

For Information

Legislative Council Panel on Commerce and Industry

Hong Kong/Shenzhen Co-operation Meeting

Purpose

This paper briefs Members on the gist of the Hong Kong/Shenzhen Co-operation Meeting (the Meeting) held on 11 January 2013 in Shenzhen.

Background

2. The Chief Secretary for Administration (CS), Mrs. Carrie Lam, and the Mayor of the Shenzhen Municipal Government (the Mayor), Mr. Xu Qin co-chaired the Hong Kong/Shenzhen Co-operation Meeting on 11 January 2013 in Shenzhen. In the meeting, the two sides comprehensively reviewed co-operation work in 2012, and set the major directions for co-operation in the coming year. The two sides agreed that Hong Kong and Shenzhen should grasp the opportunities arising from the country's development, and deepen co-operation according to the development needs of the two places with a view to "expanding economies and improving livelihood".

3. The two sides also witnessed the signing of four co-operation agreements, covering co-operation in innovation and entrepreneurship base for the youth in Shenzhen and Hong Kong, investment promotion, cultural and arts promotion and aquatic animal disease laboratory diagnosis. After the meeting, CS and the Mayor held a press conference to brief the media on the outcome of the Meeting. The two sides also issued relevant press releases. Key areas discussed at the Meeting are set out in the following paragraphs.

Qianhai development

4. In June 2012, the State Council approved a total of 22 policies supporting the development of Qianhai. These policies cover six major areas including finance, taxation, legal services, professional services, medical services and education, and telecommunication services. By setting out clearly the opportunities arising from the development of Qianhai, these policies would assist Hong Kong business sectors to consider investing in Qianhai. The HKSAR Government welcomes the State Council's approval. In the future, the HKSAR Government will continue to maintain close ties with the relevant central ministries and Shenzhen authorities, and reflect the views of Hong Kong business sectors in a timely manner when the relevant authorities draw up other policies and detail measures for implementing the Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area.

Financial co-operation

5. Hong Kong and Shenzhen have been actively implementing measures announced by the Central Government earlier on to promote innovative co-operation and development of the financial markets of the two places. Among these measures, a set of provisional administrative rules for cross-border Renminbi (RMB) bank lending in respect of Qianhai was announced at the end of last year. The arrangement allows companies which are registered and have operations or investments in Qianhai to borrow RMB loans from banks conducting RMB business in Hong Kong. This policy will further enhance the cross-border usage and circulation of RMB funds between the Mainland and Hong Kong, and create more opportunities in RMB loan business for Hong Kong banks. Other major progress in financial co-operation includes the establishment of a joint venture company by the Stock Exchanges of Shanghai, Shenzhen and Hong Kong to engage in financial product development and financial services. This joint venture company formally opened for business in September 2012; the first exchange-traded fund for Hong Kong-listed stocks was formally listed on the Shenzhen Stock Exchange in October 2012. A Hong Kong subsidiary of a Shenzhen background fund management company has launched an RQFII A-share ETF product, which has been listed on the Stock Exchange of Hong Kong and traded under the Dual Counter model (i.e. RMB and HKD trading counters).

6. In September 2012, electronic payment card issuing bodies of the two places jointly presented the "Hu Tong Xing" card, realising interoperability of the two electronic money systems and providing convenience to frequent travellers between the two places in payments for public transport and retail purchases.

7. In the coming year, the HKSAR Government will continue to work together with Shenzhen to expand cross-border RMB business between the two places, so as to facilitate the development of offshore RMB business in Hong Kong, and at the same time respond to demand on capital from Shenzhen's rapid development.

Combating parallel trading activities

8. The authorities of Hong Kong and Shenzhen are concerned about the impact of parallel trading activities on residents living in the vicinity of the boundary. Customs authorities of the two places launched a special operation in September 2012 to combat smuggling activities of parallel traders through on-site notification and intelligence exchange, etc. After a series of enforcement actions, obstruction caused by parallel traders at Lo Wu Boundary Control Point (BCP) and Sheung Shui Railway Station and its vicinity has become less serious. The two sides will continue to work closely in tackling parallel trading activities.

Immigration clearance arrangements

9. To facilitate entry of Mainland visitors to the HKSAR, e-Channel services for Mainland frequent visitors have been launched in phases since January 2012 at the BCPs at Lok Ma Chau Spur Line, Lo Wu, Shenzhen Bay, China Ferry Terminal, Macau Ferry Terminal and Hong Kong International Airport, providing convenience to frequent visitors from the Mainland. Currently, a total of 68 e-Channels are available for use by Mainland visitors. As at the end of December 2012, more than 380,000 eligible Mainland frequent visitors have enrolled for the e-Channel service. The number of users has accounted for more than 20 per cent of all Mainland visitors. As for the Lok Ma Chau BCP, the HKSAR Government is planning to increase the number of e-Channels from 20 to 33 and upgrade the facilities of the passenger terminal building. The improvement work is expected to be completed in 2013.

10. On immigration clearance arrangements for cross-boundary students (CBSs), Hong Kong and Shenzhen have been maintaining close liaison with a view to improving the existing arrangements for immigration clearance, and providing safe and convenient clearance services to these students. Starting from the 2012/13 school year, simplified clearance procedures for CBSs have been introduced on a trial basis at Shenzhen Bay and Lok Ma Chau Spur Line to speed up immigration clearance for these students. The two sides have also introduced on-board clearance services for cross-boundary students -

the Hong Kong side has extended such service from Sha Tau Kok and Man Kam To to the Lok Ma Chau control point, while the Shenzhen side has also pilot-run a corresponding arrangement at Huanggang Port.

11. Separately, with the enhancement of complementary immigration measures, the number of Mainland pregnant women gate-crashing the Accident and Emergency Departments of Hong Kong hospitals without prior booking has continued to decrease during 2012. The two sides will maintain close co-operation and strengthen interceptions, so as to prevent Mainland pregnant women gate-crashing the Hong Kong Accident and Emergency Departments.

Construction of cross-boundary infrastructure

12. The detailed design of the Liantang/Heung Yuen Wai BCP (the Hong Kong side) site formation and the connecting road was completed in mid-2012. Construction works are expected to commence in phases starting from the first half of this year. Meanwhile, the two sides have reached a consensus and signed the entrustment agreement on the commissioning of Shenzhen to design the BCP's cross-boundary bridges. The two sides will continue to maintain close liaison with a view to commissioning the BCP no later than end 2018.

13. The Shenzhen River improvement project jointly implemented by Hong Kong and Shenzhen has been progressing satisfactorily. Stages I to III of the project have been completed, relieving the flooding problems of the Shenzhen River and improving the living environment of the residents living nearby. The two sides are actively taking forward the detailed design of Stage IV with a view to commencing construction in the middle of this year. The project will upgrade the flood protection standard and improve the ecological value of a section of Shenzhen River between Ping Yuen River and Pak Fu Shan, and will tie in with the construction of the Liantang/Heung Yuen Wai BCP.

Co-operation on environmental protection

14. The two governments have continued to take forward various air and water quality improvement measures, and commenced discussion on vessel emission control last year. Meanwhile, the Cleaner Production Partnership Programme, which aims to promote adoption of clean production technologies at Hong Kong-owned factories in the Pearl River Delta region, has been progressing well. As at the end of 2012, some 520 project funding applications made by enterprises based in Shenzhen had been approved, accounting for around a quarter of all funded projects. To further promote cleaner production, the HKSAR Government plans to extend the Partnership Programme for two years till March 2015.

Innovation and technology

15. Four Industry, Academic and Research Bases of Hong Kong universities were set up in Shenzhen in 2011. Among them, two have been granted funding by the National Basic Research Program of the State Ministry of Science and Technology to support four of their respective research projects in 2011/12. This is the first time that funding has been granted directly to Hong Kong tertiary institutions' research programmes since the launch of this national science and technology programme.

Other co-operation areas

16. In addition to the above, the two sides have also made steady progress in co-operation in areas such as commerce and trade, tourism, legal, education, medical, cultural exchange and civil service exchange, etc. The two sides will continue to take forward co-operation at all fronts.

Conclusion

17. Working closely together for more than 30 years, Hong Kong and Shenzhen have established a solid foundation for co-operation. The Mainland's efforts in speeding up the transformation of its economic structure by developing and expanding the service sector and boosting domestic demand would present enormous opportunities for co-operation between Hong Kong

and Shenzhen. The HKSAR Government will continue to maintain close co-operation with Shenzhen, under the principles of 'complementarity, co-ordinated development and mutual benefits'.

Constitutional and Mainland Affairs Bureau

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