

立法會
Legislative Council

LC Paper No. CB(1)605/17-18
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 19 December 2017, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon WU Chi-wai, MH (Chairman)
Hon SHIU Ka-fai (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon LAU Kwok-fan, MH
- Members attending** : Hon Frankie YICK Chi-ming, SBS, JP
Hon Holden CHOW Ho-ding
- Member absent** : Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Public officers attending : Agenda item IV

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Ms Salina YAN, JP
Director-General of Trade and Industry

Miss Winky SO
Deputy Director-General of Trade and Industry
(Multilateral Trade, Regional Cooperation and Bilateral Trade)

Agenda item V

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Mr Philip YUNG, JP
Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)

Ms Cora HO
Deputy Secretary for Commerce and Economic Development (Belt and Road)-

Clerk in attendance : Mr Desmond LAM
Chief Council Secretary (1)3

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Miss Judy YEE
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)341/17-18 -- Minutes of meeting held on 17 October 2017)

The minutes of the meeting held on 17 October 2017 were confirmed.

II. Information paper issued since last meeting

(LC Paper No. CB(1)351/17-18(01) -- Information paper on "The 20th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference")

2. Members noted the above paper issued since the last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)340/17-18(01) -- List of outstanding items for discussion

LC Paper No. CB(1)340/17-18(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 16 January 2018 from 2:30 pm to 5:00 pm to discuss the following items proposed by the Administration–

- (a) Proposal for an Enhanced Tax Deduction for Research and Development Expenses;
- (b) Progress of the Establishment of the Innovation and Technology Venture Fund; and
- (c) Development of Lok Ma Chau Loop – advance works and main works package 1.

Development plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area

4. The Chairman drew members' attention to the following latest development

in relation to item 15 of the List of outstanding items for discussion ("the List"), i.e. Development plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") -

Joint Panel meeting

- (a) while both the Chairmen of the Panel on Economic Development ("ED Panel") and the Panel on Financial Affairs ("FA Panel") raised no objection to the proposed joint meeting to discuss issues relating to the development of the Bay Area, Hon Kenneth LEUNG, Chairman of FA Panel suggested that the proposed joint meeting be held after the proposed joint-Panel duty visit to the Bay Area. Members raised no further suggestions to the proposed arrangement.

Joint-Panel duty visit

- (b) Members agreed that the Panel should join ED Panel and FA Panel in organizing the captioned joint-Panel duty visit to the Bay Area, with a view to getting a better understanding of the areas of concern by Panel members. The Chairman invited members to give their suggestions on the cities to be visited and items to be covered in the proposed joint-Panel duty visit by returning the reply slip to be issued to members by the Secretariat after the meeting.

(Post-meeting note: The reply slip was circulated to Panel members vide LC Paper No. CB(1)385/17-18 on 22 December 2017. Members' replies had been consolidated and forwarded to the Clerks to the ED Panel and FA Panel for follow-up actions.)

IV. Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations

(LC Paper No. CB(1)340/17-18(03) -- Administration's paper on "Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations"

LC Paper No. CB(1)340/17-18(04) -- Paper on the Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)394/17-18(01) -- Administration's paper on Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations (power-point presentation material)
(*Chinese version only, issued on 27 December 2017*)

Relevant paper

File Ref: CR WT 324/9/12 -- Legislative Council Brief on "Signing of the Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations"
(*issued on 12 November 2017*)

Presentation by the Administration

5. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the significance of the Free Trade Agreement ("FTA") and the Investment Agreement which Hong Kong forged with the Association of Southeast Asian Nations ("ASEAN") in late 2017. SCED advised that the FTA and the Investment Agreement were comprehensive in scope, encompassing trade in goods, trade in services, investment, economic and technical co-operation, dispute settlement mechanism and other related areas. With the aid of power-point presentation, Director-General of Trade and Industry ("DGTI") then briefed members on the two agreements, details of which were set out in the Administration's papers (LC Paper Nos. CB(1)340/17-18(03) and CB(1)394/17-18(01)).

Discussion

Trade in services

6. Mr Dennis KWOK enquired about the facilitation measures to be provided by the Administration to various sectors of the professional services to assist them to go global by taking advantage of the business opportunities provided by the FTA, in particular the measures to promote Hong Kong as an international dispute resolution centre.

7. SCED said that Hong Kong's professional services, including financial services, business services and legal services, were in great demand by ASEAN Member States ("AMS"). The two agreements would serve as a platform to develop and facilitate trade in services for the service sectors concerned in Hong Kong with AMS. With the lower threshold for market access provided by the

FTA, there was great potential for various service sectors in Hong Kong to expand their businesses in AMS. The Administration would take this opportunity to strengthen its promotion work in economic and trade cooperation between Hong Kong and ASEAN. The Administration also planned to set up an Economic and Trade Office ("ETO") in Thailand, which would be Hong Kong's third ETO in ASEAN, to foster Hong Kong's commercial and trade relations with AMS. As a case in point, the market access commitments offered by the Thai Government to Hong Kong was more favourable than those offered to members of the World Trade Organization ("WTO"). Moreover, the Administration would invite local professional organizations to join its future business and trade missions to AMS to further promote their professional services.

8. DGTI added that the FTA opened the doors of markets in AMS for Hong Kong's service sectors, which included, among others, legal services and construction and related engineering services. The Administration would stand ready to answer enquiries from various sectors and facilitate their understanding of the key features of the two agreements which would be useful to their establishment of presence in the markets of AMS.

9. In response to Dr CHIANG Lai-wan's enquiry on the service sectors standing a better chance to benefit from the FTA, SCED said that the service industry as a whole would benefit from the FTA because AMS had made commitments in a large number of service sectors where Hong Kong had competitive edges and room for further development. These sectors included professional services, business services, telecommunications services, construction and related engineering services, educational services, financial services, tourism and travel related services, transport services and arbitration services.

10. Noting that under the FTA, AMS would provide facilitation to various extent to Hong Kong service providers, for example, business visitors from Hong Kong would be allowed temporary entry and stay in AMS for up to 90 days in general to supply service, Dr CHIANG Lai-wan asked if the Administration would also strive to relax the current arrangements for temporary entry and stay for tourists to and from AMS. SCED noted Dr CHIANG's suggestion and said that commitments under an FTA for temporary stay and entry for business purposes were of a different nature from immigration control arrangements in general, and hence entailed separate considerations.

11. In anticipation of the more frequent business dealings with AMS arising from the FTA, Mr YIU Si-wing suggested that the Administration should encourage airlines to schedule more flights to and from AMS and add new routes serving AMS which still had no direct flight to and from Hong Kong, e.g. Laos. SCED responded that although the FTA did not cover the aviation sector, he considered that when the FTA and the Investment Agreement came into force, the

demand for flights to and from AMS would increase which in turn would induce the scheduling of more flights and/or the addition of new routes.

12. Noting that Hong Kong had made commitments to AMS in a wide range of service sectors including tourism and travel related services, Mr YIU Si-wing enquired about the areas of tourism and travel related services in which AMS had strong interest, and the assistance which the Administration would provide to facilitate AMS's trade in services in Hong Kong. He also enquired which authorities were responsible for the promotion of Hong Kong in ASEAN.

13. DGTI said that a number of tourism service sectors, including the services relating to hotels, catering, travel agencies and tourist guides, would be committed under the FTA. AMS, including Malaysia, Singapore and the Philippines had made market access commitments to Hong Kong in these areas, and some of these commitments compared favorably with what such AMS had committed under the WTO. SCED added that the Hong Kong Trade Development Council ("HKTDC") and the Hong Kong Tourism Board ("HKTB") would step up promotion of Hong Kong in ASEAN to foster commercial and trade relations with AMS.

Trade in goods

14. Mr CHUNG Kwok-pan welcomed the FTA and the Investment Agreement between Hong Kong and ASEAN, and considered that the Investment Agreement was of great importance to Hong Kong enterprises, as the Investment Agreement would provide Hong Kong enterprises investing in ASEAN market with fair and equitable treatment, and compensation in case of expropriation of investment or investment loss due to war, armed conflict or similar events. He enquired whether the preferential tariff treatment under the FTA had put in place a mechanism similar to the Outward Processing Arrangement ("OPA").

15. DGTI said that for the purpose of AMS affording preferential tariff treatment to goods of Hong Kong origin, Hong Kong and ASEAN had formulated a set of preferential rules of origin which included certain "value-based" rules for most goods. Under the rules, goods might claim Hong Kong origin on the basis of the proportion (which might be different for different categories of goods) of either the value added to the goods in Hong Kong or the value of non-originating materials used in their manufacture, to the total value of the goods. In general, goods made with not less than 40% of materials sourced or value added in Hong Kong or AMS or a combination of these places would be eligible for preferential tariff treatment. Hong Kong exporters could claim preferential tariff treatment from AMS by applying for a certificate of origin ("CO") to be issued by the Trade and Industry Department or by a Government Approved Certification Organization ("GACO") of Hong Kong. Deputy Director-General of Trade and

Industry (Multilateral Trade, Regional Cooperation and Bilateral Trade) added that materials sourced by Hong Kong manufacturers from any AMS would also be counted in the 40% "value-based" rules. SCED supplemented that the OPA for the garment industry was more applicable for Hong Kong manufacturers to subcontract some processes across the border than for them to subcontract such processes to AMS.

16. The Chairman enquired about the definitions of the various variables in the formula concerning the rules of origin under the FTA, and how the Administration would ensure that the CO issued by GACO would not be subject to challenge in AMS.

17. DGTI explained that the method of calculation of regional value content of goods was detailed in Article 6 of Chapter 3 (Rules of Origin) of the FTA. She said that there were currently five trade associations with the requisite experience and capability serving as GACO. SCED added that the "value-based" approach for determination of origin for the purpose of affording preferential tariff treatment was a flexible and widely accepted approach.

18. Noting the different paces of reduction of customs duties offered by various AMS under the FTA, Mr Holden CHOW enquired whether the Administration would strive for earlier reduction/elimination of customs duties with countries having a slower pace of reduction. DGTI said that the Administration would look into ways of expediting the reduction of customs duties with the AMS concerned.

Investment

19. Mr Holden CHOW welcomed the FTA and the Investment Agreement between Hong Kong and ASEAN. He hoped that the Administration would, on a regular basis, report to the Panel on the latest developments of Hong Kong's trade relations with AMS. He enquired about the relaxed limitations on market access provided by the FTA and the Investment Agreement, in particular, whether the relevant joint venture was required to be locally incorporated in the AMS concerned. DGTI responded that the limitations on market access varied from country to country under the FTA and the Investment Agreement. Generally speaking, such limitations which applied to Hong Kong had been relaxed under the two agreements. SCED noted Mr Holden CHOW's suggestion and said that the Administration would report to the Panel on the latest developments of Hong Kong's trade relations with AMS as and when necessary.

20. Mr CHAN Chun-ying declared that he was working in a bank with business operations in AMS. Noting that Hong Kong's trade relations remained relatively alienated with certain AMS such as Myanmar and Indonesia, he enquired whether

the Administration would strive for closer trade relations with Myanmar, and for the relaxation of Indonesia's limitations that top management posts could only be assumed by locals, so that Hong Kong enterprises would be more willing to invest in these countries.

21. SCED said that due to the different stages of economic development of the ten AMS, some of the countries might open up their markets at a slower pace to protect their local businesses. With the two agreements between Hong Kong and ASEAN, Hong Kong enterprises' investment in these countries would be subject to local statutory protection as well as protection under the Investment Agreement. After all, the market access treatment applied by the AMS to Hong Kong would not be less favorable than that applied by the AMS to other non-AMS.

Proactive engagement with ASEAN and local organizations

22. Mr Frankie YICK enquired whether the FTA and other trade agreements signed by the Mainland with ASEAN and other countries would automatically apply to Hong Kong. He also enquired about the estimated increase in trade volume to be brought about by the FTA. Noting the advanced development of the Trade Single Window ("SW") in the Mainland, Mr YICK hoped that the Administration would expedite the development of Hong Kong's SW so as to connect with that of the Mainland and AMS to establish a common electronic customs platform, thereby capitalizing on the business opportunities arising from the Belt and Road Initiative, and enhancing Hong Kong's role as an international trading hub.

23. SCED said that pursuant to Article 151 of the Basic Law, the Hong Kong Special Administrative Region might on its own, using the name "Hong Kong, China", maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields. As such, Hong Kong could negotiate and forge such agreements on its own right, the terms and conditions of which would suit Hong Kong's unique needs and circumstances and would not be the same as those of the Mainland. SCED added that although it was not possible at this juncture to quantify the increase in trade volume brought about by the FTA, the reduction/elimination of customs duties under the FTA would certainly enlarge the market share for Hong Kong in AMS.

24. Mr Jeffrey LAM welcomed the FTA between Hong Kong and ASEAN, and hoped that a similar FTA could be entered into with the European Union ("EU"). He also hoped that more overseas ETOs or liaison units could be established in AMS to demonstrate Hong Kong's commitment in forging business relations with these countries.

25. SCED said that reduction/elimination of customs duties was one of the main reasons for forging FTAs with AMS and other countries worldwide, and the Administration would continue with its effort in this respect. SCED added that on top of the existing ETOs in Singapore and Jakarta, Hong Kong was liaising with Thailand with a view to establishing the third ETO in AMS. Although it would be ideal to have representative offices in every AMS, the current presence of Hong Kong in AMS was comparable with its presence in EU and North America, which were served by three (excluding Geneva ETO) and four ETOs respectively.

26. Mr MA Fung-kwok enquired about the Administration's assessment on the economic benefits to be brought about by the FTA and the Investment Agreement and the closer ties forged by the two agreements.

27. SCED responded that although it would be difficult to quantify the economic gains associated with the FTA and the Investment Agreement, the Administration considered that Hong Kong enterprises engaging in export trade could benefit from the progressive reduction of customs duties. This in turn would result in lower cost and increased market competitiveness. In respect of Hong Kong's service industry, the Administration considered that there would be great potential for development in AMS, as ASEAN was currently Hong Kong's second largest trading partner in merchandise trade but only the fourth largest trading partner in services trade.

28. The Deputy Chairman was keen to ensure that the Administration would put in effort to widely promote to Hong Kong enterprises the business opportunities provided by the FTA and the Investment Agreement. DGTI said that since November 2017, the Trade and Industry Department ("TID") had been organizing roadshows and briefings to chambers of commerce and other trade and industry organizations in Hong Kong. The presentations were made with the interest areas of different organizations in mind. TID also provided in its website sector-specific and commodity-specific information on the FTA. Moreover, the Commerce and Economic Development Bureau ("CEDB") would collaborate with HKTDC, major chambers of commerce and professional bodies to organize more business and trade missions to AMS in future.

29. SCED added that all AMS were also economies along the Belt and Road. The agreements would extend Hong Kong's FTA and Investment Agreement network to cover all major economies in Southeast Asia. The closer ties forged by the two agreements would enhance Hong Kong's role as a trading and investment hub and tie in with the Administration's strategy to tap the business opportunities provided by the Belt and Road Initiative.

Summing up

30. The Chairman opined that the Administration should take the opportunity of the conclusion of the agreements to consolidate the work of various Government authorities engaging in trade and investment promotion, including ETOs, Invest Hong Kong ("InvestHK"), HKTDC and HKTb, and to formulate specific sets of key performance indicators ("KPIs") for each of the agencies so as to evaluate effectiveness of their work.

31. SCED noted the Chairman's suggestion, and said that he had similar discussion with the Chairman earlier and the work objectives and strategies of the ETOs, and the related performance indicators had been included in the papers for discussion at the meeting on 21 November 2017. The ETOs would maintain close collaboration with relevant partners such as HKTDC, HKTb, InvestHK, Create Hong Kong, etc. in promoting trade and other exchanges. The above efforts would be sustained in the year ahead and reflected in the relevant reports to the Panel.

V. Proposed creation of directorate posts in Belt and Road Office

(LC Paper No. CB(1)340/17-18(05) -- Administration's paper on "Proposed creation of directorate posts in the Belt and Road Office, Commerce and Economic Development Bureau"

LC Paper No. CB(1)340/17-18(06) -- Paper on the Belt and Road Initiative prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

32. At the invitation of the Chairman, SCED briefed members on the role and functions of the Belt and Road Office ("BRO") of CEDb and sought members' views on the proposed directorate establishment at BRO. Details of the establishment proposal were set out in the Administration's paper (LC Paper No. CB(1)340/17-18(05)).

Discussion

33. During the discussion of the item, the Chairman extended the meeting for five minutes to allow time for discussion on issues relating to the item.

Division of work between BRO and other related offices and organizations

34. Noting from the Administration's paper that BRO would look into the possibility of establishing an information sharing platform on the Belt and Road projects, Mr Jimmy NG enquired about the different functions to be performed by BRO's webpage and the existing dedicated portal on the Belt and Road Initiative set up by HKTDC in sharing such information.

35. SCED said that BRO's webpage was designed to provide more first-hand information on the policy-related aspects of the Belt and Road Initiative, including development of our direct dialogues with Mainland authorities, whereas HKTDC's portal aimed to perform a more business-to-business function to promote business matching, the task of which was supported by its global network. SCED added that BRO would look into the possibility of collaboration with HKTDC in making fuller use of the latter's portal to establish an information sharing platform on the Belt and Road projects, and BRO's and HKTDC's work would be complimentary to each other.

36. Mr Jimmy NG and Mr Martin LIAO were keen to be briefed on the collaboration and division of work between BRO and HKTDC. Mr LIAO further urged the Administration to expedite the arrangements for collaboration with HKTDC on enhancement to its existing Belt and Road portal.

37. SCED said that HKTDC was an important strategic partner of BRO on Belt and Road collaborative efforts. BRO and HKTDC had a complementary working relationship and had been working closely on issues relating to the Belt and Road Initiative. For example, HKTDC co-organized with BRO the annual Belt and Road Summit in Hong Kong, a major platform for Hong Kong to showcase our strengths and business-matching opportunities for Belt and Road projects. The past two Summits in 2016 and 2017 had gained much success and the third Summit was scheduled for June 2018. Moreover, BRO would explore with the relevant Mainland authorities for information on Belt and Road projects for referral to HKTDC, and would also share experience of coordination and liaison with Mainland authorities and enterprises to HKTDC to act in synergy with its promotion work.

38. SCED added that with the formation in December 2017 of the HKTDC Belt and Road Committee comprising leading figures from various sectors, HKTDC would implement a comprehensive and targeted programme to assist and engage various sectors in the participation of the Belt and Road Initiative.

39. Mr MA Fung-kwok further enquired about the division of work between BRO and the five Mainland offices under the Constitutional and Mainland Affairs

Bureau, as well as the 12 overseas ETOs.

40. SCED said that the Belt and Road Initiative was a new engine for Hong Kong's economic development. The current-term Government had tasked CEDB to be responsible for the overall coordination of the Hong Kong Special Administrative Region ("HKSAR") Government's work relating to the Belt and Road Initiative. BRO would assist SCED in formulating the relevant policies and strategies whereas the overseas ETOs and Mainland Offices would roll out corresponding measures following such policies and strategies in the regions under their respective purviews. SCED added that as opposed to ETOs which were based in overseas countries, BRO would be based in Hong Kong and be responsible for the overall policy co-ordination relating to the Belt and Road Initiative.

Monitoring of the work of BRO

41. Mr YIU Si-wing expressed support for the proposed directorate establishment in BRO. Given that Hong Kong people and enterprises were yet to be familiar with the details of the Belt and Road Initiative when compared to the development of the Bay Area at this stage, he suggested that concrete KPIs in terms of, for example, the amount of foreign investment and collaboration projects to be facilitated, be set for the post of Commissioner for Belt and Road ("CBR") so that the work performance of this post could be effectively evaluated. He also suggested that assistance be provided by BRO to the tourism industry in developing multi-destination travel via Hong Kong to and from the countries along the Belt and Road region. Noting that the expanded remit of work of BRO would include, inter alia, promoting more targeted business collaboration for connecting interested parties to clinch Belt and Road Initiative related deals, Mr CHAN Chi-chuen also enquired whether CBR would be required to meet certain quantitative quotas in clinching such business deals.

42. SCED said that the Belt and Road Initiative and the development of the Bay Area were closely intertwined. BRO would provide assistance to the tourism industry in exploring business opportunities in the Belt and Road countries. If more tourists could be attracted to visit Hong Kong from the Belt and Road countries, the development of the Bay Area would enable Hong Kong to develop into a hub for multi-destination travel for these tourists. SCED added that instead of meeting quantitative performance indicators, BRO would focus on the promotion and coordination work to assist businesses from the Belt and Road countries to set foot in Hong Kong. The office would also seek to enhance co-operation with Belt and Road countries at both government and industry levels.

43. The Chairman urged the Administration to re-consider the formulation of

KPIs for BRO in terms of its work performance in business matching, investment projects lined up and agreements reached, so as to provide objective criteria for assessment of BRO's work effectiveness.

Hierarchical level of BRO

44. Mr Holden CHOW opined that BRO should focus its resources by setting priorities and targeting Belt and Road countries with the highest economic growth potentials rather than adopting a scattergun approach. He enquired about the level of BRO within the Government hierarchy.

45. SCED shared Mr Holden CHOW's view that BRO should make the best use of its resources by targeting Belt and Road countries with the highest economic growth potentials. In this regard, BRO was in active discussion with HKTDC on the priority of the Belt and Road countries to be targeted. BRO would also help identify selected sectors such as professional services for joint collaboration in the run for the Belt and Road Initiative of Hong Kong. Meanwhile, BRO, with the assistance of Invest Hong Kong and a chamber of commerce, would be organizing a large-scale seminar in Beijing targeting state-owned enterprises to promote Hong Kong's competitive edge and its financial and high-end professional services.

46. Mr CHAN Chun-ying expressed support for the proposed creation of the directorate posts in BRO. Mr CHAN noted that the future incumbent of the proposed post of CBR would be responsible for entering into strategic dialogues with senior officials and business leaders of Belt and Road countries and co-ordination both within and outside the HKSAR Government. He enquired if the pitching of the post of CBR at Directorate Grade 6 ("D6") would commensurate with the CBR's level of duties.

47. SCED said that the Administration attached great importance to the Belt and Road Initiative which would involve the co-ordination of the whole HKSAR Government. Indeed, CEDB had been tasked by the Chief Executive to be responsible for the overall coordination of the HKSAR Government's work relating to the Belt and Road Initiative. To ensure that CEDB would be able to take forward the work on the Belt and Road Initiative more effectively and on a sustained basis, BRO had to be provided with additional resources to reinforce its manpower establishment. The pitching of the post of CBR at D6 was considered appropriate, and the future incumbent of the post would be directly responsible to Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT"). Having regard to the scope and complexity of the work portfolio, as well as the significance of the Belt and Road Initiative into which high-level input was required, the Administration proposed that the post of

CBR be pitched at the level equivalent to a head of department to ensure that the incumbent would possess the necessary experience and leadership to work effectively with the top echelon of the Government to press ahead long-term strategies and initiatives which spanned across different key policy areas within the Government and had direct access to the key decision makers.

48. Noting that the former CBR had reported directly to the Chief Executive whereas the proposed CBR post would only be responsible to PSCIT, the Chairman enquired whether such a reporting arrangement would commensurate with the national strategy level of work of BRO. He suggested that a more appropriate reporting arrangement be adopted where the CBR post should be reporting directly to SCED. He also suggested that the post should be pitched above D6 to equip the incumbent with the authority to steer the development of the relevant policies.

49. SCED explained that CEDB would spearhead the work associated with development of the Belt and Road Initiative and liaise with the relevant stakeholders. The pitching of CBR at D6 was in line with that of the head of other departments who were responsible for comparable level and scope of work, including Director-General of Investment Promotion and Director-General of Trade and Industry. The latter would also work collectively as a team on the Belt and Road Initiative, whose work would be co-ordinated by PSCIT.

Proposed directorate establishment

50. Dr CHIANG lai-wan was keen to be briefed on the manpower situation of BRO. She hoped that the Administration would provide experienced staff and sufficient manpower support to BRO.

51. SCED said that in order to respond actively to the national policy of the Belt and Road Initiative, the HKSAR Government set up BRO in August 2016 as a temporary arrangement to provide advice on formulating and implementing strategies relating to the Belt and Road Initiative, and to liaise with Government bureaux and departments as well as various sectors of the community to further tap new opportunities for Hong Kong under the Belt and Road Initiative. The Administration had since reviewed the work and considered it necessary for BRO to become a permanent full-fledged set-up with its leadership strengthened at the directorate level. As such, it was necessary to beef up the office's establishment and resources, including the proposed creation of directorate posts and other permanent posts, with a view to ensuring BRO would take forward the work under the Belt and Road Initiative more effectively and on a long-term basis. PSCIT added that similar to the 12 overseas ETOs, BRO reported directly to PSCIT and was ultimately responsible to SCED.

Ground work laid by BRO

52. The Deputy Chairman said that the Liberal Party supported the proposed creation of directorate posts in BRO to contribute to the development of the Belt and Road Initiative. Mr CHUNG Kwok-pan also expressed support for the enhancement of BRO's establishment at the directorate level to provide the necessary leadership and focus given the breadth and depth of the Belt and Road Initiative. Mr CHUNG enquired about the ground work laid by BRO under its former leadership which consisted of retired officials, and the priority countries/areas to be targeted by BRO. He also suggested that BRO should provide business matching service to Hong Kong enterprises seeking to develop their presence in the markets of the Belt and Road countries.

53. SCED said that as the Belt and Road Initiative had already developed to cover over 100 countries, it was of great importance to BRO for its work to have a well-defined focus. Such focus would be formulated by CEDB in collaboration with HKTDC and the relevant industries. In this regard, the Administration had widened the scope and membership of the Trade and Industry Advisory Board for the purpose of widely capturing opinions and advice from various sectors, including trade associations, professional organizations and Legislative Council Members. The Executive Director of HKTDC had also been appointed as an ex-officio member. In 2018, the focus of CEDB's work on Belt and Road Initiative would include co-operation with state-owned enterprises and other relevant stakeholders, e.g. HKTDC, as well as providing support and assistance to relevant sectors, including professional services and tourism sector. Under its former leadership, BRO had laid down the ground work for its future development in many areas. For example, BRO was responsible for organizing HKSAR's participation in the Belt and Road Forum for International Cooperation held in Beijing in May 2017. BRO had also contributed to the successful conclusion of the Arrangement between the National Development and Reform Commission ("NDRC") which provided the blueprint for Hong Kong's participation in and contribution to the Belt and Road Initiative.

Support for professional service sectors

54. Noting that the expanded remit of work at BRO would include enhancing rapport between the Government and business/professional sectors, Mr CHAN Chun-ying enquired about the Administration's blueprint and timetable for assisting the financial services sector to tap the Belt and Road markets in respect of participating in financing the infrastructural projects and providing risk management services.

55. SCED responded that the Arrangement between the NDRC and the Government of the Hong Kong Special Administrative Region for Advancing

Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative ("the Arrangement") was signed by the Chief Executive with the Chairman of NDRC in Beijing on 14 December 2017. The Arrangement served as a blueprint for Hong Kong's further participation in the Belt and Road Initiative. The Arrangement encompassed specific measures focusing on six key areas, including finance and investment. In this area, the Arrangement sought to assist the industry in the following aspects: (i) facilitating co-operation of key stakeholders by enhancing Hong Kong's position as the platform for the Belt and Road financing as well as providing a diversity of financing channels; (ii) supporting the Hong Kong Monetary Authority Infrastructure Financing Facilitation Office to continue to play its role in facilitating the investment and financing of infrastructure projects by working with a cluster of key stakeholders; (iii) developing a green bond market; (iv) leveraging Hong Kong's status as the global offshore Renminbi ("RMB") business hub to support RMB internationalization; (v) supporting financial institutions (including investment institutions and multilateral development banks) participating in the Belt and Road Initiative; and (vi) encouraging Hong Kong and Mainland enterprises and financial institutions to jointly participate in and contribute to Belt and Road projects and to co-operate with relevant local authorities, enterprises and financial institutions whereat the projects took place.

56. Mr Christopher CHEUNG expressed support for the proposed creation of directorate posts in BRO, and enquired about the priority sectors targeted by the Administration. Noting that a large-scale seminar in Beijing targeting at state-owned enterprises was being planned by BRO, Mr CHEUNG hoped that the Administration could take the opportunity to assist such enterprises to go global.

57. SCED said that under the Arrangement, finance and investment would be the first and foremost key area for further development, and a wide range of measures were covered, which included facilitating co-operation of key stakeholders in making use of Hong Kong as the financing platform to provide for the Belt and Road Initiative the funds required; fully leveraging Hong Kong's status as the global offshore RMB business hub to facilitate cross-border investment, and developing green finance, etc.

58. Mr Dennis KWOK enquired about BRO's concrete plan in respect of assisting the legal profession in providing professional services, including arbitration and mediation, to the Belt and Road countries, so as to reinforce Hong Kong's status as an international arbitration centre. Mr KWOK urged BRO to strive for further recognition of Hong Kong's arbitral awards in the Mainland, and further market liberalization measures for Hong Kong's barristers.

59. SCED said that enhancing dispute resolution services was one of the six key

areas of the Arrangement, which sought to support Hong Kong in establishing itself as a centre for international legal and dispute resolution services in the Asia-Pacific region to provide relevant services in support of the Belt and Road Initiative by leveraging Hong Kong's strength in its robust legal system.

Recruitment for the post of CBR

60. In response to Mr CHAN Chi-chuen's enquiry on whether the post of CBR would be filled by a civil servant or a non-civil servant, SCED said that CBR would be responsible for a wide spectrum of work, including acting as the Government's focal point of contact with relevant business/professional sectors of Hong Kong in pursuit of the Belt and Road Initiative. A non-civil servant's network, expertise and experience in the business sector could also be complementary to the civil service. Nonetheless, the Administration remained open as to whether the post would be filled by a civil servant or a non-civil servant.

61. Mr CHAN Chi-chuen expressed concern that staff of BRO who might not be familiar with the laws of all the Belt and Road countries could break the law of these countries inadvertently when performing their duties. SCED responded that any Government officers, regardless of their career background, should observe the laws of Hong Kong and other countries at all times. Mr Martin LIAO opined that the Administration should take the lead to formulate a uniform commercial code for the Belt and Road countries with a view to harmonizing the laws of commercial transactions across all the Belt and Road jurisdictions.

62. Noting that the incumbent of the proposed CBR post should have extensive experience and network in dealing with external commercial relations, the Chairman enquired whether open recruitment would be arranged. Mr MA Fung-kwok further enquired whether the Administration would re-appoint the former CBR to fill the post of CBR.

63. SCED said that the recruitment for the CBR post would be carried out according to the established mechanism. The Administration would adopt an open attitude as to whether to fill the post by a civil servant or a non-civil servant.

Tenure of office

64. On behalf of Mrs Regina IP, Mr Holden CHOW enquired the rationale for setting the proposed duration of the supernumerary Administrative Officer Staff Grade C post of Assistant Commissioner ("ACBR") at only five years, given the complexity of the work associated with the Belt and Road Initiative. PSCIT said that the proposed posts of CBR and the Deputy Commissioner would be

permanent posts whereas the proposed post of ACBR would be a supernumerary post created initially for five years from 1 April 2018 to 31 March 2023. The Administration would review the need for continuing the post in due course.

Summing up

65. The Chairman concluded that the Panel supported in principle the Administration's proposal for the creation of the three directorate posts in BRO, and agreed that the proposal be submitted to the Establishment Subcommittee for consideration and approval.

VI. Any other business

66. There being no other business, the meeting ended at 4:58 pm.

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