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**Panel on Commerce and Industry**

**Meeting on 22 October 2013**

**Updated 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) (HKETCO). It also summarizes the views and concerns expressed by Members 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

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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.

Kong among opinion-formers; closely monitoring developments that may affect 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.

7. The Chief Executive (CE) announced in the 2013 Policy Address the setting up of an ETO in Wuhan. The Administration's proposal to create one permanent Administrative Officer Staff Grade B post and extend one supernumerary Administrative Officer Staff Grade C post for a period of three years under the Constitutional and Mainland Affairs Bureau for implementing those 2013 Policy Address initiatives relating to strengthening the relations between HKSAR and the Mainland, including the setting up of Wuhan ETO, was approved by the Finance Committee on 7 June 2013. The Wuhan ETO was expected to commence operation in 2014.

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<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.

BJO

8. 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 regions<sup>3</sup> under its coverage, (b) promote 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.

9. 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

10. With the positive development of cross-Strait relations, the CE 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.

11. 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**.

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<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.

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

12. The Panel has followed up closely on the work of overseas/Mainland ETOs, BJO and HKETCO. The major views and concerns expressed by members in the 2012-2013 legislative session were summarized in the ensuing paragraphs.

### *Enhancing the functions of the Mainland ETOs*

13. The Panel was briefed on the series of initiatives to enhance the functions of the Mainland ETOs, including setting up a new ETO in Wuhan and an Immigration Division (ID) in the Chengdu ETO at its meeting on 19 March 2013. Members urged the Administration to enhance Government-to-Government (G2G) co-operation and economic partnership with provinces and municipalities in the Mainland on all fronts to assist Hong Kong enterprises operating in the Mainland. In view of the growing Mainland-Hong Kong conflicts arising from a number of issues such as the regulation of export of powdered formula on the Hong Kong side, some members suggested that the Administration should take into account possible reaction of the Mainland community in policy formulation, and requested the Mainland ETOs to strengthen target-specific communication and publicity in the Mainland to enhance Mainland people's understanding of Hong Kong's policies and to foster mutual understanding and respect between the people of both sides.

14. The Administration advised that HKSAR Government had been maintaining close liaison with the Mainland authorities at various levels to relay to them the views of Hong Kong's trade and to discuss with them measures to support the trade. The Trade and Industry Department and the Mainland Offices also made use of various communication channels to enhance the trade's understanding of the Mainland's latest policies, regulations and business environment. Policy bureaux had been advised to take into account the possible reaction of the Mainland community during policy formulation and to enlist the assistance of the Mainland Offices to help better explain the related policies and disseminate information to the Mainland people to enhance their understanding of Hong Kong's policies.

### *Assisting Hong Kong residents and enterprises in the Mainland*

15. The provision of timely assistance to Hong Kong residents and enterprises in the Mainland was a major concern of Panel members. At the Panel meetings on 19 March and 16 July 2013, some members expressed concern about the assistance to Hong Kong enterprises and residents who were involved in labour disputes, litigation or detained in the Mainland. Members urged the Mainland Offices to strengthen liaison with Hong Kong

residents and groups in the Mainland and to proactively provide practical assistance to Hong Kong residents in distress by liaising with relevant government authorities and Courts in the Mainland or arranging officers of the Mainland Offices to visit Hong Kong residents being detained. Members also called on the Administration to look into the feasibility of setting up more liaison units in other cities as well as a new ID in Shanghai ETO to provide better support for Hong Kong residents in the Mainland.

16. The Administration advised that the Census and Statistics Department would conduct a thematic household survey to collect aggregate data of Hong Kong residents in the Mainland to better gauge their situation and assess the service needs to enhance the services to be offered by the Mainland ETOs to better serve Hong Kong residents and enterprises in the Mainland. For business, trade and labour dispute cases, the Mainland Offices would provide pertinent information, including relevant legislations and services, to the concerned Hong Kong enterprises and residents for their consideration. On the premises that the HKSAR Government should not and would not interfere with the Mainland's judiciary system, the Mainland ETOs would not directly involve in cases that had entered into legal proceedings. However, the Mainland ETOs would make the best endeavor to assist Hong Kong residents and enterprises under the "One Country, Two Systems" principle and within the legal parameters. The Administration undertook to explore the feasibility of setting up more liaison units to better support Hong Kong residents and enterprises in the Mainland and advised that it was the longer-term objective of the Administration to set up an ID in each Mainland ETO to help Hong Kong residents in need.

*Assisting Hong Kong enterprises in developing overseas markets*

17. The Panel noted the huge opportunities that the emerging markets in ASEAN<sup>4</sup> presented to Hong Kong, and was keen to see additional resource allocation for the Singapore ETO to capture these opportunities. Members requested the Administration to consider setting up new ETOs in emerging markets in South America, Europe, and ASEAN to further Hong Kong's economic and trade interests and to assist Hong Kong enterprises to develop industrial parks within ASEAN in view of the low cost base and huge growth potential in the region. Members also expressed concern on the progress of the Administration's work on Hong Kong's accession to the China-ASEAN Free Trade Area (CAFTA), and urged the Administration to step up lobbying for an early favourable decision from ASEAN.

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<sup>4</sup> The ten ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

18. The Administration agreed to consider allocating additional resources for Singapore ETO to assist Hong Kong enterprises to explore and tap into the emerging markets in ASEAN. The Administration also undertook to convey Hong Kong enterprises' concrete proposals for setting up an overseas industrial park to the relevant governments for consideration, and to assess the need for setting up new ETOs in other emerging economies, taking into account Hong Kong's economic and trade relations with these economies.

19. As pursuing bilateral or plurilateral free trade agreements (FTAs) had become a global trend, members called on the Administration to actively forge FTAs with trading partners to secure favourable market access for Hong Kong goods and services. The Administration was also urged to conclude more Investment Promotion and Protection Agreements with trading partners to attract foreign investments to Hong Kong and to enhance protection for Hong Kong investors' overseas investments.

20. At the Council meeting on 20 February 2013, Mr CHUNG Kwok-pan raised a question on whether the Government would strengthen the roles and functions of the overseas ETOs and regularly review the need to set up new ETOs in regions with potential to assist Hong Kong businessmen in tapping business opportunities in emerging markets at G2G level.

21. The Administration responded that overseas ETOs sought to promote bilateral economic and trade relations between Hong Kong and different regions and were committed to promoting Hong Kong's trade development at the G2G level. Taking into account the changing economic situation, staff of the overseas ETOs had visited different places under their respective coverage so as to assist Hong Kong businessmen to explore and tap into the emerging markets. The Administration would review the situation from time to time, and suitably increase resources when necessary so as to enhance the effectiveness of the ETOs.

### **Latest position**

22. The Heads of overseas/Mainland ETOs, BJO and HKETCO will brief the Panel on 22 October 2013 on their work since their last report in November 2012.

### **Relevant papers**

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

Council Business Division 1  
Legislative Council Secretariat  
18 October 2013

### **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.
20/11/2012	Panel on Commerce and Industry	Administration's papers   Background brief   Minutes of meeting	CB(1)165/12-13(03)  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-3-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-3-e.pdf</a>  CB(1)165/12-13(04)  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-4-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-4-e.pdf</a>  CB(1)165/12-13(05)  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-5-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1120cb1-165-5-e.pdf</a>  CB(1)434/12-13  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20121120.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20121120.pdf</a>
20/2/2013	Council meeting	Question No. 12 raised by Hon CHUNG Kwok-pan	Hansard (Page 6976 - 6979)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0220-translate-e.pdf#nameddest=wrq12">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0220-translate-e.pdf#nameddest=wrq12</a>
19/3/2013	Panel on Commerce and Industry	Administration's paper	CB(1)696/12-13(03)  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0319cb1-696-3-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0319cb1-696-3-e.pdf</a>

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Minutes of meeting	CB(1)1023/12-13 <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130319.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130319.pdf</a>
16/7/2013	Panel on Commerce and Industry	Administration's paper  Updated background brief  Minutes of meeting	CB(1)1282/12-13(03) <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0618cb1-1282-3-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0618cb1-1282-3-e.pdf</a>  CB(1)1282/12-13(04) <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0618cb1-1282-4-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0618cb1-1282-4-e.pdf</a>  CB(1)1797/12-13 <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130716.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130716.pdf</a>