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Panel on Commerce and Industry

Meeting on 20 October 2015

**Updated background brief on the work of the
overseas Hong Kong Economic and Trade Offices and the Offices of the
Government of the HKSAR in the Mainland and Taiwan**

Purpose

1. This paper provides background information on the work of the overseas Hong Kong Economic and Trade Offices ("ETOs") and the Offices of the Government of the Hong Kong Special Administrative Region ("HKSAR") in the Mainland and Taiwan. It also summarizes the views and concerns expressed by Members on the subject.

Background

Overseas ETOs

2. The 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 which fall within their respective purviews. They also regularly organize events to promote the overall image of Hong Kong. In

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.

conjunction with Invest Hong Kong, the ETOs help to attract more inward investment into Hong Kong and assist 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**.

Offices of the HKSAR Government in the Mainland

3. The main functions of the four ETOs in the Mainland² 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 Wuhan ETO commenced operation on 1 April 2014. Its coverage includes the five provinces of Hubei, Hunan, Shanxi, Jiangxi and Henan.

8. Pursuant to Article 22 of the Basic Law³, an office of the HKSAR Government was set up in Beijing ("BJO") 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/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.

² These include Guangdong ETO, Shanghai ETO, Chengdu ETO and Wuhan ETO.

³ Article 22 of the Basic Law provides that the HKSAR Government may set up an office in Beijing.

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

Office of the HKSAR Government in Taiwan

9. Through the concerted efforts of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council and the Taiwan-Hong Kong Economic and Cultural Co-operation Council, Hong Kong and Taiwan authorities reached consensus on setting up multi-functional offices in Hong Kong and Taiwan respectively to enhance co-operation and promote exchanges between the two places in trade, culture, investment, tourism and other areas of mutual interests. In this regard, the Hong Kong Economic, Trade and Cultural Office in Taiwan ("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**.

Previous discussions

10. It has been the practice for overseas Hong Kong ETOs and the offices of the HKSAR Government in the Mainland and Taiwan to report their work to the Panel on Commerce and Industry ("the Panel") on an annual basis. The Panel was last updated on the work progress at its meeting held on 21 October 2014. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

Enhancing the functions of the Mainland ETOs

11. Panel 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. 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.

12. The Administration advised that the 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. 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.

13. 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.

Assisting Hong Kong residents and enterprises in the Mainland

14. 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. 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.

15. Panel members were keen to ensure 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. 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 Immigration Division ("ID") in Shanghai ETO to provide better support for Hong Kong residents in the Mainland.

16. The Administration advised that on the premise 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. At the Council meeting of 25 June 2014, Hon Jeffrey LAM raised a written 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

18. Some members suggested that additional resources should be allocated for the Singapore ETO to capture the huge opportunities that the emerging markets in the member countries of the Association of Southeast Asian Nations ("ASEAN")⁵ presented to Hong Kong. The Administration was requested 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.

19. At the Council meeting of 20 February 2013, Hon CHUNG Kwok-pan raised a written 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.

20. The Administration advised that it would review the geographic coverage of the existing ETOs and assess the need for new ETOs having regard to operational needs, Hong Kong's economic and trade relations with the concerned economies and availability of resources. The Administration also undertook to convey Hong Kong enterprises' concrete proposals for setting up an overseas industrial park to the relevant governments for consideration.

Promoting Hong Kong's image

21. Some Panel members were concerned that news of the Occupy Movement as well as incidents of harassment of Mainland visitors and

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

anti-parallel trading protests would adversely affect the image of Hong Kong and arouse international community's concern about safety in Hong Kong, thereby discouraging business and leisure visitors to Hong Kong. Members called on the overseas and Mainland ETOs to help reflect the overall situation in Hong Kong and step up publicity on Hong Kong's hospitality for tourists so as to rebuild international investors' confidence in Hong Kong. The Administration advised that the ETOs would continue to brief their interlocutors in the relevant government bodies, business communities and the media in their respective regions on the latest situation in Hong Kong to put across the message to overseas business communities that Hong Kong remained a hospitable city and a free and safe society.

Promoting cultural co-operation and exchanges

22. 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. It was also suggested that the ETOs should be retitled to better reflect their cultural promotion role. On the selection of performing arts groups to perform in arts and cultural promotion events, some members considered that Hong Kong's small and medium size performing arts groups should be given more opportunities to take part in exchange activities. The Administration advised that the retitling of ETOs would involve complicated procedures as the naming of an ETO was governed by agreements between the HKSAR Government and governments of the host country or, in some cases, legislation enacted by the host government. 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 ETOs' work.

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

23. 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 functions. 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

24. The Heads of overseas and Mainland ETOs, BJO and HKETCO will brief the Panel on 20 October 2015 on their work since their last report in October 2014.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
16 October 2015

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 fulfill 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.

**The work of the overseas Hong Kong Economic and Trade Offices and
the Offices of the Government of the HKSAR in the Mainland and Taiwan**

List of relevant papers

Date of meeting	Meeting	Paper
20/2/2013	Council	Question No. 12 on "Assisting Hong Kong enterprises in developing overseas markets" raised by Hon CHUNG Kwok-pan (Hansard) (Page 6976-6979)
19/3/2013	Panel on Commerce and Industry	Administration's paper on "Enhancing the co-operation relations between Hong Kong and the Mainland – Manpower arrangement for the Constitutional and Mainland Affairs Bureau" (LC Paper No. CB(1)696/12-13(03)) Minutes of meeting (LC Paper No. CB(1)1023/12-13)
22/10/2013	Panel on Commerce and Industry	Administration's paper on "Reports on the work of the overseas Hong Kong Economic and Trade Offices" (LC Paper No. CB(1)72/13-14(03)) Administration's paper on "Report on the work of HKSAR Government's Offices in the Mainland and Taiwan" (LC Paper No. CB(1)72/13-14(04)) 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) prepared by the Legislative Council Secretariat (LC Paper No. CB(1)72/13-14(05)) Minutes of meeting (LC Paper No. CB(1)514/13-14)

Date of meeting	Meeting	Paper
25/6/2014	Council	Question No. 9 on "Work of Offices of SAR Government on the Mainland" raised by Hon Jeffrey LAM Kin-fung (Hansard) (Page 15503-15508)
21/10/2014	Panel on Commerce and Industry	<p>Administration's paper on "Reports on the work of the overseas Hong Kong Economic and Trade Offices" (LC Paper No. CB(1)53/14-15(03))</p> <p>Administration's paper on "Report on the work of HKSAR Government's Offices in the Mainland and Taiwan" (LC Paper No. CB(1)53/14-15(04))</p> <p>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) prepared by the Legislative Council Secretariat (LC Paper No. CB(1)53/14-15(05))</p> <p>Minutes of meeting (LC Paper No. CB(1)212/14-15)</p>