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Panel on Commerce and Industry

Meeting on 19 November 2013

**Background brief on the establishment of
the Hong Kong Economic and Trade Office in Wuhan**

Purpose

This paper provides background information on the Administration's proposal for the establishment of the Hong Kong Economic and Trade Office (ETO) in Wuhan. It also summarizes the views and concerns expressed by Members on the subject.

Background

2. As set out in the 2013 Policy Address, the Hong Kong Special Administrative Region (HKSAR) Government will enhance Government-to-Government co-operation and Hong Kong's economic partnership with provinces and municipalities in the Mainland on all fronts. A series of initiatives were announced to enhance the functions of the HKSAR Government Offices in the Mainland (Mainland Offices), including the setting up of an ETO in Wuhan. The Wuhan ETO is expected to commence operation in 2014. The Government would also look into the feasibility of setting up liaison units in other Mainland cities.

3. At present, there are four HKSAR Government Offices in the Mainland, namely Guangdong ETO, Shanghai ETO, Chengdu ETO and the Beijing Office (BJO). Their coverage and functions are in **Appendix I**.

Discussions by the Panel on Commerce and Industry (the Panel) and the Finance Committee (FC)

4. The Panel examined and supported 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 (CMAB) for implementing those 2013 Policy Address initiatives relating to strengthening the relations between HKSAR and the Mainland, including the setting up of Wuhan ETO, at its meeting on 19 March 2013. The proposal was subsequently approved by the FC at its meeting on 7 June 2013. Views and concerns expressed by members of the Panel and FC regarding the proposed setting up of Wuhan ETO were summarized in the ensuing paragraphs.

Mechanism for determining the location of new Mainland ETOs

5. While acknowledging the need to strengthen the cooperation between the HKSAR Government and major provinces and municipalities in the Mainland through the establishment of more ETOs and liaison units, members were concerned whether the Administration had put in place any mechanism for determining the location of the new ETOs in the Mainland. Some members requested the Administration to proactively evaluate the need for new ETOs in the Mainland after the Wuhan Office came into operation as it was expected that more and more Hong Kong firms and residents would move into the Mainland in pursuit of new business opportunities. The Administration was also urged to consider setting up a new Immigration Division (ID) in Shanghai ETO in view of the large number of Hong Kong enterprises and residents in Shanghai.

6. The Administration advised that in deciding the location of the new ETOs, a key consideration was the progress and potential of development of different provinces, municipalities and economic zones in the Mainland. In deciding to set up a new ETO in Wuhan, the Administration had taken into account a host of factors, including the national strategy for co-ordinated regional development; the development situation and potential of the relevant provinces and municipalities; the potential business opportunities for Hong Kong enterprises; and views from relevant stakeholders including the business sector. According to the Administration, with national support policies, the Central Region of the Mainland has seen rapid economic growth in recent years. As Wuhan is an integral transport hub with solid economic foundation in the Central Region, the setting up of an ETO there would facilitate Hong Kong enterprises to take advantage of the rapid economic development in the Central Region of the Mainland.

7. As regards the proposed establishment of an ID in Shanghai ETO, the Administration advised that subject to consultation with the relevant policy bureaux, it was the longer term objective of the CMAB to set up an ID in each of the Mainland Offices.

Staffing provision for Wuhan ETO

8. In response to members' enquiries on the scale of operation and manpower requirements of the Wuhan ETO, the Administration advised that the major responsibilities of the Wuhan ETO would be similar to those of the existing ETOs in Guangdong, Shanghai and Chengdu. Reference would be made to the staffing provision of Shanghai and Chengdu ETOs when determining the manpower requirements of the Wuhan ETO.

Division of work among the existing Mainland Offices and Wuhan ETO

9. When examining the Estimates of Expenditure 2013-2014, some members expressed concern on how the work among the existing Mainland ETOs and the new Wuhan ETO would be coordinated to avoid duplication of work and uneven distribution of resources, given the proximity of the new Wuhan ETO to the existing Chengdu ETO and Chongqing Liaison Unit. The Administration advised that in pursuing the preparatory work of the establishment of Wuhan ETO, the Administration would consider the coverage of the new office and the consequent changes to the coverage of the BJO and the existing three ETOs (i.e. the Guangdong ETO, Shanghai ETO and Chengdu ETO), so that the five offices would share out, and not duplicate, the work and responsibilities.

Latest position

10. The Administration will brief the Panel on 19 November 2013 on the arrangement to establish the Wuhan ETO and consult the Panel on the proposal to create a directorate post to head the new office.

Relevant papers

11. A list of relevant papers is in **Appendix II**.

**Coverage and functions of
Hong Kong Economic and Trade Offices in the Mainland
and the Office of the Government of
the Hong Kong Special Administrative Region in Beijing**

Mainland Economic Trade Offices (ETOs)

1. The Guangdong ETO was set up in July 2002. Its coverage includes the five provinces/region of Fujian, Jiangxi, Guangdong, Guangxi and Hainan.
2. 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.
3. 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.
4. The main functions of Guangdong ETO, Shanghai ETO and Chengdu ETO are (a) to promote economic and trade co-operation and ties between the Hong Kong Special Administrative Region (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.

Beijing Office (BJO)

1. Article 22 of the Basic Law provides that the HKSAR may establish an office in Beijing. The BJO was set up in March 1999. Its coverage included 15 provinces/municipalities/autonomous regions namely Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu, Ningxia, Qinghai and Tibet.
2. 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 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.

**Establishment of the
Hong Kong Economic and Trade Office in Wuhan**

List of relevant papers

Date of meeting	Committee	Minutes/Paper	LC Paper No.
23/1/2013	Panel on Commerce and Industry	Administration's papers Minutes meeting of	CB(1)436/12-13(03) http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0123cb1-436-3-e.pdf CB(1)436/12-13(04) http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0123cb1-436-4-e.pdf CB(1)694/12-13 http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130123.pdf
19/3/2013	Panel on Commerce and Industry	Administration's paper Minutes meeting of	CB(1)696/12-13(03) http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0319cb1-696-3-e.pdf CB(1)1023/12-13 http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130319.pdf
10/4/2013	Finance Committee	Administration's replies to Members initial written questions raised by Hon WONG Ting-kwong	Reply Serial No. CMAB065 http://www.legco.gov.hk/yr12-13/english/fc/fc/w_q/cmab-e.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Administration's replies to Members initial written questions raised by Hon Charles Peter MOK	Reply Serial No. CMAB115 http://www.legco.gov.hk/yr12-13/english/fc/fc/w_q/cmab-e.pdf
7/6/2013	Finance Committee	Administration's papers Minutes of meeting	Enclosure 2 to FCR(2013-14)12 http://www.legco.gov.hk/yr12-13/english/fc/fc/papers/f13-12e.pdf EC(2013-14)2 http://www.legco.gov.hk/yr12-13/english/fc/esc/papers/e13-02e.pdf FC12/13-14 [EC(2013-14)2] http://www.legco.gov.hk/yr12-13/english/fc/fc/minutes/fc20130607.pdf