

Progress Made by the Current-term Government on Mainland Co-operation

2012-2017



Constitutional and
Mainland Affairs Bureau



Foreword

Under the principle of “one country, two systems”, not only is Hong Kong part of the country, but also the most international and open city of China. Since the return to the Motherland, Hong Kong has been leveraging the dual strength of “one country” and convenience of “two systems”. By fostering co-operation with the Mainland, Hong Kong has been developing a closer relationship with the Mainland and serving as the “super-connector” between the Mainland and the international community in attracting foreign investment, technology and talents to enter the Mainland, as well as “going global” hand in hand with Mainland enterprises. While promoting the concurrent development of Hong Kong and the Mainland, new impetus is given to Hong Kong’s future social and economic development throughout the process. The living standard of Hong Kong people and career development opportunities for youths have also been continuously enhanced through economic development.

At the national level, the Hong Kong Special Administrative Region (HKSAR) Government actively complemented the drawing up of the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China (Outline of the National 13th Five-Year Plan), and submitted to the Central Government proposals which are beneficial to the development of HKSAR. The Outline of the National 13th Five-Year Plan was promulgated in March 2016, in which the Dedicated Chapter on Hong Kong and Macao expresses support for Hong Kong in leveraging our unique advantages to enhance our role and functions in the country’s economic development and opening up to other countries, and reaffirms the guiding principle of the Central Authorities in maintaining Hong Kong’s long-term prosperity and stability.



The Dedicated Chapter on Hong Kong and Macao also supports Hong Kong and Macao to play an important role in the Pan-Pearl River Delta Regional Co-operation, and even entrusts Hong Kong to push forward the development of Guangdong-Hong Kong-Macao Bay Area. Not only would the development plan for the Guangdong-Hong Kong-Macao Bay Area City Cluster push forward synergistic regional development, it would also expand Hong Kong's scope of development through deepening Guangdong-Hong Kong-Macao co-operation. The HKSAR Government is now following the strategic direction as set out in the Dedicated Chapter on Hong Kong and Macao, as well as the principle of "one country, two systems" in participating in the development plan of Guangdong-Hong Kong-Macao Bay Area City Cluster together with the National Development and Reform Commission, as well as the governments of Guangdong Province and Macao.

Besides, it is an important policy direction in both the Outline of the National 13th Five-Year Plan and the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road (the Belt and Road) to support Hong Kong to participate in and contribute to the Belt and Road Initiative. In this regard, the current-term Government has been actively deepening co-operation with the Mainland, particularly with Guangdong as well as provinces and regions in the Pan-Pearl River Delta by giving full play to the role of "super-connector", jointly opening new markets and making good use of business opportunities, thereby contributing to the Belt and Road Initiative.

At the regional level, the current-term Government has been upholding the principle of "what the country needs and what Hong Kong is good at" in expanding and deepening Hong Kong's regional co-operation with the Mainland in a wide array of areas, including finance, commerce and trade, innovation and technology, professional services and youth development, etc. In the past 5 years, the Government has successfully taken forward a number of significant co-operation projects, including the launch of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, deepening of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and development of the Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, bringing tremendous opportunities for the development of Hong Kong.



In addition, we also strive to expand the network of our offices on the Mainland and enhance their functions so as to better support Hong Kong enterprises, professionals, students and residents that are investing, working, studying or living on the Mainland. Currently there is an office in each of the 5 Mainland regions, i.e. eastern, southern, western, northern and central. The current-term Government has also set up liaison units in Liaoning, Shandong, Hunan, Henan, Tianjin, Zhejiang, Guangxi and Shaanxi, increasing the number of liaison units significantly from 3 before the current-term Government taking office to 11.

I hope that this booklet would provide the public with a better understanding of the HKSAR Government's progress made on co-operation with the Mainland. 2017 marks the 20th anniversary of the establishment of the HKSAR. Let us continue our work to enhance Hong Kong's unique advantages under "one country, two systems" and seize our country's development opportunities so as to further Hong Kong's cooperation with the Mainland with respect to economic and trade, livelihood and social development, thereby achieving mutual benefits.



Matthew Cheung Kin-chung
Chief Secretary for Administration





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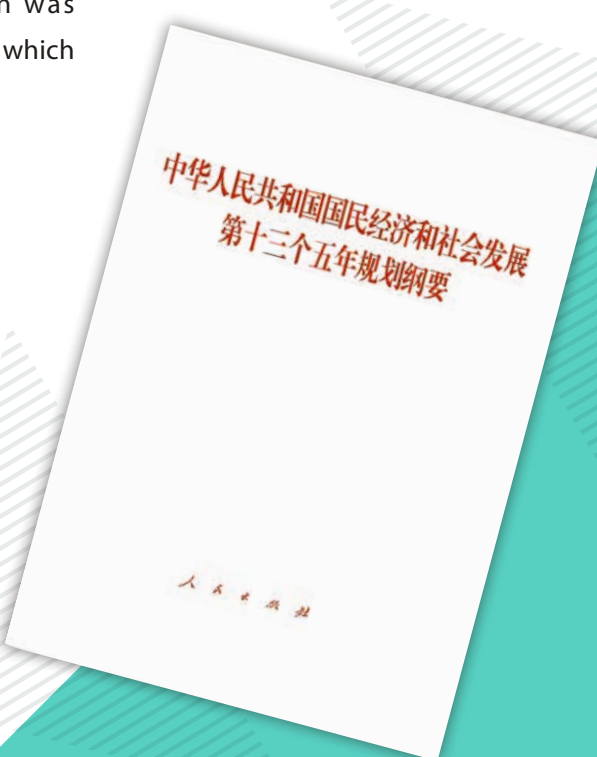
Open up new development opportunities

Enhance government-to-government (G2G) work, actively participate in and complement our country's development strategy and overall planning, and promote trade relations with provinces and cities on the Mainland so as to open up more development opportunities for Hong Kong.



► Preparatory work to complement the drawing up of the 13th Five-Year Plan started in July 2012. Research on key subjects such as economic and trade, innovation and technology and professional services etc., and exchange with the industries were conducted. Proposals which are beneficial to the development of HKSAR were submitted to the Central Government. The Outline of the National 13th Five-Year Plan was promulgated in March 2016, in which


the Dedicated Chapter on Hong Kong and Macao expresses support for Hong Kong in leveraging our unique advantages to enhance our role and functions in the country's economic development and opening up to other countries, and reaffirms the guiding principle of the Central Authorities in maintaining Hong Kong's long-term prosperity and stability.

The image shows the cover of the 'Outline of the National 13th Five-Year Plan'. The title is written in large, bold Chinese characters: '中华人民共和国国民经济和社会发展第十三个五年规划纲要'. At the bottom of the cover, the publisher's name '人民出版社' (People's Publishing House) is visible.

中华人民共和国国民经济和社会发展
第十三个五年规划纲要

人民出版社



 The opening ceremony of the inaugural Belt and Road Summit.

- ▶ The inaugural Belt and Road Summit was held in May 2016, bringing together over 2 400 distinguished government officials, representatives of international institutions and industry leaders from the Mainland and countries along the Belt and Road to explore new business opportunities arising from the Belt and Road Initiative.



Our country introduces the Belt and Road Initiative. Through connectivity in 5 areas, namely policy co-ordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond, it fosters the concurrent development of the Belt and Road countries, and brings new development opportunities to Hong Kong.

- ▶ In August 2016, the Belt and Road Office was set up to take forward better the work relating to HKSAR's participation in the Belt and Road Initiative.
- ▶ In May 2017, the Chief Executive led a HKSAR delegation to take part in the "Belt and Road Forum for International Cooperation" held in Beijing, and spoke at the meeting on "financial integration".

Location map of the offices of the HKSAR Government on the Mainland



- ▶ In order to improve the network of our offices on the Mainland, the Economic and Trade Office (ETO) in Wuhan was set up in April 2014, bringing the number of offices on the Mainland from 4 to 5, with an office in each of the eastern, southern, western, northern and central regions on the Mainland. The number of liaison units has been increased significantly from 3 in July 2012 to 11 in April 2017, so that each Mainland office is supported by at least 2 liaison units.



Opening dinner of the Wuhan ETO.

- ▶ The functions of our offices on the Mainland have been enhancing since 2013 with a view to setting up an Immigration Division under each office to provide HKSAR passport replacement service and other emergency support. The offices also conduct researches on nation-wide policies, disseminate information on economic and trade, employment and daily life, organise promotional activities, etc. to enhance support for career and business development of Hong Kong people and enterprises on the Mainland.



- ▶ At present, there is an Immigration Division each in Beijing Office and 3 other offices on the Mainland, providing HKSAR passport replacement service for Hong Kong residents. The Wuhan ETO will set up an Immigration Division before the end of 2017.



- ▶ All offices on the Mainland make use of G2G platform for Hong Kong enterprises to exchange views with the Mainland provincial and municipal governments.

- ▶ The HKSAR Government co-operates closely with the Guangdong Provincial Government through the Guangdong-Hong Kong co-operation mechanism, adopting “early and pilot implementation” measures in many areas. For example, the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong was signed in December 2014 under the framework of CEPA, enabling early realisation of basic liberalisation of trade in services with Hong Kong in Guangdong. Later with the implementation of the Agreement on Trade in Services under CEPA in June 2016, the relevant liberalisation measures were extended to the entire Mainland.



- ▶ To act in concert with the country's Belt and Road Initiative, Hong Kong and Guangdong Province signed the Letter of Intent in Participating in the Belt and Road Initiative, jointly seizing the huge opportunities brought by the Belt and Road Initiative.



- ▶ The HKSAR Government and the Shenzhen Municipal Government signed a Memorandum of Understanding on jointly developing Hong Kong/Shenzhen Innovation and Technology Park, bringing a breakthrough to the development of the Lok Ma Chau Loop.

- ▶ Make good use of the regional co-operation mechanisms with the Pan-Pearl River Delta, Beijing and Shanghai and set up the Hong Kong-Fujian co-operation mechanism in 2015 to expand and enhance Hong Kong's co-operation with the Mainland, while flexibly taking forward in-depth co-operation with other provinces/municipalities/ autonomous regions (including Sichuan and Guangxi) in specific areas with development potential.



The Hong Kong-Fujian Co-operation Conference was set up in 2015 to strengthen co-operation in economic and trade, finance, innovation and technology, youth exchange and cultural and creative industries.



Hong Kong, Guangdong and Macao jointly organised the 10th Pan-Pearl River Delta Region Co-operation and Development Forum and Trade Fair. The Forum introduced a business networking luncheon and a trade symposium, which facilitated direct exchange between Hong Kong and Pan-Pearl River Delta businesses and enterprises.



Facilitate mutual access in financial markets

Facilitate mutual access with
the Mainland financial market and
consolidate Hong Kong's status as the
country's international financial centre
and the global offshore Renminbi (RMB)
business hub.



At the 10th Asian Financial Forum in 2017, over 2 900 overseas, Mainland and Hong Kong financial and business leaders, policymakers and investors gathered in Hong Kong to share their insights on how to promote sustainable global economic development and reform through Asia's embrace of innovation and strengthening its connectivity with other regions. The Forum exemplifies Hong Kong's role as the "super-connector" in the region.

- ▶ The Mainland-Hong Kong Mutual Recognition of Funds Arrangement has been in operation since July 2015, allowing eligible funds of one place to be offered directly to retail investors in the other's market after obtaining authorisation or approval under streamlined procedures. As at end-February 2017, 54 Mainland and Hong Kong funds have been authorised under this arrangement, with aggregate net sales amounting to around RMB¥7.4 billion.

- ▶ Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were launched in November 2014 and December 2016 respectively. The Schemes enable international investors to invest more widely in the Mainland's market through Hong Kong's market. The Schemes also facilitate the further opening up of the Mainland's capital market and the internationalisation of RMB.



Shanghai-Hong Kong Stock Connect facilitates the two-way opening up of the capital markets of the two sides.



The launching ceremony of Shenzhen-Hong Kong Stock Connect.

- ▶ The Scheme for Cross-border Study Tour for Post-Secondary Financial Talents was launched in June 2012. The Scheme offers participating students of Hong Kong and Shanghai the opportunity to undertake attachment to financial institutions and pay visits to government bodies, financial regulators and exchanges. As at February 2017, over 260 students have participated in the Scheme.
- ▶ In order to encourage Mainland enterprises to set up captive insurers in Hong Kong, regulatory concessions (including lower minimum capital and solvency margin requirements, exemption to the requirement of maintaining assets in Hong Kong, and reduction by 50% of profits tax in respect of insurance business of offshore risks from the year of assessment 2013/14) are offered. As at March 2017, there are 3 authorised captive insurers set up by Mainland enterprises in Hong Kong.



Participating students of the Cross-border Study Tour for Post-Secondary Financial Talents visited the Fudan University in Shanghai.



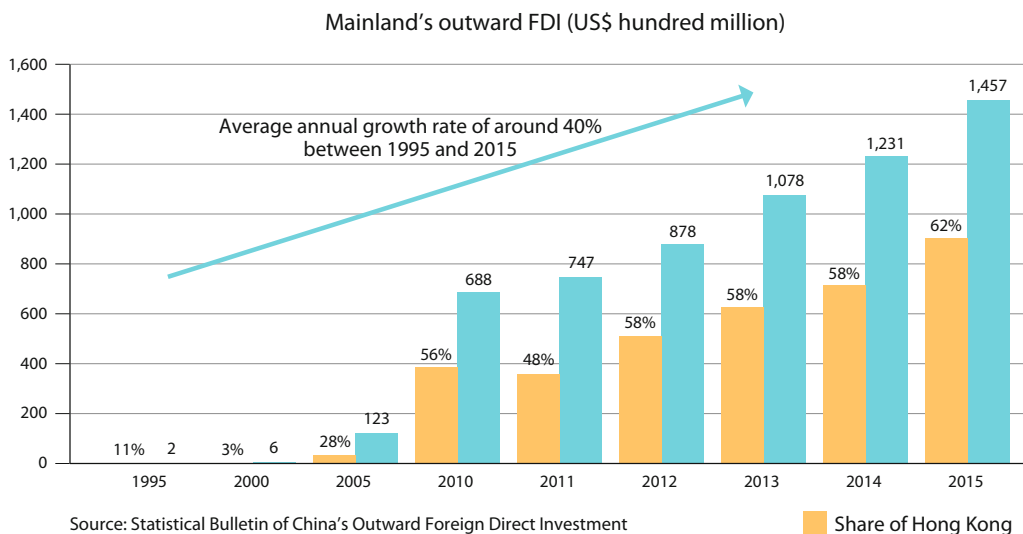
Participating students of the Cross-border Study Tour for Post-Secondary Financial Talents visited the Shanghai Stock Exchange.

Promote commercial and trade development

Assist Hong Kong enterprises to invest and run business on the Mainland and seize the opportunities brought by our country's continuous reform. Tap into the international market hand in hand with Mainland enterprises and consolidate Hong Kong's status as an international trade centre.



Mainland's Outward Foreign Direct investment (FDI) between 1995 and 2005



- ▶ Promote Hong Kong as an ideal platform for Mainland companies to “go global”. From July 2012 to February 2017, over 120 investment promotion seminars were organised in various Mainland provinces and cities, attracting around 16 000 representatives of enterprises to attend. In the same period, over 340 investment projects were completed, supporting Mainland enterprises to set up or expand their businesses in Hong Kong, and the total investment amount of these projects in the first year reached HK\$34.6 billion.



Invest Hong Kong participated in the 19th China International Fair for Investment and Trade in 2016.

- ▶ Co-operation Arrangement in the Area of Patent was signed between the Intellectual Property Department and the State Intellectual Property Office in December 2013. The arrangement helps Hong Kong implement the Original Grant Patent system, which allows applicants to apply for protection under standard patents in Hong Kong directly. The arrangement helps Hong Kong maintain the position as an innovation and IP trading hub.



Signing of Co-operation Arrangement in the Area of Patent.



Business of IP Asia Forum.

- ▶ Free Trade Agreement Transshipment Facilitation Scheme was launched in December 2015. The Scheme facilitates goods passing through Hong Kong to enjoy tariff concessions granted under the Free Trade Agreements between the Mainland and other economies and in turn supports the development of Hong Kong's logistics industry. As at January 2017, there were over 4 300 applications with a tariff reduction of over US\$25 million.




Customs officers checking information of transshipment cargos.




General Administration of Customs and Customs and Excise Department signed the Co-operation Arrangement.

- ▶ Collaborate with the Mainland and Macao tourism offices to promote “multi-destination” travel products in over 20 major overseas markets. From January 2012 to February 2017, over 130 “multi-destination” tourism promotion projects were launched.
- ▶ Assist Hong Kong enterprises in exploring the Mainland market by organising missions and seminars, as well as disseminating relevant information. For example, the Chief Executive led business delegations to Chongqing, Guangxi and Fujian in 2013 and 2014, and the HKSAR Government organised the Seminar on Policy Measures of the China (Guangdong) Pilot Free Trade Zone jointly with the Government of Guangdong Province in May 2015.



 Hong Kong, Shenzhen and Macao tourism offices jointly hosted a tourism promotion event in Russia.



 The Guangdong, Hong Kong and Macao Tourism Marketing Organisation set up a joint booth at the Hong Kong International Travel Expo and hosted a trade networking and logo launching event.



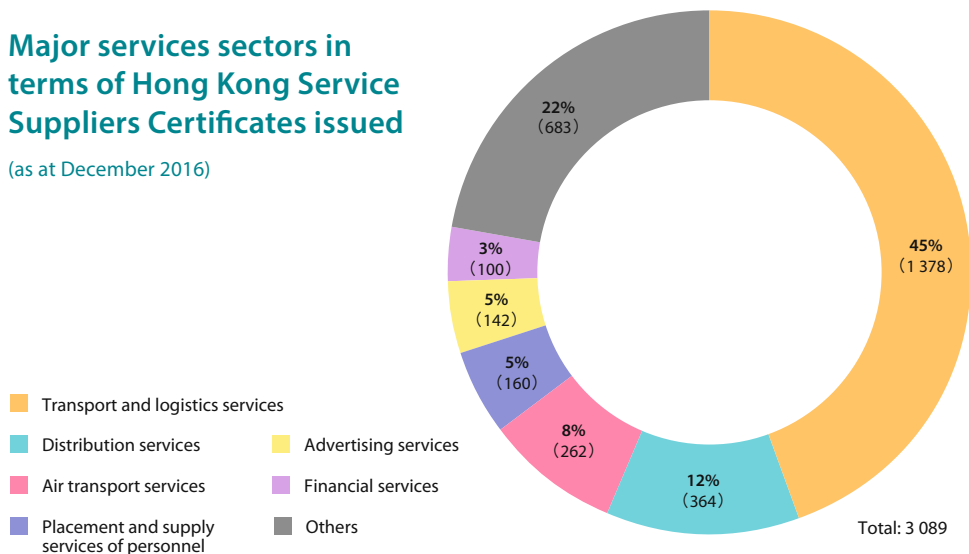
The Chief Executive led a business delegation to Fujian and attended the Fujian-Hong Kong Business Symposium.

The Chief Executive led a business delegation to Guangxi and visited a large-scale integrated logistics and trade centre.

- ▶ The Mainland and Hong Kong signed the Agreement on Trade in Services under the framework of CEPA in November 2015. Following the implementation of the Agreement in June 2016, liberalisation of trade in services between the two places is basically achieved. There are 153 sectors which the Mainland has opened up to Hong Kong services industry, accounting for around 96% of all the services trade sectors.

Major services sectors in terms of Hong Kong Service Suppliers Certificates issued

(as at December 2016)





Push forward construction of cross-boundary infrastructure

Push forward the construction of cross-boundary infrastructure to link Hong Kong with neighbouring areas, foster flow of people and logistics, as well as complement the advantages of the ports in both places to consolidate Hong Kong's status as an international transportation centre.




 The first high-speed train was delivered to Hong Kong in September 2016.

- ▶ Prepare for the commissioning of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). The HKSAR Government works closely with relevant Mainland authorities to implement relevant arrangements so that the Hong Kong section of XRL will be commissioned in the third quarter of 2018 as scheduled. The XRL will link with the high-speed railway network of the Mainland, greatly shortening the travel time between Hong Kong and major cities on the Mainland.



 The HZMB Hong Kong Link Road under construction.



 The Secretary for Transport and Housing listened to the report on the works progress of the Hong Kong section of the HZMB by the Highways Department. The background is the Passenger Clearance Building of the HZMB Hong Kong Boundary Crossing Facilities.

- ▶ Take forward the Hong Kong-Zhuhai-Macao Bridge (HZMB) project, and deliberate and agree on cross-boundary transport arrangements. Upon completion, the HZMB will provide a direct land link between Hong Kong and the west coast of the Pearl River Delta (PRD). Different modes of transportation will be available to facilitate residents to commute. This will benefit the development of the logistics, commerce, trade, tourism and other industries.



Concept map of Liantang/ Heung Yuen Wai BCP.

- ▶ Push forward the construction of Liantang/ Heung Yuen Wai Boundary Control Point (BCP). The BCP, which is expected to be completed by the end of 2018, will be the 7th land boundary crossing between Hong Kong and Shenzhen. By then, the BCP will be connected with highways on both sides, thereby shortening the commuting time between Hong Kong and Shenzhen, as well as the eastern part of Guangdong.



With world-class infrastructure and efficient flow of information, Hong Kong is Asia's top choice of transportation and logistics hub.

- ▶ The Hong Kong Maritime and Port Board was established in April 2016 to provide strategic advice on the development of the maritime and port industries, as well as to promote Hong Kong's port and high value-added maritime services in overseas countries and on the Mainland. Since 2012, maritime industry delegations have paid visits to a number of major port cities on the Mainland and promoted Hong Kong's role as a springboard for Mainland's enterprises to "go global".



The Transport and Housing Bureau led a delegation of industry representatives to Shanghai to participate in the Marintec China and exchange views with representatives from the Shanghai Maritime University.



Signing of the Agreement on establishing a strengthened liaison mechanism to enhance co-operation and exchange among the civil aviation authorities of the 3 sides on air traffic management planning and implementation in the PRD.

- ▶ In May 2016, the Air Traffic Management Bureau of the Civil Aviation Administration of China, the Civil Aviation Department of Hong Kong and the Civil Aviation Authority of Macao signed an Agreement on establishing a strengthened liaison mechanism to enhance co-operation and exchange among the civil aviation authorities of the 3 sides on air traffic management planning and implementation in the PRD region. The Agreement facilitates the progressive optimisation of airspace management in the PRD region, which will be conducive to maximising the impact of the Three-Runway System of the Hong Kong International Airport.

Foster innovation and entrepreneurship

The excellent research and innovation abilities of Hong Kong's innovation and technology enterprises, together with the strong human resources and industrial capabilities of the Mainland, are beneficial to the development of science and research in both places, providing new impetus for Hong Kong to develop the economy through innovation and technology.



- ▶ In January 2017, Hong Kong and Shenzhen signed the Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen to jointly develop the Lok Ma Chau Loop into the Hong Kong-Shenzhen Innovation and Technology Park. The development involves setting up a key base for scientific research, as well as relevant higher education, cultural and creative and other complementary facilities to attract top enterprises, scientific research institutions and tertiary institutions from Hong Kong, Shenzhen, the Mainland and overseas.

Hong Kong and Shenzhen have agreed to develop the Lok Ma Chau Loop into the Hong Kong-Shenzhen Innovation and Technology Park, creating unprecedented scope and opportunities for the development of innovation and technology in the two places.



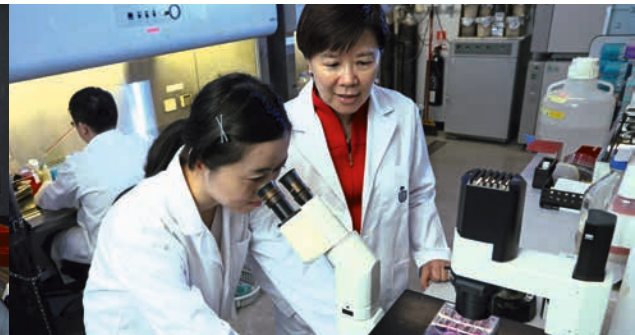
Location Plan of Lok Ma Chau Loop

Hong Kong and Shenzhen will jointly develop the Hong Kong-Shenzhen Innovation and Technology Park at the 87-hectare Lok Ma Chau Loop, which will be the largest innovation and technology platform ever established in the history of Hong Kong.



Photomontage of Lok Ma Chau Loop Development

- ▶ Increase the number of Partner State Key Laboratories (PSKLs) in Hong Kong and Hong Kong Branches of Chinese National Engineering Research Centres (CNERCs) and provide them with funding support to enhance their research and development (R&D) capabilities. At present, there are 16 PSKLs and 6 Hong Kong Branches of CNERCs, of which 4 PSKLs and all 6 Hong Kong Branches of CNERCs were set up in or after 2012.



The 10th Anniversary of the Establishment of Partner State Key Laboratories in Hong Kong cum Plaque Awarding Ceremony for Hong Kong Branches of Chinese National Engineering Research Centres .



The Partner State Key Laboratory of Molecular Neuroscience at the Hong Kong University of Science and Technology.

- ▶ Actively promote the Guangdong-Hong Kong Technology Co-operation Funding Scheme (TCFS) under the Innovation and Technology Fund (ITF) to fund projects which comprise an element of Guangdong/ Hong Kong co-operation, with a view to enhancing co-operation in respect of advanced technology research and transformation of scientific and technological achievements between the two places. From April 2012 to December 2016, almost 80 TCFS projects were funded by the ITF.
- ▶ Hong Kong Science and Technology Parks Corporation (HKSTPC) signed a Co-operation Plan with the Qianhai Management Authority in November 2013 and a Memorandum of Understanding with the Beijing Institute of Collaborative Innovation (BICI) in November 2015 to strengthen innovation and entrepreneurship co-operation. As at February 2017, a total of 4 Science Park companies have been admitted to the Qianhai Shenzhen-Hong Kong Youth Innovation & Entrepreneur Hub.



HKSTPC provides one-stop infrastructural support to technology-based companies. It is the HKSAR Government's flagship infrastructure for developing Hong Kong into regional innovation hub.

Participants of the Mainland Expedition on Entrepreneurship & Technology visited key hi-tech cities on the Mainland.



BICI and HKSTPC signed a Memorandum of Understanding.

Participants of the Cyberport Guangdong-Hong Kong Young Entrepreneur Programme actively participated in the Programme.



- ▶ Cyberport has organised the Shenzhen-Hong Kong and Guangdong-Hong Kong Young Entrepreneur Programme, providing funding support to participants to turn innovative ideas into prototypes. Since 2012, the Programme has approved more than 100 projects.



Deepen professional services co-operation

Hong Kong's professional services are well-developed. With their extensive links with the international community, Hong Kong's professional services have advantages in many areas, enabling them to ride on the development opportunities brought about by our country's continuous reform and to fully demonstrate their strength.

- ▶ After the implementation of the Agreement on Trade in Services under CEPA in June 2016, many liberalisation measures for the professional sectors under the “early and pilot implementation” in Guangdong have been expanded to the whole region of the entire Mainland. These measures include allowing Hong Kong residents who have obtained the Chinese Certified Public Accountants qualification to become partners of partnership accounting firms.



- ▶ Hong Kong and the Mainland signed the Arrangement on Mutual Taking of Evidence in Civil and Commercial Matters between the Courts of the Mainland and the HKSAR in December 2016. The arrangement facilitates the obtaining of evidence in civil and commercial matters by litigants of the two jurisdictions through more efficient and certain channels.

- ▶ In 2015, Qianhai Authority introduced the Hong Kong project management system via a pilot project with a number of Hong Kong companies employed. In June 2016, the Qianhai Authority issued a company list which includes almost 100 Hong Kong professional companies of the construction and related engineering sector and established a registration system for Hong Kong professionals to allow direct provision of professional services in Qianhai.



The Development Bureau led members of the professional sector to visit Qianhai.



The Management Authority of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, the Housing and Construction Bureau of Shenzhen Municipality and the Development Bureau signed the Co-operation Arrangement for Trial Implementation of Hong Kong Construction Model in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen.

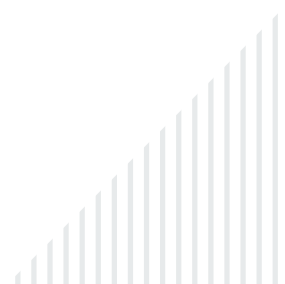


The Ministry of Commerce and the representatives of the Hong Kong consultants signed a contract for supervision services of construction projects.



Signing ceremony of the Memoranda of Understanding on Engagement of Hong Kong Consultants in Supervision Work for Mainland's Foreign Aid Construction Projects.

- ▶ The HKSAR Government collaborates with the Ministry of Commerce to introduce Hong Kong's project supervision services in the national foreign aid construction projects. 2 Hong Kong companies were awarded 2 contracts of project supervision through open tender in February 2015, paving the way for future participation in Belt and Road construction.





The MTR Corporation Limited, which participates in the operation and management of local and overseas railway projects in places including Beijing, Shenzhen, Hangzhou, London in the U.K., Stockholm in Sweden and Melbourne in Australia etc., has rich international experience and is highly competitive.

The Chief Executive attended the opening ceremony of the MTR Academy.

- ▶ The Mass Transit Railway (MTR) Corporation Limited officially founded the MTR Academy in November 2011 to train personnel in railway operation and management. This helps further the development of Hong Kong's transport professional services and complement the country's Belt and Road Initiative.

- ▶ In December 2015, the China Council for the Promotion of International Trade (CCPIT) and the Hong Kong Mediation Centre (HKMC) set up the CCPIT-HKMC Joint Mediation Center. It is the first joint mediation centre set up in Hong Kong by major mediation institutions of the Mainland and Hong Kong. The Center provides the Mainland and Hong Kong with a platform for resolving cross-boundary commercial disputes, thus further leveraging Hong Kong’s important status as an international legal and dispute resolution services centre in the Asia-Pacific region.
- ▶ In September 2012 and November 2014, the China International Economic and Trade Arbitration Commission (CIETAC) and the China Maritime Arbitration Commission (CMAC) respectively established an arbitration centre in Hong Kong. Both arbitration centres are respectively CIETAC and CMAC’s first arbitration centre outside the Mainland. Their establishment has built a new platform for co-operation between the dispute resolution professions of Hong Kong and the Mainland.



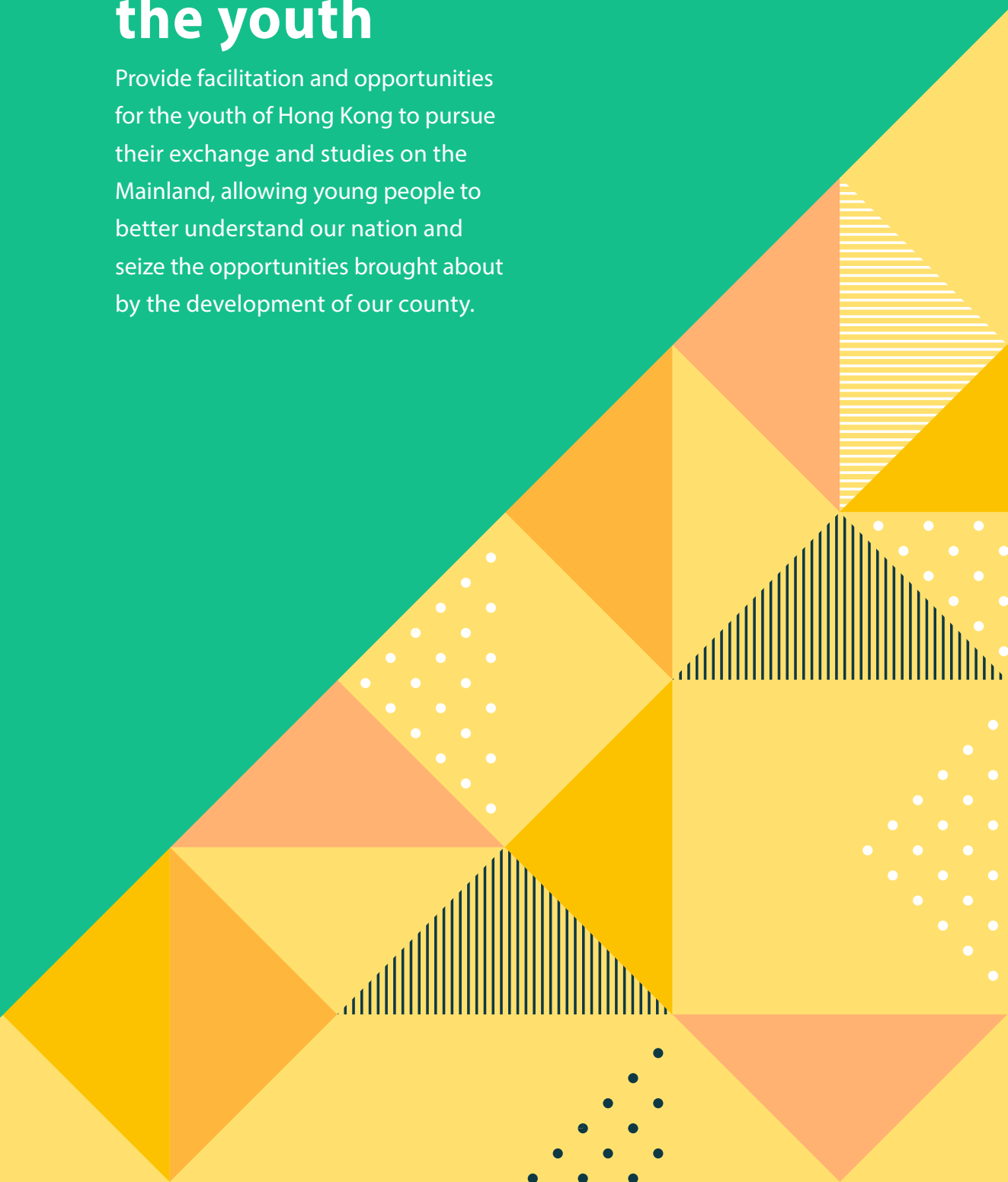
The inauguration ceremony of the CCPIT-HKMC Joint Mediation Center.



The inauguration ceremony of the CMAC Hong Kong Arbitration Centre.

Broaden the horizons of the youth

Provide facilitation and opportunities for the youth of Hong Kong to pursue their exchange and studies on the Mainland, allowing young people to better understand our nation and seize the opportunities brought about by the development of our country.



▶ The Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions was launched in the 2012/13 academic year to provide an alternative study pathway for Hong Kong students and enhance their career prospect in both the Mainland and Hong Kong. In the 2016/17 academic year, around 1 400 students were admitted to Mainland higher education institutions through the Scheme.

▶ The Mainland University Study Subsidy Scheme was launched in July 2014 to support Hong Kong students with financial need to pursue undergraduate studies on the Mainland. Starting from the 2016/17 academic year, the Scheme has been expanded to 155 designated Mainland education institutions.

▶ The Huaqiao University offers top-up degree programmes to Hong Kong sub-degree graduates from the 2016/17 academic year onwards. The scheme is on pilot run for two cohorts. A total of 6 students were admitted to the Huaqiao University in the first cohort of the scheme.



At the Mainland Higher Education Expo, students learnt about the details of the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions, as well as the particulars of individual Mainland higher education institutions.



At the Mainland Higher Education Expo, students learnt about the details of the Mainland University Study Subsidy Scheme.



Announcement ceremony of the pilot scheme on articulation of Hong Kong sub-degree graduates to top-up degree programmes by Huaqiao University.



Friendship built among students of the sister schools of the two places in cultural exchange activities.

- ▶ A 3-year Pilot Scheme on Promoting Interflows between Sister Schools in Hong Kong and the Mainland was implemented from the 2015/16 academic year to provide local sister schools with fixed grant and professional support. Since the implementation of the Pilot Scheme, there are about 230 new sister schools as at February 2017 and the total number of Hong Kong schools that have sister school(s) on the Mainland is over 570.

- ▶ To tie in with the recommendation set out in the 2015 Policy Address that students are to be subsidised to join at least 1 Mainland exchange programme each in the primary and secondary stages, the Education Bureau organises Mainland exchange programmes of various types, themes and places of visits in order to consolidate students' classroom learning and gain first-hand experiences of our country's development. During the 3 academic years from 2014/15 to 2016/17, about 170 000 students participated in Mainland exchange programmes.



Students visiting the Beijing Air and Space Museum.



Young people from Hong Kong visited historical monuments during their exchange on the mainland, deepening their understanding of the country's history and culture.



During their internship in financial organisations on the Mainland, young people from Hong Kong attended the National Youth Summit for Future Leaders in Finance.

- ▶ In late 2013, the Funding Scheme for Youth Internship in the Mainland was introduced, with the aim to enhance Hong Kong youth's understanding of the working environment and development opportunities on the Mainland. At the same time, the Funding Scheme for Youth Exchange in the Mainland was also enhanced to further Hong Kong youth's understanding of our nation. The total number of Hong Kong young people benefitted increased from 7 900 in 2012/13 to 19 200 in 2016/17.
- ▶ The Guangdong-Hong Kong Youth Volunteer Service Programme was launched in July 2015. University students from Hong Kong and Guangdong jointly provide different voluntary services in villages and towns in the Guangdong Province in summer, including teaching support, cultural promotion, environmental education and medical care. In 2016, there were almost 300 youth participants from Hong Kong and Guangdong.



Student volunteers providing medical services to local residents in villages and towns.

Cultural and creative exchange

Actively exchange and co-operate with the Mainland on the cultural and creative fronts, facilitating joint development of the cultural and creative industries.



- ▶ The Co-operation Agreement between Guangdong and Hong Kong on Promoting and Deepening the Development of Film Industries was signed in September 2013 to encourage the film industries of Guangdong and Hong Kong to deepen co-operation, establish a communication mechanism and information exchange channel, and organise activities which facilitate investment, co-operation and exchange among the film industries of the two places, including film exhibition weeks, film exchange visits, film production investment and trade fairs, etc.



The 4th Hong Kong Films Exhibition in Guangdong.



The 2nd Hong Kong-Shenzhen Design Biennale.


- ▶ The Agreement between the HKSAR Government and the Shenzhen Municipal People's Government on Promoting Co-operation in Creative Industries was signed in February 2016 to strengthen exchange in design, architecture and other creative sectors of the two places through different kinds of promotional activities.

- ▶ Strengthen co-operation with the arts and cultural organisations on the Mainland to foster the public's understanding of Chinese culture. From July 2012 to March 2017, over 300 cultural presentations featuring Chinese opera, dance and music and over 10 large-scale exhibitions featuring history, culture, art and science were organised in Hong Kong.



"The Rise of the Celestial Empire: Consolidation and Cultural Exchange during the Han Dynasty" was exhibited in the Hong Kong Museum of History.



 Hong Kong Youth Symphony Orchestra performed in Shanghai.

- ▶ Sponsor local arts organisations and artists to participate in cultural exchange projects on the Mainland. From July 2012 to December 2016, the Arts Development Fund has provided funding (a total grant of over HK\$6 million) to support 60 cultural exchange projects on the Mainland. The Hong Kong Arts Development Council has also provided funding (a total grant of over HK\$12 million) to 74 projects.



Protect the environment together

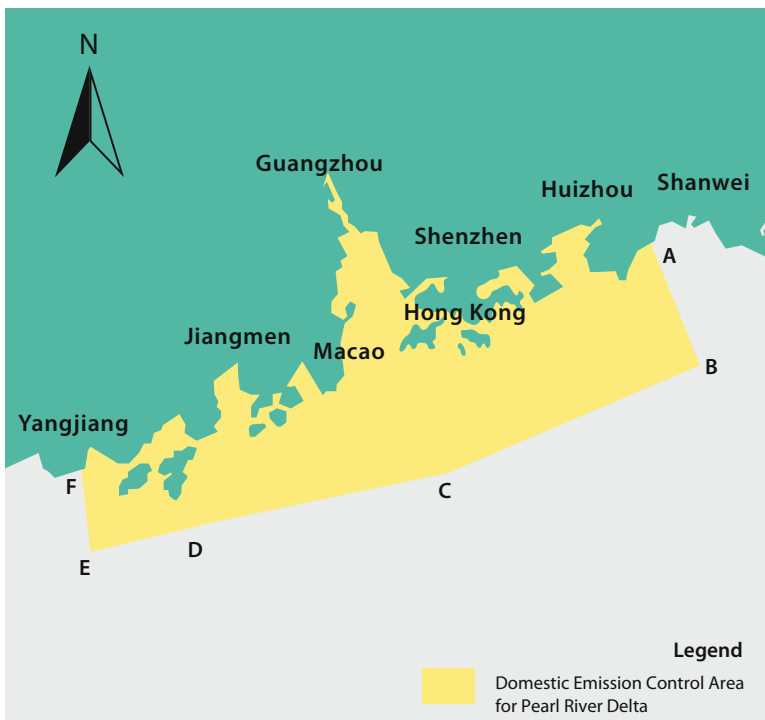
Improve the environment in the region and build a quality living area through enhancing co-operation with the Mainland.


- ▶ The Guangdong-Hong Kong-Macao PRD Regional Air Quality Monitoring Network was set up in 2014. As at February 2017, the number of monitoring stations has increased from 16 to 23. From 2006 to 2015, the annual average levels of sulphur dioxide, nitrogen dioxide and respirable particulate matters in the region decreased by 72%, 28% and 34% respectively.

Spatial distribution of monitoring stations in the Guangdong-Hong Kong-Macao PRD Regional Air Quality Monitoring Network




- ▶ The Co-operation Agreement on Prevention and Control of Air Pollution from Vessels between the Mainland and Hong Kong was signed in December 2016 to strengthen regional exchanges and collaboration in controlling marine emissions. The Environmental Protection Department, Marine Department, Guangdong Maritime Safety Administration (MSA) and Shenzhen MSA have formed a working group to collaborate on the establishment of the PRD Domestic Emission Control Area.



 Domestic Emission Control Area in PRD waters.

- ▶ Continue to implement the Cleaner Production Partnership Programme to facilitate Hong Kong-owned factories in Guangdong Province and Hong Kong to adopt cleaner production (CP) technologies and practices, thereby improving the environment in the region. Over 2 700 funding projects have been approved since the commencement of the Programme in 2008, providing funding support to about 1 700 Hong Kong-owned factories to carry out CP projects.




 Award presentation ceremony under the Hong Kong-Guangdong Cleaner Production Partners Recognition Scheme.




Strengthen social and livelihood services co-operation

Enhance co-operation between Hong Kong and the Mainland to provide better care for Hong Kong elderly people who retire on the Mainland and ensure the safety of fresh food and drug supply from the Mainland to Hong Kong.




 Guangdong Scheme.




 Rehabilitation area in the Hong Kong Jockey Club Shenzhen Society for Rehabilitation Yee Hong Heights.

- ▶ The HKSAR Government introduced the Guangdong Scheme in October 2013 to provide monthly Old Age Allowance (OAA) for eligible Hong Kong elderly people who choose to reside in Guangdong. As at end December 2016, there were around 15 000 recipients under the Guangdong Scheme. The HKSAR Government has announced in the 2017 Policy Address the introduction of the Fujian Scheme to provide monthly OAA for eligible Hong Kong elderly persons who choose to reside in Fujian.
- ▶ The HKSAR Government launched the Pilot Residential Care Services Scheme in Guangdong in June 2014. Residential care places are purchased at 2 elderly homes respectively located in Shenzhen and Zhaoqing and run by Hong Kong non-governmental organisations, allowing elderly people who are waiting for subsidised care-and-attention places in Hong Kong to choose to live in the 2 homes. As at December 2016, nearly 140 elderly persons have resided in the 2 elderly homes. The 2017 Policy Address has proposed extending the pilot scheme for 3 years.



 The HKSAR Government officer inspected imported food at the Man Kam To Control Point.

 The Pilot Scheme for the Use of Elderly Health Care Vouchers at the University of Hong Kong-Shenzhen Hospital.

- ▶ Strengthen exchange and co-operation with the Mainland authorities in quarantine and inspection as well as food safety, including guaranteeing livestock supply to Hong Kong, exchanging information and inspecting Mainland farms, etc., so as to safeguard stable supply and food safety. The Centre for Food Safety tests about 65 000 food samples every year, and the overall satisfactory rate remains at a high level. In 2016, the overall satisfactory rate was 99.8%.
- ▶ The Pilot Scheme for the Use of Elderly Health Care Vouchers at the University of Hong Kong-Shenzhen Hospital (HKU-SZ Hospital) was launched in October 2015 to allow eligible Hong Kong elderly people to use elderly health care vouchers to pay for designated outpatient services at the HKU-SZ Hospital. As at end-February 2017, over 1 270 elderly people have used vouchers at the HKU-SZ Hospital, and the total amount of vouchers claimed was about \$2.2 million.

- ▶ Signed a Co-operation Agreement on the Regulation for Food and Drug with the China Food and Drug Administration in May 2014. Both sides conduct exchanges in the areas of control and regulation, Good Manufacturing Practice, Good Clinical Practice, risk communication and training of personnel, etc. in relation to food, drugs and medical devices.
- ▶ Signed a Co-operation Agreement on Research for Testing and Standards of Chinese Medicines with the China Food and Drug Administration in June 2016 for both sides to conduct exchanges in the areas of research and developing standards for Chinese Materia Medica and Chinese medicines decoction pieces. The National Institutes for Food and Drug Control will provide technical support for the future Government Chinese Medicines Testing Institute managed by the Department of Health.



Signing ceremony of the Co-operation Agreement on Regulation for Food and Drug.



Signing ceremony of the Co-operation Agreement on Research for Testing and Standards of Chinese Medicines.

Disaster relief, exchange programmes for civil servants





Students having meals happily in school rebuilt by the HKSAR Government.



The HKSAR Government's reconstruction work in the Wolong Nature Reserve comprising livelihood projects as well as ecological conservation and scientific research projects has enhanced the living standard of people of Wolong as well as the capability of the Wolong Administration in ecological conservation and scientific research, providing a solid foundation for sustainable development.

Sharing with visiting Mainland officials on Hong Kong's city management experience, such as the Kai Tak River improvement works.

- ▶ With joint effort of Hong Kong and Sichuan, HKSAR's post-quake reconstruction support work in Sichuan has been completed. All 190 reconstruction projects involving over HK\$10 billion have commenced operation, covering areas such as education, medical and health, social welfare, highway construction, Wolong Nature Reserve reconstruction and rehabilitation training, etc., benefitting over 300 000 Sichuan people.
- ▶ Co-organise civil service training and exchange activities with the Mainland. Since 2012, an average of about 700 Hong Kong civil servants have participated in national studies courses, thematic visits and exchange programmes on the Mainland annually. At the same time, delegations from different Mainland provinces and cities have been received and briefed on HKSAR Government's structure and management, which enhances liaison and exchange of civil servants of the two places.



Way Forward



With the dual advantages of “one country, two systems”, Hong Kong enjoys the strength of “one country” and convenience of “two systems”. By upholding the principle of “what the country needs and what Hong Kong is good at”, Hong Kong strives to leverage our own unique advantages and contribute to our country, including providing important platforms for pushing forward the internationalisation of RMB, financing for Mainland enterprises and showcasing our country’s cultural soft power, etc.

The Dedicated Chapter on Hong Kong and Macao in the Outline of the National 13th Five-Year Plan expresses support for Hong Kong and Macao in enhancing economic competitiveness and acknowledges the unique positioning of Hong Kong in the overall development of the country. It supports Hong Kong in consolidating and enhancing our status as international financial, transportation and trade centres, strengthening our status as a global offshore RMB business hub and an international asset management centre, and promoting financial services, business and commerce, logistics and professional services, etc. towards high-end and high value-added developments. The Dedicated Chapter, for the first time, expresses support for Hong Kong in developing the innovation and technology industry, nurturing emerging industries as well as establishing itself as a centre for international legal and dispute resolution services in the Asia-Pacific region, all being sectors where Hong Kong has advantages. The Dedicated Chapter also expresses clear support for Hong Kong and Macao in participating in the country’s two-way opening up, as well as encourages Mainland, Hong Kong and Macao enterprises to leverage their own advantages to “go global” together through different co-operation means. All these will bring about huge development opportunities to Hong Kong in many different areas.

The HKSAR Government will continue to follow the principle of “one country, two systems” in participating in the work of the development plan for the Guangdong-Hong Kong-Macao Bay Area City Cluster. Hong Kong will continue to make use of its own unique advantages and the positioning as stipulated in the Dedicated Chapter on Hong Kong and Macao to develop with other cities in the Bay Area in a coordinated manner and play the bridging role. Not only could the synergistic development of Guangdong, Hong Kong and Macao expand Hong Kong’s scope of development and market, it would also integrate regional power to make the Bay Area City Cluster

more competitive and suitable for living and in turn facilitate the development of surrounding areas.

The country's Belt and Road Initiative also brings historic opportunities for Hong Kong's future development. As the most open city of our country, Hong Kong has extensive and strong international connections. Hong Kong can make full use of the dual advantages of "one country" and "two systems" and leverage its strengths in finance, trade, transportation, logistics, infrastructural development and management as well as professional services to participate in the Belt and Road Initiative, and give full play to the role of "super-connector" between the Mainland and the international community. Our work in this respect may also be extended to areas such as technology, culture and education, etc., bringing new opportunities for Hong Kong's economic development.

In future, Hong Kong should seize the opportunities brought by the country's development strategies. By leveraging our unique advantages under the principle of "one country, two systems", Hong Kong will continue to consolidate and enhance our positioning and functions in the country's economic development and opening up to other countries. In this regard, through strengthening the connection and co-operation with the Mainland, as well as maintaining communication with the industries, the HKSAR Government will continue to promote extensive and in-depth co-operation and exchange between Hong Kong and the Mainland. Also, the HKSAR Government will complement the country's strategies of "going global" and "attracting foreign investment", and continue to play fully the role as the "super-connector" in our country's development, thereby enabling further development of Hong Kong and making greater contribution to our country's development.

Under the principles of complementarity and mutual benefits, the HKSAR Government will also deepen regional co-operation to realise synergy between the development of Hong Kong and Mainland provinces and cities. Through our offices on the Mainland, the HKSAR Government will also strengthen liaison and communication with local governments, promote economic and trade relations, further Hong Kong's co-operation with relevant provinces and cities and promote Hong Kong, as well as provide timely and appropriate support for Hong Kong people and enterprises on the Mainland.

