

**For discussion
on 20 May 2014**

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE AND INDUSTRY**

Vietnam Incident

PURPOSE

This paper updates Members on the follow-up actions taken by the Administration in light of the recent protests in Vietnam.

BACKGROUND

2. Last week, large-scale anti-Chinese protests broke out in various provinces and cities in Vietnam. The protests have caused damages to some foreign-owned factories, and also led to deaths and injuries. Nonetheless, it is alleged that the situation in the country has gradually resumed normal. Despite there being sporadic protests on 18 May, no further damages to factories have been reported. Currently, the international airports in Vietnam (including the ones in Hanoi, Ho Chi Minh City and Da Nang) and flights between Hong Kong and Vietnam maintain normal operation. There have also not been problems with availability of seats.

3. In addition, according to the information from the Hong Kong Business Association Vietnam (“HKBAV”), among its 300 plus corporate/individual members, eight of them have reported that their factories in Ha Tinh Province and Binh Duong Province had been damaged to different extent.

4. The Chinese Foreign Minister Wang Yi made an urgent phone call to the Minister of Foreign Affairs of Vietnam Phan Binh Minh in the evening of 15 May, condemning Vietnam and making a solemn protest over the recent anti-Chinese riots. A working group, led by Assistant Secretary of Foreign Affairs Liu Jianchao, has set off to Vietnam to deal with the aftermath of the riots. Separately, the Chinese Minister of Public Security Guo Shengkun called the Vietnamese Minister of Public Security Tran Dai Quang on 17 May to urge the latter to take effective measures to stop violent activities and protect the lives and properties of Chinese residents and corporations in Vietnam.

FOLLOW-UP ACTIONS OF THE GOVERNMENT

(A) Outbound Travel Alert

5. The Security Bureau (“SB”) issued the Amber Outbound Travel Alert (“OTA”) against Vietnam on 14 May, and subsequently raised it to Red on 15 May. Residents intending to visit Vietnam have been reminded to adjust their travel plans and avoid non-essential travel, including leisure travel. The Tourism Industry Council has announced the cancellation of all tour groups to Vietnam from 16 to 26 May. The Hong Kong Special Administrative Region (“HKSAR”) Government has provided updates on the latest development through the media and the OTA webpage and will continue to liaise with the airlines. The SB will closely monitor the situation and if necessary, adjust the alert as appropriate.

6. The Assistance to Hong Kong Residents Unit (“AHU”) 24-hour hotline at (852) 1868 of the Immigration Department (“ImmD”) has been providing assistance to Hong Kong residents in need in the past few days. Up to 18 May, the ImmD has received 10 requests for assistance and 32 enquiries. Upon receiving the requests, the ImmD has immediately contacted the Office of the Commissioner of the Ministry of Foreign Affairs (“OCMFA”), the Chinese Embassy in Vietnam and Consulate-General in Ho Chi Minh City, and has subsequently provided appropriate advice and assistance to those in need. All cases have been handled. The Hong Kong residents requesting assistance were safe and have returned or will return to Hong Kong shortly. Those who have chosen to remain in Vietnam for the time being have moved to safe locations.

(B) Maintaining close liaison with the trade

7. In the past few days, the Hong Kong Economic and Trade Office in Singapore (“HKETO(SG)”) and the Office of the Hong Kong Trade Development Council in Ho Chi Minh City have been monitoring the situation and closely liaising with the HKBAV, with a view to keeping abreast of the developments in Vietnam and providing timely support and practical information. For example, on 15 May, the HKETO(SG) disseminated through the HKBAV to its members information on HKSAR Government’s Red OTA for Vietnam, the AHU 24-hour hotline of the ImmD and the Chinese Embassy in Vietnam consular protection hotline. The HKETO(SG) has also expressed HKSAR Government’s concern about the personal safety of the Hong Kong business community in Vietnam, and urged them to monitor the situation, exercise caution, attend to personal safety and avoid protests and large gatherings of people. In response to the HKBAV’s enquiry, the HKETO(SG) provided swift response on 16 May regarding the emergency support available to Hong Kong people who have lost their passports/identity cards.

8. The Commerce and Economic Development Bureau (“CEDB”) and the Trade and Industry Department (“TID”) have also been in close contact with the major chambers of commerce, business associations and the trade so as to get first-hand information on Hong Kong companies in Vietnam and the latest local situation. The CEDB and the TID have also requested the assistance of the chambers of commerce and business associations in conveying HKSAR Government’s concern about the relevant trade to their members, reminding Hong Kong business community in Vietnam to attend to personal safety as well as disseminating contact details of the ImmD and the Chinese Embassy in Vietnam.

(C) Communications at the Government-to-Government level

9. The HKSAR Government has been in close liaison with the OCMFA and the Chinese Embassy in Vietnam to convey the concerns of Hong Kong residents and provide necessary assistance to Hong Kong residents there. Furthermore, the Secretary for Security met the Consul General of Vietnam on 16 May, urging the Vietnamese Government to undertake all necessary measures to protect the lives and properties of Hong Kong residents (including the Hong Kong business community and corporate personnel) in Vietnam.

10. In addition, on the sidelines of the Meeting of Ministers Responsible for Trade of the Asia-Pacific Economic Cooperation in Qingdao, the Secretary for Commerce and Economic Development (“SCED”) has requested a meeting with the Minister of Industry and Trade of Vietnam. SCED has expressed concern about the recent outbreak of protests and public disorder in Vietnam, and has urged the Vietnamese Government to take appropriate action to protect Hong Kong people and their properties in Vietnam. He has also asked the Vietnamese Government to step up such protection during the reported upcoming major demonstration in Vietnam.

11. As regards the suggestion that Hong Kong should sign an investment protection agreement with Vietnam, it should be noted that Hong Kong and the Association of Southeast Asian Nations (“ASEAN”) will commence negotiation of Hong Kong – ASEAN Free Trade Agreement (“FTA”) in July this year. This FTA will contain provisions in respect of investment promotion and protection. Vietnam, being one of the ASEAN Members States, will participate in this FTA negotiation. We will strive to complete the negotiation as early as possible in order to strengthen the economic and trade relations between Hong Kong and ASEAN Member States, allow our business to have better access to the ASEAN markets and provide better protection to investors’ investments there.

12. Generally speaking, an Investment Promotion and Protection Agreement (“IPPA”) signed by Hong Kong stipulates that the investments and return on investments of investors of a contracting party should receive fair and

equitable treatment in the area of the other contracting party. In addition, an IPPA requires a contracting party to take such measures as may be reasonably necessary to ensure the protection and security of the investment of an investor of the other contracting party. Moreover, an IPPA stipulates that investors and their investments should under various circumstances receive reasonable and non-discriminatory treatment. In particular, a contracting party is obliged to make reasonable compensation in the event of, for example, expropriation of investments of investors, or during war or other emergency situations (including insurrection or riot), destruction of investors' properties by the authorities under certain circumstances. However, an IPPA does not guarantee that a contracting party must make compensation for all losses of investors arising from insurrection or riot. The detailed execution in respect of each individual case depends on its actual circumstances.

CONCLUSION

13. The Administration is deeply concerned about the impact of the situation in Vietnam on Hong Kong people there. We will closely monitor the latest development, and maintain liaison with the relevant authorities in the Central People's Government, the Vietnamese Government and the trade, with a view to providing Hong Kong people in Vietnam with the most up-to-date information and the necessary support.

Security Bureau
Commerce and Economic Development Bureau
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