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**Panel on Commerce and Industry**

**Meeting on 20 November 2012**

**Background brief on  
the work of the Hong Kong Economic and Trade Offices,  
the Office of the Government of the HKSAR in Beijing,  
and the Hong Kong Economic, Trade and Cultural Office (Taiwan)**

**Purpose**

This paper provides background information on the work of the Hong Kong Economic and Trade Offices<sup>1</sup> (ETOs), the Office of the Government of the HKSAR in Beijing (BJO), and the Hong Kong Economic, Trade and Cultural Office (Taiwan). It also summarizes the views and concerns expressed by members of the Panel on Commerce and Industry (the Panel) on the subject.

**Background**

Overseas ETOs

2. The Hong Kong Special Administrative Region (HKSAR) Government has set up eleven overseas ETOs in major cities of economies which are Hong Kong's major trading partners, namely Geneva, Washington DC, New York, San Francisco, Toronto, Brussels, London, Berlin, Tokyo, Sydney and Singapore. With the exception of the Geneva ETO whose major function is to represent Hong Kong, China as a Member of the World Trade Organization, the overseas ETOs seek to promote Hong Kong's economic and trade interests by enhancing understanding of Hong Kong among opinion-formers; closely monitoring developments that may affect

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<sup>1</sup> ETOs include Geneva ETO, Washington ETO, New York ETO, San Francisco ETO, Toronto ETO, Brussels ETO, London ETO, Berlin ETO, Tokyo ETO, Sydney ETO, Singapore ETO, Guangdong ETO, Shanghai ETO and Chengdu ETO.

Hong Kong's economic and trading interests; and liaising closely with the business and commercial sectors, politicians and the news media in the countries/places which fall within their respective purviews. They also regularly organize events to promote the overall image of Hong Kong. In conjunction with Invest Hong Kong<sup>2</sup>, the ETOs help to attract more inward investment into Hong Kong and overseas business entities to set up their regional offices or headquarters in Hong Kong. The major work and functions of the eleven overseas ETOs are set out in **Appendix I**.

### Mainland ETOs

3. There are three ETOs in the Mainland, namely Guangdong ETO, Shanghai ETO and Chengdu ETO. Their main functions are (a) to promote economic and trade co-operation and ties between the HKSAR Government and their respective provinces/municipalities/regions, and seeks to attract investment into Hong Kong; (b) to promote Hong Kong and to enhance liaison and communication between the HKSAR Government and their respective provinces/municipalities/regions; and (c) to provide appropriate assistance to Hong Kong residents in need.

4. The Guangdong ETO was set up in July 2002. Its coverage includes the five provinces/region of Fujian, Jiangxi, Guangdong, Guangxi and Hainan.

5. The Shanghai ETO was set up in September 2006. Its coverage includes the Municipality of Shanghai and the four provinces of Jiangsu, Zhejiang, Anhui and Hubei.

6. The Chengdu ETO was set up in September 2006. Its coverage includes the five provinces of Sichuan, Yunnan, Guizhou, Hunan, Shaanxi and the Municipality of Chongqing.

### BJO

7. Article 22 of the Basic Law provides that the HKSAR may establish an office in Beijing. The BJO was set up in March 1999. The functions of BJO are matters for the HKSAR which include (a) enhance liaison and communication between the HKSAR Government, the Central People's Government and Mainland authorities in the 15 provinces/municipalities/autonomous region<sup>3</sup> under its coverage, (b) promote

<sup>2</sup> Invest Hong Kong's mission is to encourage and assist overseas, Mainland and Taiwan companies, with the potential to contribute to Hong Kong's economic development, to set up or expand their business operations in Hong Kong.

<sup>3</sup> The 15 provinces/municipalities/autonomous regions under BJO's coverage are Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu, Ningxia, Qinghai and Tibet.

Hong Kong in general and particularly over economic and trade relations with the 15 provinces/municipalities/autonomous regions, (c) handle immigration related matters, and (d) provide assistance to Hong Kong residents in distress.

8. Since 1995, it has been the practice for overseas/Mainland ETOs and BJO to report their work to the Panel on an annual basis.

### HKETCO

9. With the positive development of cross-Strait relations, the Chief Executive set out in the 2009-2010 Policy Address new strategies for advancing the development of relations between Hong Kong and Taiwan, including the establishment of a new co-operation framework to promote multi-faceted, multi-level exchanges with Taiwan. With the concerted efforts of the Hong Kong and Taiwan authorities, the Hong Kong-Taiwan Economic and Cultural Co-operation Council (ECCPC) and the Hong Kong-Taiwan Business Co-operation Committee (BCC) were established on 1 April 2010. During the past years, the ECCPC and the BCC had worked closely with their respective Taiwan counterparts, namely the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC) and the Economic Co-operation Committee under the THEC to promote and deepen co-operation between the two sides in the areas of economic, relations, trade, culture, investment, tourism and other areas of mutual interests.

10. Following discussion through the ECCPC-THEC platform, Hong Kong and Taiwan reached consensus on setting up multi-functional offices in Hong Kong and Taiwan respectively to enhance exchanges between the two places. The HKETCO commenced operation in Taipei in December 2011 and was officially opened in May 2012. In the spirit of reciprocity, the Chung Hwa Travel Service in Hong Kong changed its name to Taipei Economic and Cultural Office with effect from 15 July 2011 to reflect its functions. The functions of the HKETCO are set out in **Appendix II**.

## **Discussion by the Panel on Commerce and Industry**

### Overseas/Mainland ETOs and BJO

11. At the Panel meeting on 21 June 2011, members were briefed on the work of the overseas/Mainland ETOs and BJO between June 2010 and May 2011. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

12. Some Panel members expressed concern about the quantitative easing policy in the United States (US) and the assistance provided to Hong Kong enterprises operating in the Mainland when they encountered problems regarding export to the US.

13. Concerns were raised about the financial and manpower resources allocated to BJO and the Mainland ETOs, and whether more ETOs would be set up in the Mainland in view of the increasing economic and trade co-operation between Hong Kong and the Mainland. The Administration advised that the resources for these Offices had been increased over the years. Relevant factors including the future development in the Mainland and resource availability would be taken into account in assessing the need for more liaison units in the Mainland.

14. On the investment promotion work of the ETOs and BJO, the Panel noted that a team of staff from Invest Hong Kong dedicated to the investment promotion duties was deployed in BJO and the three Mainland ETOs respectively. The Administration was urged to step up its effort to promote economic and trade co-operation between Hong Kong and the western part of the Mainland.

#### HKETCO

15. At the Panel meetings on 19 July and 18 October 2011, the Administration briefed Panel members on the arrangements for the establishment of the HKETCO, including the creation of a directorate post to head the HKETCO.

16. During discussion, some Panel members urged the Administration to pursue a more active role to participate in the Economic Co-operation Framework Agreement (ECFA) signed between the Mainland and Taiwan in June 2010 to enable Hong Kong to benefit from opportunities brought about by ECFA.

17. Noting that there was presently no institutionalized arrangement between Hong Kong and Taiwan that is similar to the Mainland and Hong Kong Closer Economic Partnership Arrangement and ECFA, some Panel members called on the Administration to actively explore the establishment of a comprehensive framework for economic and trade co-operation with a view to enhancing bilateral trade and economic relations, and fostering co-operation in trade, investment, tourism and other areas of co-operation between Hong Kong and Taiwan.

18. Concerns were raised over the status of the HKETCO and the Taipei Economic and Cultural Office in Hong Kong, and whether staff of the HKETCO would liaise with the relevant authorities in Taiwan to discuss and study issues of mutual concern. The Administration had subsequently provided supplementary information in this respect, details of which are set out in LC Paper No. CB(1)176/11-12(01). According to the Administration, the ECCPC and the THEC are non-government entities providing a platform for Hong Kong and Taiwan to explore and discuss matters of mutual interest, including co-operation involving public policies. The HKETCO and its counterpart, the Taipei Economic and Cultural Office in Hong Kong are non-official bodies to help take forward the work of the ECCPC and the THEC.

19. On members' concern about the evaluation of the performance of the HKETCO, the Administration advised that reference would be made to the existing arrangements adopted by the Mainland ETOs to identify indicators in assessing the performance of the HKETCO.

### **Latest position**

20. The Heads of overseas/Mainland ETOs and BJO will brief the Panel on 20 November 2012 on their work since their last report in June 2011. The HKETCO Director will also update the Panel on its work progress since the commencement of operation in December 2011.

### **Relevant papers**

21. A list of relevant papers is in **Appendix III**.

### **The work and functions of the eleven overseas Hong Kong Economic and Trade Offices (ETOs)**

#### Geneva ETO

The principal function of the Geneva ETO is to represent Hong Kong, China (HKC) as a Member of the World Trade Organization (WTO). It also represents HKC as a Member in the International Textiles and Clothing Bureau and the Advisory Centre on WTO Law, and as an observer to the Trade Committee of the Organization for Economic Cooperation and Development in Paris.

#### Washington ETO

The Washington ETO was established in 1987. Its main functions are to monitor political and economic developments of the United States of America (US), and to represent Hong Kong's economic and trade interests in the US capital. The Washington ETO keeps a close watch on legislative proposals, executive actions and general sentiments in the US capital that may affect the interests of Hong Kong. The Washington ETO also promotes Hong Kong's image as an international city with a vibrant and free economy, as well as a diverse and law-abiding community under the "One Country, Two Systems" principle.

#### New York ETO

The New York ETO was set up in 1983. It is responsible for promoting Hong Kong's economic and trade relations between Hong Kong and the 31 states east of the Mississippi River in the US.

#### San Francisco ETO

The San Francisco ETO, established in 1986, is responsible for promoting the economic and trade interests of Hong Kong, and strengthening economic ties and network between Hong Kong and the 19 states west of the Mississippi River in the US.

### Toronto ETO

The Toronto ETO was established in 1991. It promotes Hong Kong's bilateral economic and trade interests in Canada through close partnership with major business bodies and think-tanks, and raises the profile of Hong Kong through various public relations efforts.

### Brussels ETO

The Brussels ETO became the "Head" ETO for Europe in July 2006 to take on a coordinating role among the ETOs in Brussels, London and Berlin. It represents Hong Kong's economic and trade interests to the European Union (EU), the European Commission (EC) and the European Parliament (EP). It is also responsible for promoting Hong Kong's bilateral economic and trade relations with 15 European countries, namely Belgium, Bulgaria, Croatia, Cyprus, France, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Romania, Spain and Turkey.

### London ETO

The London ETO was first established in 1946. It is responsible for promoting Hong Kong's bilateral economic and trade relations with nine European countries, namely Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden, and the United Kingdom.

### Berlin ETO

The Berlin ETO commenced operation in March 2009. It is responsible for promoting Hong Kong's bilateral economic and trade relations with eight central European countries, namely Austria, the Czech Republic, Germany, Hungary, Poland, the Slovak Republic, Slovenia and Switzerland.

### Tokyo ETO

The Tokyo ETO is responsible for promoting Hong Kong's economic and trade interests in Japan and the Republic of Korea.

### Sydney ETO

The Sydney ETO was established in 1995. It is responsible for promoting Hong Kong's bilateral economic and trade relations with Australia and New Zealand.

## Singapore ETO

The Singapore ETO was set up in 1995. It is responsible for promoting the bilateral economic and trade relations between Hong Kong and the ten member countries of the Association of South East Asian Nations (ASEAN)<sup>1</sup>. It also serves as a point of liaison with the Secretariats of the Asia-Pacific Economic Cooperation and the Pacific Economic Cooperation Council located in Singapore.

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<sup>1</sup> The ten ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.



### **Functions of the Hong Kong Economic, Trade and Cultural Office (Taiwan)**

The Hong Kong Economic, Trade and Cultural Office (Taiwan) (HKETCO) is tasked to fulfil the following functions -

- (a) to promote economic relations, investment, financial services and business exchanges, etc between Hong Kong and Taiwan;
- (b) to enhance cultural, education, tourism and other exchanges between Hong Kong and Taiwan;
- (c) to strengthen co-operation between Hong Kong and Taiwan in areas such as technology, transport, medical services, public health and food safety, etc;
- (d) to provide assistance to Hong Kong residents in Taiwan to the extent possible;
- (e) to assist in handling matters relating to entry applications from Taiwanese residents where necessary; and
- (f) to provide other relevant services.

## Appendix III

### The work of the Hong Kong Economic and Trade Offices, the Office of the Government of the HKSAR in Beijing, and the Hong Kong Economic, Trade and Cultural Office (Taiwan)

#### List of relevant papers

| Date of meeting | Committee                            | Minutes/Paper  | LC Paper No.   |
|-----------------|--------------------------------------|--|--|
| 21/6/2011       | Panel on<br>Commerce<br>and Industry | Administration's<br>papers<br><br><br><br><br><br><br><br><br><br>Updated<br>background brief<br><br><br><br><br><br><br>Minutes<br>meeting of | CB(1)2481/10-11(04)<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-4-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-4-e.pdf</a><br><br>CB(1)2481/10-11(05)<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-5-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-5-e.pdf</a><br><br>CB(1)2481/10-11(06)<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-6-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0621cb1-2481-6-e.pdf</a><br><br>CB(1)3077/10-11<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110621.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110621.pdf</a> |
| 19/7/2011       | Panel on<br>Commerce<br>and Industry | Administration's<br>paper<br><br><br><br><br><br><br>Minutes<br>meeting of   | CB(1)2641/10-11(01)<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/cicb1-2641-1-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/cicb1-2641-1-e.pdf</a><br><br>CB(1)3098/10-11<br><br><a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110719.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110719.pdf</a>   |

| Date of meeting | Committee                      | Minutes/Paper  | LC Paper No.  |
|-----------------|--------------------------------|--|---|
| 18/10/2011      | Panel on Commerce and Industry | <p>Administration's paper</p> <p>Background brief</p> <p>Minutes of meeting</p> <p>Follow-up paper</p> | <p>CB(1)37/11-12(05)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-5-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-5-e.pdf</a></p> <p>CB(1)37/11-12(06)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-6-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-6-e.pdf</a></p> <p>CB(1)592/11-12</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20111018.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20111018.pdf</a></p> <p>CB(1)176/11-12(01)</p> <p><a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-176-1-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-176-1-e.pdf</a></p> |