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Panel on Commerce and Industry

Meeting on 21 October 2014

**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

1. This paper provides background information on the work of the Hong Kong Economic and Trade Offices (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 ETOs¹ in major cities of economies which are Hong Kong's major trading partners. 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 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

¹ Overseas ETOs include Geneva ETO, Washington ETO, New York ETO, San Francisco ETO, Toronto ETO, Brussels ETO, London ETO, Berlin ETO, Tokyo ETO, Sydney ETO and Singapore ETO.

which fall within their respective purviews. They also regularly organize events to promote the overall image of Hong Kong. In conjunction with Invest Hong Kong², 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. The main functions of the four ETOs in the Mainland³ 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, Guangdong, Guangxi, Hainan and Yunnan.

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 Shandong.

6. The Chengdu ETO was set up in September 2006. Its coverage includes the six provinces/municipality/autonomous region, namely Sichuan, Chongqing, Guizhou, Shaanxi, Qinghai and Tibet.

7. The Chief Executive (CE) announced in the 2013 Policy Address the setting up of an ETO in Wuhan. The Finance Committee approved on 7 June 2013 the Administration's proposal to set up the Wuhan ETO. The Wuhan ETO commenced operation on 1 April 2014. Its coverage includes the five provinces of Hubei, Hunan, Shanxi, Jiangxi and Henan.

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 10 provinces/municipalities/

² 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.

³ These include Guangdong ETO, Shanghai ETO, Chengdu ETO and Wuhan ETO.

autonomous regions⁴ under its coverage, (b) promote Hong Kong in general and particularly over economic and trade relations with the 10 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 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, 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**.

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 are summarized in the ensuing paragraphs.

⁴ The 10 provinces/municipalities/autonomous regions under BJO's coverage are Beijing, Tianjin, Hebei, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu and Ningxia.

Enhancing the functions of the Mainland ETOs

13. The Panel was briefed on the series of initiatives announced in the 2013 Policy Address 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 particular those who were involved in labour disputes, litigation or detained in the Mainland, was a major concern of Panel members. 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 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.

17. Some Panel members expressed concern over the long-term impact of the establishment of the China (Shanghai) Pilot Free Trade Zone (FTZ) on Hong Kong, and urged the Administration to keep a close watch on the developments of the FTZ and disseminate the necessary information to Hong Kong businessmen in a timely manner to enable them to grasp the business opportunities in the FTZ. The Administration advised that the Shanghai ETO would seek the assistance of the relevant Mainland government agencies in arranging policy briefings for Hong Kong chambers of commerce and enterprises as appropriate, and follow up with the management committee of FTZ on cases of Hong Kong enterprises seeking to establish their business in the FTZ.

18. Some members raised concern about the impact of changes of ETOs' heads every few years on the continuity of ETOs' work, particularly in building up long-term relationship and liaison network with the Mainland authorities. The Administration advised that the civil service had well-established arrangements to ensure smooth transition in personnel to maintain effective operation of the ETOs when there were staff changes.

19. At the Council meeting on 25 June 2014, Hon Jeffrey LAM raised a question about the statistics on the requests for assistance from Hong Kong residents and enterprises handled by the Mainland Offices, as well as the general procedures and practices of the Mainland Offices in handling the requests for assistance.

Assisting Hong Kong enterprises in developing overseas markets

20. The Panel noted the huge opportunities that the emerging markets in the member countries of the Association of Southeast Asian Nations (ASEAN)⁵ presented to Hong Kong, and was keen to see additional resource allocation for the Singapore ETO to capture these opportunities. Members requested the

⁵ The ten ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

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. Some other members suggested that instead of setting up full-scale ETOs, the Administration might consider establishing sub-offices in emerging markets under the purview of the existing ETOs.

21. At the Council meeting on 20 February 2013, Hon 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.

22. The Administration advised that formal negotiations on a Free Trade Agreement (FTA) between Hong Kong and ASEAN had commenced in early 2014, and separate bilateral trade liberalization negotiations with individual ASEAN member nations could proceed upon finalization of the framework agreement on FTA with ASEAN as a bloc. 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. On the need for setting up new ETOs in other emerging economies, the Administration would, taking into account Hong Kong's economic and trade relations with these economies, review the geographical coverage of existing ETOs having regard to new demands from time to time and suitably deploy or increase resources when necessary to enhance the effectiveness of the ETOs.

Promoting cultural co-operation and exchanges

23. There was a view that the ETOs should have dedicated manpower to play a more active role in enhancing Hong Kong's cultural co-operation and exchanges with their host countries, and that the ETOs should be retitled to better reflect their cultural promotion role. The Administration advised that although the title of the ETOs did not bear out their role on the cultural front, promotion of cultural exchanges between Hong Kong and the regions under their respective coverage was an on-going focus of ETO's work.

Division of work between overseas ETOs and offices of the Hong Kong Trade Development Council (HKTDC)

24. Some members commented that in some overseas cities, such as London, where both offices of the ETO and HKTDC co-existed, a clear division of work

between the two offices should be drawn up to avoid any overlap in their function. The Administration advised that overseas ETOs sought to promote bilateral economic and trade relations between Hong Kong and different regions at the G2G level, and their interlocutors mainly included government officials, politicians, opinion-formers and the media. The HKTDC's overseas offices, on the other hand, were tasked to provide support for overseas buyers and individual Hong Kong companies on import and export trade. In fact, most of the offices of the overseas ETOs and the HKTDC were located in different host cities, except in a few major cities such as London and New York where both offices had been set up.

Latest position

25. The Heads of overseas/Mainland ETOs, BJO and HKETCO will brief the Panel on 21 October 2014 on their work since their last report in October 2013.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
15 October 2014

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 Advisory Centre on WTO Law, and as a participant of 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 the economic and trade relations between Hong Kong and the 31 eastern states 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 western states 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 in the European Union. 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 and eastern 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)¹.

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

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Minutes of meeting	CB(1)1023/12-13 http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130319.pdf
22/10/2013	Panel on Commerce and Industry	Administration's papers Updated background brief Minutes of meeting	CB(1)72/13-14(03) http://www.legco.gov.hk/yr13-14/english/panels/ci/papers/ci1022cb1-72-3-e.pdf CB(1)72/13-14(04) http://www.legco.gov.hk/yr13-14/english/panels/ci/papers/ci1022cb1-72-4-e.pdf CB(1)72/13-14(05) http://www.legco.gov.hk/yr13-14/english/panels/ci/papers/ci1022cb1-72-5-e.pdf CB(1)514/13-14 http://www.legco.gov.hk/yr13-14/english/panels/ci/minutes/ci20131022.pdf
25/6/2014	Council	Question No. 9 raised by Hon Jeffrey LAM Kin-fung	Hansard http://www.legco.gov.hk/yr13-14/english/counmtg/hansard/cm0625-translate-e.pdf#nameddest=wrq09