs summarise the gist of the Conference.

### **Progress of Cooperation**

#### Economic and Trade

3. Hong Kong is the largest source of inward investment for Beijing. Between 2007 and 2009, the realised investment from Hong Kong had increased from US\$1.49 billion to US\$2.7 billion, representing an increase of over 80%. As at end of 2009, the cumulative number of investment projects in Beijing from Hong Kong exceeded 10,000, and the cumulative realised investment from Hong Kong reached US\$14 billion. Of the US\$3.6 billion realised inward investment in Beijing in the first half of 2010, US\$1.8 billion (or 50%) came from Hong Kong. Beijing investment in Hong Kong also saw significant increase. As at end of 2009, 123 enterprises from Beijing had been established in Hong Kong, doubling the number of 65 enterprises as at end of 2006. The amount of investment also increased from US\$0.83 billion to US\$1.1 billion.

4. The Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA) is an important platform to further economic and trade cooperation between Hong Kong and Beijing. The two governments have been keeping close contact to assist investors of the two places to capitalise on the CEPA platform, including providing updated information on CEPA. The Beijing Municipal Government also updates the “CEPA Services Directory” timely.

#### City management and public services

5. On city management and public services, Hong Kong and Beijing had in-depth exchanges on traffic management and “smart-city development” at the “Hong Kong-Beijing Traffic Management Seminar” held during the 13th Beijing-Hong Kong Economic Cooperation Symposium (the Symposium) in October 2009, and the “Hong Kong-Beijing Smart City Development Seminar” in the 14th Symposium in November 2010. In the “Eco Expo Asia” and “C40 Hong Kong Workshop” held in Hong Kong in November 2010, representatives from the Transportation Administration of Beijing Municipal Commission of Transport, Beijing Municipal Commission of Housing and Urban-rural Development, the Hong Kong and Macao Affairs Office of the Beijing Municipal Government, and the Beijing Municipal Research Institute of Environmental Protection have participated in them upon invitation.

#### Education

6. Since 2005, the Education Bureau (EDB), the Beijing Municipal Education Commission and the relevant authority of Macao have been co-organising student exchange activities in Beijing, Hong Kong and Macao to foster closer relationship and strengthen their understanding of the history and development of the nation as well as the three places. The “Beijing-Hong Kong-Macao Schools Summer Camp – Youth Hong Kong-Macao Journey” was successfully held in July this year. EDB and the Principal Training Institute of the Ministry of Education have co-organised training sessions for primary school principals in recent years with a view to deepening their understanding of the education reform and school management in China, as well as sharpening their leadership skills.

## Tourism

7. With the support of the Hong Kong Tourism Board (HKTB) and the National Tourism Administration, four travel agents in Beijing have set up the “Honest and Quality Hong Kong Tour” online counter in this July to promote honest and quality tourism. In October 2009, the HKTB Beijing Office held a Hong Kong tourism photo exhibition during the 13<sup>th</sup> Symposium and co-organised a seminar with the Beijing Tourism Administration on “Honest and Quality Tour”. In November 2010, the HKTB and the Beijing Tourism Administration co-organised a “Beijing-Hong Kong Tourism Promotion” activity during the 14<sup>th</sup> Symposium. Furthermore, the HKTB also participated in the Beijing International Tourism Expo organised by the Beijing Tourism Administration in June 2010.

## Financial Services

8. The Secretary for Financial Services and the Treasury led a delegation of leaders of the Hong Kong financial services sector to visit Beijing in May 2007 to promote Hong Kong’s financial services and foster closer cooperation. In the Symposia in recent years, Hong Kong and Beijing co-organised the “Hong Kong-Beijing Financial Services Cooperation Forum” to exchange views on furthering financial cooperation between the two places. The capital market of Hong Kong is mature and stable; and can serve as the premier platform outside the Mainland for Beijing enterprises to raise international capital. As at end of October 2010, there were 71 Beijing companies listed in the Hong Kong Stock Exchange, with a gross market value of some HK\$660 billion. This represents a 100% increase comparing with 35 companies as at October 2007.

## Health

9. In November 2009, the Department of Health, the Beijing Municipal Health Bureau, and the Hospital Authority of Hong Kong concluded the “Memorandum of Understanding on Beijing-Hong Kong Cooperation”, turning a new leaf on medical and health cooperation between the two places. Public health authorities in the two places organised the “Beijing-Hong Kong Disease Control Seminar” and “Beijing-Hong Kong Health Education and Health Promotion Seminar” in the 12<sup>th</sup> and 13<sup>th</sup> Symposium respectively to strengthen professional exchanges on medical and health matters.

## Professional Exchanges

10. On civil servant exchanges, as at November 2010, Beijing had sent 36 officials to Hong Kong, while Hong Kong had sent 19 officials to Beijing, involving over 20 departments from both sides to carry out exchange activities. The scope of exchange was very wide, covering engineering and construction, urban planning, traffic and transport, public housing, public health, industry and trade, intellectual property protection and law and order etc. Participants and departments involved had given positive feedback about the exchange scheme. The current agreement will expire by the end of 2010 and the two sides have started discussion on a new agreement to continue the exchange activities.

## Innovation and technology, and creative and cultural industries

11. On innovation and technology, the Innovation and Technology Commission and the Tsinghua University in Beijing entered into a cooperation agreement in 2006. Research institutes in Hong Kong have carried out a number of exchange activities with the Tsinghua University and discussed cooperation projects on applied technology. The “Hong Kong Applied Science and Technology Research Institute Company – Tsinghua University Joint Laboratory for Multimedia Broadcasting and Communication” was also established in December 2007 with a view to developing advanced multimedia broadcasting technology, communication technology and related intellectual property. It also formed a basis for advancing digital television broadcasting technology and its commercialisation in China. Furthermore, with the support of the Innovation and Technology Fund, the Automotive Parts and Accessory System Research and Development Centre and the Tsinghua University have kick-started a research project called “Development of Advanced Vehicle Management and Drive System for Plug-in Hybrid Electric Vehicle”.

12. On creative and cultural industries, the Trade Development Council and the China Council for the Promotion of International Trade Beijing Sub-council co-organised in June 2007 the “Style Hong Kong • Beijing” under the theme of “creativity, style and capitalise on the business potential”. The Exhibition showcased the creative industry of Hong Kong, as well as lifestyle products and creative services. It also served as a platform for sharing latest market information and professional experience. In July 2009, the Hong Kong Film Development Council led a group of new generation film directors and

representatives from the post-production profession to stage the “Beijing-Hong Kong Film Business Matching Event cum Hong Kong Post Production Industry Exhibition” to foster exchanges among the professions and investors of Beijing and Hong Kong.

### **Directions for Future Cooperation**

13. Looking ahead, the HKSAR Government and the Beijing Municipal Government will continue to take forward cooperation in the above-mentioned eight areas, with a particular focus on financial services, CEPA, innovation and technology, creative and cultural industries, and joint promotion.

14. On financial services, we will actively encourage Beijing enterprises to list in Hong Kong and expand their business in the international market. Hong Kong and Beijing will also promote the development of RMB business, such as encouraging enterprises to participate in RMB trade settlement and issue RMB bonds in Hong Kong. Furthermore, both sides will step up efforts to promote mutual establishment of financial institutions and professional exchanges.

15. We will continue to maintain close liaison and cooperation with the Beijing Municipal Government to promote CEPA and assist in tackling problems during its implementation. Both sides will step up cooperation in implementing pilot initiatives under CEPA applicable in Beijing. We will also model on the experience in other provinces and municipalities to strive for the early and pilot implementation of more suitable CEPA liberalisation measures in Beijing.

16. Regarding innovation and technology, Hong Kong and Beijing have good cooperation potential in areas such as research and development as well as application of advanced technology, and basic scientific research. Both sides will build on existing cooperation projects to enhance collaboration in researches in multimedia broadcasting and communication, and parts and accessories for plug-in electric hybrid vehicles. There are currently four State Key Laboratories (SKLs) in Hong Kong that have partnered with State Laboratories in Beijing to conduct researches in communicable diseases, cognitive science, agricultural biotechnology and ultra precision machining technology. Both sides will strengthen cooperation in innovation technology under this framework. The HKSAR Government is also working out implementation details to provide partner SKLs with

financial assistance to enhance their research capabilities.

17. On creative and cultural industries, Hong Kong and Beijing could step up cooperation in the marketing of creative design products, comics and animation, entertainment, architecture as well as arts and culture. For example, both sides could enhance exchanges and tap on the business potential by organising study missions by the relevant professions; organise business matching and marketing activities to explore business cooperation opportunities. Both sides could also strengthen information exchange and co-organise thematic exhibitions with a view to building up brand-names for creative and culture industries.

18. Beijing is a city of long history and rich culture, while Hong Kong is a cosmopolitan city where the Eastern and Western cultures meet. Both sides would explore the possibility of organising joint promotional events in the Mainland or overseas for local brand-name products, tourism, and financial services, etc.

## **Conclusion**

19. The cooperation between Hong Kong and Beijing in the 2008 Beijing Olympic Games and Paralympic Games and the Equestrian Events in Hong Kong has laid solid foundation for bilateral cooperation. There will be great complementarity between Hong Kong and Beijing in future. The two governments will continue to strengthen cooperation and enhance social and economic development in the two places. The HKSAR Government will continue to take forward the above-mentioned directions for future cooperation to open up development potentials in Hong Kong and Beijing and capitalise on the synergy of cooperation.

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