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Panel on Commerce and Industry

Meeting on 22 October 2013

**Updated background brief on trade relations between
Hong Kong and Taiwan**

Purpose

This paper provides background information on trade relations between Hong Kong and Taiwan, and a summary of views and concerns expressed by members of the Panel on Commerce and Industry (the Panel) during previous discussion on the subject.

Background

2. Over the years, Hong Kong and Taiwan have established close economic and trade ties. According to the Administration, Hong Kong and Taiwan was each other's fourth largest trading partner in 2012 with total bilateral merchandise trade amounting to over HK\$325 billion. Taiwan is also a major source of inward direct investment for Hong Kong.

3. The Chief Executive (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. CE proposed that Hong Kong should play an active role in financial, economic and trade, tourism and other exchanges among the Mainland, Taiwan and Hong Kong. The Administration would also seek to enable Hong Kong travel agents to operate in the Mainland tours to Taiwan, and explore further development of cross-Strait Mainland-Hong Kong-Taiwan multi-destination tourism products, including air and cruise packages.

4. With the concerted efforts of the Hong Kong and Taiwan authorities, the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion 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 and trade, culture and other areas of mutual interests, to facilitate direct communication on issues relating to bilateral trade and investment, and to foster closer co-operation in trade, investment and tourism.

5. Following the Finance Committee's approval, the Hong Kong Economic, Trade and Cultural Office in Taiwan (HKETCO) commenced operation in Taipei in December 2011. It was tasked to promote economic, trade and investment exchanges between Hong Kong and Taiwan, and to foster exchanges in culture, education and other fronts. Since its establishment, the HKETCO had been establishing contacts with the authorities in charge of economic and trade affairs, various economic and trade bodies and Hong Kong businessmen in Taiwan to promote further the multi-faceted co-operation between Hong Kong and Taiwan.

Discussion by the Panel on Commerce and Industry

6. The Panel has followed closely the development on the trade co-operation between Hong Kong and Taiwan in a number of key areas including trade and investment promotion, tourism, cultural exchanges and co-operation of creative industries, etc. The major views and concerns expressed by members were summarized in the ensuing paragraphs.

7. Members noted that the bilateral link had been greatly enhanced with the establishment of the HKETCO in December 2011 and through the concerted efforts of the ECCPC and the THEC. To enhance bilateral trade and economic relations between Hong Kong and Taiwan, some Panel members called on the Administration to actively explore the establishment of a comprehensive framework for economic and trade co-operation between Hong Kong and Taiwan, in particular an institutionalized arrangement similar to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) signed between Hong Kong and the Mainland or the Cross-Straits Economic Co-operation Framework Agreement (ECFA) between Taiwan and the Mainland.

8. Some members were concerned that the signing of ECFA between Taiwan and the Mainland might undermine the intermediary role of Hong Kong as the gateway to the Mainland for Taiwan enterprises. These members called for a new positioning of Hong Kong amid the improved cross-Strait economic co-operation, and urged the Administration to leverage on the combined advantages of CEPA and ECFA to achieve greater synergy in tapping the vast business potential of the Taiwan market and developing the Mainland market. Members urged the Invest Hong Kong and the Hong Kong Trade Development Council to continue to step up their promotional work to facilitate Hong Kong companies' entry into the Taiwan market and encourage Taiwan enterprises to leverage on Hong Kong's service platform to explore business opportunities in both Mainland and overseas markets.

9. On tourism, members called on the Taipei Office of the Hong Kong Tourism Board (HKTb) to strengthen cooperation with the local travel trade and media and to ride on the advantages of the free-of-charge online Pre-arrival Registration arrangement for Taiwan visitors to further promote Hong Kong as a tourist destination for Taiwan. Members also suggested the HKTb to step up its promotion work in the second-tier cities in Taiwan (such as Taichung and Kaohsiung) to attract more visitors.

10. On cultural front, some members called on the Administration to strengthen cultural exchanges and enhance cooperation with the creative industries sectors in Taiwan to promote Hong Kong's animation, comics and filming industry, which were the flagship of the local creative industries.

Recent developments

11. The ECCPC and the THEC held their fourth joint meeting in Hong Kong on 27 September 2013, and reviewed the achievements made in the past year in various co-operation areas on the economic and trade, cultural, tourism, social livelihood, city management and law enforcement exchanges fronts. For the coming year, both sides agreed to take forward and deepen the multi-faceted co-operation between Hong Kong and Taiwan through the ECCPC-THEC platform in the spirit of pragmatism and mutual benefit, with a view to making strides in Hong Kong-Taiwan relations.

Latest position

12. The Administration will brief the Panel on 22 October 2013 on the latest developments of the trade relations between Hong Kong and Taiwan, including trade promotion, investment promotion, tourism etc.

Relevant papers

13. A list of relevant papers is shown in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
16 October 2013

Trade relations between Taiwan and Hong Kong

List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
20/7/2010	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Background brief</p> <p>Minutes of meeting</p>	<p>CB(1)2521/09-10(03)</p> <p>http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0720cb1-2521-3-e.pdf</p> <p>CB(1)2521/09-10(04)</p> <p>http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0720cb1-2521-4-e.pdf</p> <p>CB(1)2965/09-10</p> <p>http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20100720.pdf</p>
19/7/2011	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Minutes of meeting</p>	<p>CB(1)2641/10-11(01)</p> <p>http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci cb1-2641-1-e.pdf</p> <p>CB(1)3098/10-11</p> <p>http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110719.pdf</p>

Date of meeting	Meeting	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>http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-5-e.pdf</p> <p>CB(1)37/11-12(06)</p> <p>http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-37-6-e.pdf</p> <p>CB(1)592/11-12</p> <p>http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20111018.pdf</p> <p>CB(1)176/11-12(01)</p> <p>http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1018cb1-176-1-e.pdf</p>
29/10/2012	Panel on Commerce and Industry	<p>Administration's paper</p> <p>Background brief</p> <p>Minutes of meeting</p>	<p>CB(1)57/12-13(04)</p> <p>http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1029cb1-57-4-e.pdf</p> <p>CB(1)57/12-13(05)</p> <p>http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1029cb1-57-5-e.pdf</p> <p>CB(1)292/12-13</p> <p>http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20121029.pdf</p>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		Follow-up paper	CB(1)399/12-13(01) http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci1029cb1-399-1-e.pdf