

立法會
Legislative Council

LC Paper No. CB(1)642/15-16(06)

Ref. : CB1/PL/CI

Panel on Commerce and Industry

Meeting on 15 March 2016

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

Purpose

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

Background

2. As the Chief Executive announced in his 2016 Policy Address, the Hong Kong Special Administrative Region ("HKSAR") Government will enhance the trading environment by strengthening economic and trade ties with Hong Kong's major trading partners along the Silk Road Economic Belt and the 21st Century Maritime Silk Road ("Belt and Road") and the Association of Southeast Asian Nations ("ASEAN")¹ regions. To this end, the Administration will establish a new ETO in Jakarta this year.

3. According to the Administration, the 10 member states of ASEAN collectively formed Hong Kong's second largest trading partner in goods and fourth largest in services in 2014. To enhance trade and investment flows between Hong Kong and ASEAN countries, the Administration commenced the negotiation of a free trade agreement ("FTA") with ASEAN in July 2014, which is expected to be concluded in 2016. With the shift of global economic balance towards the east, the Administration considers that Hong

¹ The 10 ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Kong needs to increase the number of ETOs in the Asian region. At present, Hong Kong has 11 overseas ETOs, with the Singapore ETO covering the investment promotion work in the ASEAN markets. To promote trade and economic relations with ASEAN, the Administration plans to set up a new ETO in Jakarta. Details of the distribution of the 11 overseas ETOs and their major work and functions are set out in **Appendix I**.

Previous discussions

Panel on Commerce and Industry

4. The Panel on Commerce and Industry ("the Panel") discussed the increasing significance of the ASEAN market to Hong Kong's economy, measures to foster closer trading relationship between Hong Kong and ASEAN countries, as well as the roles and functions of overseas ETOs at the Panel meetings on 21 October 2014, 10 February 2015, and 20 October 2015 respectively.

Assisting Hong Kong enterprises in developing ASEAN markets

5. When being briefed on the investment promotion outlook of Invest Hong Kong ("InvestHK") in 2015, members noted that InvestHK would continue to focus its investment promotion efforts on the priority markets, including the ASEAN market. Members enquired about the resource allocation to the ASEAN market and whether InvestHK would place particular emphasis on any ASEAN countries.

6. InvestHK advised that while Singapore was currently the major source of investment projects in the ASEAN market, InvestHK would step up its investment promotion efforts in ASEAN countries, such as Malaysia and Indonesia, Thailand and the Philippines, where the number of potential investors was rising. InvestHK also informed members that another Investment Promotion Unit ("IPU") would be set up as and when a new ETO was established in the ASEAN market to further strengthen its investment promotion efforts in the region.

7. Members pointed out that huge opportunities were presented to Hong Kong enterprises in emerging markets such as the ASEAN market. These members called for the setting up of new ETOs in ASEAN to further Hong Kong's economic and trade interests and assist Hong Kong enterprises to develop industrial parks within ASEAN. Other members suggested establishing sub-offices in emerging markets under the purview of existing ETOs instead.

8. The Administration replied that it would review the geographic coverage of the existing ETOs and assess the need for new ETOs based on 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.

Strengthening connections with economies in the "Belt and Road" region

9. Referring to the "Belt and Road" Initiative announced by the Central People's Government, members urged the Administration to support Hong Kong businesses to seize the business opportunities arising from the Initiative by allocating additional resources for ETOs in "Belt and Road" countries and to consider setting up new ETOs in the region.

10. The Administration advised that to enhance Hong Kong's economic and trade relations with the "Belt and Road" countries, it planned to set up a new ETO in Jakarta of Indonesia, which was one of the countries on the 21st Century Maritime Silk Road. The Administration undertook to consult the Panel on matters related to the establishment of the new ETO before the approval of the Finance Committee was sought. Other efforts to assist Hong Kong enterprises to capture opportunities in the "Belt and Road" countries included negotiating FTAs and agreements for avoidance of double taxation.

The roles and functions of ETOs

11. During discussions on the work of overseas ETOs, some members suggested that 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. The Administration replied that while the title of 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 on an on-going focus of ETOs' work.

12. Some members commented that in overseas cities, such as London, where offices of ETO and Hong Kong Trade Development Council ("HKTDC") co-existed, a clear division of work between the two offices should be drawn up to avoid any overlapping in functions. The Administration explained that overseas ETOs sought to promote bilateral economic and trade relations at the Government-to-Government ("G2G") level, and their interlocutors were mainly government officials, politicians, opinion-formers and the media. The HKTDC's overseas offices, on the other hand, provided support for overseas buyers and individual Hong Kong

companies on import and export trade.

Council meeting

13. At the Council meeting on 20 February 2013, Hon CHUNG Kwok-pan asked 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. The Administration replied that given the changing economic situation, staff of the overseas ETOs had visited different places in their respective coverage to assist Hong Kong businessmen to explore and tap into the emerging markets in recent years. For example, the Singapore ETO had visited various ASEAN countries and organized business and trade activities for Hong Kong enterprises to explore the markets in the region. The Administration pledged to continue to monitor the situation in Asian markets and to review the situation from time to time and suitably increase resources to enhance the effectiveness of overseas ETOs where necessary.

Latest position

14. The Administration will brief the Panel on 16 March 2016 on the proposed establishment of a new ETO in Jakarta and related directorate staffing proposal. Subject to the Panel's views, the Administration plans to submit the relevant proposal to the Establishment Subcommittee for recommendation and the Finance Committee for approval.

Relevant papers

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

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").

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

List of relevant papers

Date of meeting	Committee	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)
21/10/2014	Panel on Commerce and Industry	Administration's paper on "the work of the overseas Hong Kong Economic and Trade Offices" (LC Paper No. CB(1)53/14-15(03)) Administration's paper on "report on the work of HKSAR Government Offices in the Mainland and Taiwan" (LC Paper No. CB(1)53/14-15(04)) Updated background brief on the work of the Hong Kong Economic and Trade Offices, the Offices of the Government of the HKSAR in Beijing, and the Hong Kong Economic, Trade and Cultural Offices (Taiwan) (LC Paper No. CB(1)53/14-15(05)) Minutes of meeting (LC Paper No. CB(1)212/14-15)
20/1/2015	Panel on Commerce and Industry	Administration's paper on "2015 Policy Address – policy initiatives of Commerce, Industry and Tourism Branch and Innovation and Technology Commission, Commerce and Economic Development Bureau" (LC Paper No. CB(1)438/14-15(03)) 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 (LC Paper No. CB(1)53/14-15(05))

Date of meeting	Committee	Paper
		Minutes of meeting (LC Paper No. CB(1)582/14-15)
10/2/2015	Panel on Commerce and Industry	Administration's paper on "promotion of inward investment" (LC Paper No. CB(1)512/14-15(03)) Updated background brief on promotion of inward investment (LC Paper No. CB(1)512/14-15(04)) Minutes of meeting LC Paper No. CB(1)730/14-15
20/10/2015	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)15/15-16(03)) Administration's paper on "report on the work of HKSAR Government Offices in the Mainland and Taiwan" (LC Paper No. CB(1)15/15-16(04)) 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 (LC Paper No. CB(1)15/15-16(05)) Minutes of meeting (LC Paper No. CB(1)264/15-16)
19/11/2015 (Paper date)	Establishment Subcommittee	Administration's paper on "update on overall directorate establishment position" (LC Paper No. ECI(2015-16)12)
19/1/2016	Panel on Commerce and Industry	Administration's paper on "2016 Policy Address – policy initiatives of Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau" (LC Paper No. CB(1)436/15-16(03))