

Legislative Council Panel on Commerce and Industry

**The Chief Executive's 2017 Policy Address
Policy initiatives of Constitutional and Mainland Affairs Bureau in
relation to Mainland co-operation and Taiwan affairs**

This paper briefs Members on the policy initiatives of the Constitutional and Mainland Affairs Bureau (“CMAB”) in relation to Mainland co-operation and Taiwan affairs. Panel paper on policy initiatives relating to electoral arrangements, human rights and promotion of the Basic Law has been submitted to the Panel on Constitutional Affairs for discussion.

Our vision

2. The Hong Kong Special Administrative Region (“HKSAR”) Government will, under the “one country, two systems” principle, capitalise on the enormous growth opportunities arising from the 13th Five-Year Plan (“13-5” Plan), the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (“Bay Area development”) to enhance our co-operation with the Mainland on various fronts through a series of initiatives with a view to expanding Hong Kong’s scope for further development. We will also foster exchanges with Taiwan through the existing cooperation platforms in a pragmatic manner.

3. The new initiative we will pursue and the on-going initiatives we will continue to implement are highlighted as follows –

New initiative

- (a) set up a Guangdong-Hong Kong-Macao Bay Area Development Office (“Bay Area Development Office”) and create the post of Director of the Bay Area Development Office to promote Hong Kong’s participation in the Bay Area development;

On-going initiatives

- (b) proactively secure more liberalisation measures for our professional services when concluding trade agreements with the Mainland and overseas governments. At the

same time, we will allocate more resources to promote Hong Kong as a platform for providing professional services and a centre for dispute resolution for the Belt and Road countries. Through the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”) framework and the upcoming development plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area, we will assist our professional services in further opening up the Mainland market;

- (c) give the new title of the Steering Committee on Taking Forward Bay Area Development and Mainland Co-operation to the Steering Committee on Co-operation with the Mainland chaired by the Chief Secretary for Administration and enhance the effort in providing steer and co-ordinating policy bureaux and departments in promoting Hong Kong’s participation in the Bay Area development and implementing the development strategies related to Hong Kong in the Outline of “13-5” Plan, with a view to consolidating and enhancing Hong Kong’s competitive advantages and complementing the long-term development of the country;
- (d) strengthen Government-to-Government (“G2G”) liaison through the network of offices of the HKSAR Government in the Mainland (“the Mainland Offices”);
- (e) deepen regional co-operation through our existing co-operation mechanisms with the Pan-Pearl River Delta (“PPRD”) Region, Guangdong, Beijing, Shanghai, Fujian, Shenzhen and the Macao Special Administrative Region (“SAR”) and liaise with Sichuan on establishing a co-operation mechanism;
- (f) continue to liaise with the Guangdong Provincial Government as well as the Governments of Guangzhou, Shenzhen and Zhuhai Municipalities under the principle of “one country, two systems” regarding their efforts in promoting the development of Nansha, Qianhai and Hengqin; and
- (g) foster exchanges and co-operation between Hong Kong and Taiwan in trade, tourism, culture, livelihood and other fronts through the Hong Kong-Taiwan Economic and

Cultural Cooperation and Promotion Council and the Hong Kong Economic, Trade and Cultural Office in Taiwan.

Detailed measures

“13-5” Plan

4. The Outline of the “13-5” Plan further acknowledges the significant functions and positioning of Hong Kong in the Nation’s development. The Steering Committee on Taking Forward Bay Area Development and Mainland Co-operation (previously known as “the Steering Committee on Co-operation with the Mainland”) chaired by the Chief Secretary for Administration, will continue to provide the steer to and coordinate with policy bureaux and departments to actively implement the policy initiatives related to Hong Kong under the Outline.

Guangdong-Hong Kong-Macao Bay Area development

5. The country is expected to promulgate the Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area (“Development Plan”). The HKSAR Government will take an active role in the Bay Area development, open up potential new areas of economic growth for Hong Kong and endeavour to improve people’s livelihood by pursuing more facilitation measures for Hong Kong people to live, work and study in the Mainland.

6. In order to take forward the work on the development of the Bay Area more effectively, the Steering Committee on Co-operation with the Mainland chaired by the Chief Secretary for Administration will be given the new title of the Steering Committee on Taking Forward Bay Area Development and Mainland Co-operation, with a view to re-focusing its strategic objectives and setting specific work plans for Hong Kong’s participation in the development of the Bay Area by leveraging our unique strengths.

7. This Bureau will set up a Bay Area Development Office, which will co-ordinate with Central Government ministries and departments, the Governments of Guangdong Province and Macao SAR, as well as relevant policy bureaux and departments within the HKSAR Government, actively communicate with chambers of commerce, professional bodies and relevant stakeholders, and co-ordinate the work for implementing the Development Plan. Additional resources will be deployed to conduct research and publicity work relating to the Bay Area development to help

people and enterprises of Hong Kong discover more development opportunities. The Bay Area Development Office will be led by the “Director of the Bay Area Development Office” who will be an officer at point 3 of the Directorate Pay Scale.

Network and functions of the Mainland Offices

8. The HKSAR Government has comprehensively enhanced the network and functions of its offices in the Mainland. At present, the five Mainland Offices¹ together have a geographical coverage throughout the 31 provinces, municipalities and autonomous regions, with each Mainland Office having at least two liaison units.

9. Looking ahead, the Mainland Offices and their 11 liaison units will step up G2G liaison at both central and local levels, strengthen the promotion of Hong Kong in the Mainland and establish platforms for Hong Kong businessmen to directly communicate with relevant Mainland authorities, with a view to enhancing the close relations between Hong Kong and the Mainland as well as supporting Hong Kong people and businessmen to better seize the development opportunities in the Mainland.

Deepening regional co-operation

10. The HKSAR Government is committed to deepening regional co-operation with the Mainland through existing regional co-operation mechanisms with the PPRD Region, Guangdong, Beijing, Shanghai, Fujian, Shenzhen and the Macao SAR to explore more business and career opportunities for Hong Kong enterprises and residents, as well as to assist Mainland provinces and municipalities in enhancing their level of opening-up in terms of economic development.

Co-operation with Guangdong Province

11. The Chief Secretary for Administration and the then Vice-Governor of Guangdong Province, Mr He Zhongyou, co-chaired the 22nd Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference in Guangzhou on 23 February 2017 and signed the “2017 Work Plan” of the Framework Agreement on Hong Kong/Guangdong Co-operation, which covers 77 co-operation items in various areas, including the Belt and Road Initiative, innovation and technology, youth

¹ Including the Shanghai Economic and Trade Office (ETO) in the east, the Guangdong ETO in the south, the Chengdu ETO in the west, the Beijing Office in the north and the Wuhan ETO in the central region.

co-operation, financial co-operation, CEPA, co-operation in professional services, co-operation in environmental protection, co-operation in key regions, co-operation in education and social security and services, co-operation in tourism, cross-boundary infrastructure, etc.

12. We expect that the future focus of Hong Kong/Guangdong co-operation will be on jointly taking forward the Bay Area development. The direction of co-operation for the coming year will be set at the 20th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference, to be co-chaired by the Chief Executive and the Governor of Guangdong Province, later this year.

Promotion of Nansha, Qianhai and Hengqin development

13. The Guangdong Pilot Free Trade Zone (“GDFTZ”) covers the three key regions of Nansha, Qianhai and Hengqin, with an emphasis on fostering in-depth economic co-operation between the Mainland, Hong Kong and Macao. The Dedicated Chapter on Hong Kong and Macao in the “13-5” Plan expresses support in expediting the development of co-operation platforms among Guangdong-Hong Kong-Macao, such as Nansha, Qianhai and Hengqin. The three regions of the GDFTZ have implemented a number of preferential policy measures, such as Qianhai and Hengqin offering a reduced 15% enterprise income tax for qualified enterprises, the scope of implementing the lending policy in respect of cross-border Renminbi extended from Qianhai to Nansha and Hengqin, which are attractive to Hong Kong enterprises. The HKSAR Government will continue to support the development of the three regions, and has established co-operation mechanisms with the Governments of Guangzhou, Shenzhen and Zhuhai Municipalities, taking advantage of the international experience accumulated and the abundance in talents in the professional services to open up greater development opportunities for Hong Kong people and enterprises.

Enhancing Co-operation with the PPRD Region

14. The PPRD regional co-operation forum is an important regional co-operation platform that covers nine provinces/autonomous regions² in the Mainland and the Hong Kong and Macao SARs, accounting for one-third of the country’s population and gross domestic product. In September this year, the Chief Executive led the HKSAR Government delegation to participate in the PPRD Regional Co-operation Chief Executive Joint Conference held in Changsha, Hunan, to promote Hong

² Including Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan.

Kong's co-operation with the PPRD provinces/regions in areas including the Belt and Road Initiative, the Bay Area development, innovation and technology, logistics and custom clearance, as well as tourism, etc. In future, we will further strengthen co-operation with the PPRD provinces/regions with a view to exploring business opportunities for Hong Kong industries. We will also nurture "people-to-people bonds" in the region through enhancing co-operation on youth work and the implementation of measures to facilitate Hong Kong people to study, work and live in the Mainland.

Hong Kong/Shanghai, Hong Kong/Beijing, Hong Kong/Fujian and Hong Kong/Sichuan Co-operation

15. The HKSAR Government has also strengthened co-operation with Shanghai, Beijing and Fujian in various fields including trade and investment; finance; youth development; social management; maritime, transport and logistics; innovation and technology; urban management; tourism; creative industry; culture; sports; education; medical and health care, etc. It is our initial plan to convene the Hong Kong/Shanghai Co-operation Conference and Hong Kong/Fujian Co-operation Conference respectively in 2018. We would also make use of reciprocal visits of senior officials to deepen co-operation with Shanghai, Beijing and Fujian.

16. Besides, having regard to the special relationship established arising from reconstruction support work and the increasingly close economic and trade ties between Hong Kong and Sichuan, both sides have initially agreed to establish the Hong Kong/Sichuan Co-operation Conference as a platform for promoting comprehensive co-operation. We will discuss with Sichuan details for setting up this new platform.

Development of Hong Kong–Taiwan relations

17. We will continue to pragmatically foster exchanges and co-operation between Hong Kong and Taiwan in different areas through the platform of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council and the Taiwan-Hong Kong Economic and Cultural Co-operation Council. Our Hong Kong Economic, Trade and Cultural Office in Taiwan will continue to introduce the Taiwan community to the latest developments of Hong Kong through various activities and strive to enhance its liaison with Hong Kong people, businessmen and students in Taiwan.

Conclusion

18. Members are invited to note the content of this paper.

Constitutional and Mainland Affairs Bureau
October 2017