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Panel on Commerce and Industry

Meeting on 19 November 2019

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

Purpose

This paper provides updated background information and a summary of views and concerns expressed by members of the Panel on Commerce and Industry ("the Panel") on the work of: (a) the overseas Hong Kong Economic and Trade Offices ("ETOs"); and (b) the Offices of the Government of the Hong Kong Special Administrative Region ("HKSAR") in the Mainland and Taiwan.

Background

Major principles adopted by the Government in expanding its external relations

2. According to the Administration, the current-term Government has adopted the following three major principles in expanding its external relations:
 - (a) to underline Hong Kong's core values, geographical advantages as well as the free and open market;
 - (b) to capitalize on the unique advantages of the "One Country, Two Systems" to raise Hong Kong's profile in the international community; and
 - (c) to take full advantage of the significant opportunities under the Belt and Road Initiative and the Guangdong-Hong Kong-Macau Greater Bay Area ("Greater Bay Area") Development.

3. The Chief Executive ("CE") pointed out in her 2017 Policy Address that the Government's external promotion work should cover a number of areas, including promoting innovation and technology ("I&T")/research and development ("R&D")/smart city; attracting inward investment and fostering the expansion of Hong Kong enterprises into overseas markets; showcasing the arts, culture and creative soft powers of Hong Kong; attracting talents and renowned international institutions/organizations to Hong Kong; promoting services (including finance, legal and other professional services); and enhancing financial market development. CE also pointed out in her 2019 Policy Address that the overseas ETOs would launch key promotion campaigns to strengthen overseas promotion on Hong Kong's unique status under "One Country, Two Systems" and its strengths on many fronts.

Overseas Hong Kong Economic and Trade Offices

4. The HKSAR Government has set up a total of 13 overseas ETOs in various cities of Hong Kong's major trading partners. Overseas ETOs are the official representatives of the HKSAR Government in countries under their respective coverage. Except Geneva ETO, overseas ETOs' primary responsibilities are to foster relations and liaison with the local authorities at government-to-government ("G2G") level and to handle bilateral economic and cultural matters between Hong Kong and the countries under their respective purviews.¹

Investment Promotion Units

5. An Investment Promotion Unit ("IPU") is set up within each overseas ETO (except for the Geneva and Washington ETOs). Under the leadership of the heads of the respective overseas ETOs, IPUs visit target enterprises and/or meet with their top management to encourage them to make use of Hong Kong as a base to undertake projects under the Belt and Road Initiative or other investment projects, and to collaborate with Hong Kong professionals and enterprises to jointly explore more opportunities.

Collaboration between overseas Hong Kong Economic and Trade Offices and related organizations

6. Overseas ETOs and Invest Hong Kong ("InvestHK") work closely with each other. Specifically, InvestHK advises overseas ETOs, in particular IPUs, on the strategies for investment promotion and attraction of foreign direct investment, and provides overseas ETOs with target enterprises of the priority industries, such as financial technology, I&T, maritime services, etc., which are jointly identified with relevant policy bureaux/departments. Overseas ETOs

¹ Details of the 13 overseas Hong Kong Economic and Trade Offices ("ETOs") including their respective scope of major work and functions are in **Appendix I**.

and InvestHK also organize and sponsor a variety of promotional activities to attract more target enterprises to develop business in Hong Kong or make use of Hong Kong as a springboard to venture into the Mainland and world markets. Besides, overseas ETOs collaborate closely with the Hong Kong Trade Development Council ("HKTDC") and the Hong Kong Tourism Board ("HKTB") to raise the international profile of Hong Kong.

Progress of the establishment of five new overseas Hong Kong Economic and Trade Offices by the current-term Government

7. In July 2018, the Administration consulted the Panel on its proposal to set up five new overseas ETOs in Bangkok (Thailand), Dubai (United Arab Emirates), Moscow (Russia), Mumbai (India) and Seoul (Korea) respectively.² While the Bangkok ETO has commenced operation in February 2019, it is expected that the Dubai ETO will be the second new overseas ETO to be established within the current-term Government.³

Offices of the Hong Kong Special Administrative Region Government in the Mainland

8. The five Mainland Offices, including the Beijing Office⁴ ("BJO") and four ETOs in the Mainland,⁵ are responsible for strengthening communication and liaison between Hong Kong and the Mainland, including enhancing G2G

² The Finance Committee approved the relevant funding and establishment proposals for the Bangkok and Dubai ETOs on 15 February 2019.

³ According to the Administration, the discussion with the Russian Government on setting up the Moscow ETO has been in good progress. Positive response from the respective host governments on the proposals to set up the Mumbai and Seoul ETOs has also been received.

⁴ Pursuant to Article 22 of the Basic Law, the Office of the Hong Kong Special Administrative Region Government in Beijing was established in March 1999. Its coverage includes 10 provinces/municipalities/autonomous regions of Beijing, Tianjin, Hebei, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu and Ningxia.

⁵ The four ETOs in the Mainland and their respective coverage are as follows:

- (a) Guangdong ETO was set up in July 2002. Its coverage includes the five provinces/region of Fujian, Guangdong, Guangxi, Hainan and Yunnan;
- (b) Shanghai ETO was set up in September 2006. Its coverage includes the Municipality of Shanghai and the four provinces of Jiangsu, Zhejiang, Anhui and Shandong;
- (c) Chengdu ETO was set up in September 2006. Its coverage includes the six provinces/municipality/autonomous region, namely Sichuan, Chongqing, Shaanxi, Guizhou, Qinghai and Tibet; and
- (d) Wuhan ETO commenced operation in April 2014. Its coverage includes the five provinces of Hubei, Hunan, Shanxi, Jiangxi and Henan.

cooperation, comprehensively enhancing and promoting Hong Kong's trade and commercial relations with Mainland provinces and municipalities, fostering exchange and cooperation between the two places, facilitating investment, promoting Hong Kong, and providing support to the Hong Kong people and enterprises in the Mainland.

The Hong Kong Economic, Trade and Cultural Office (Taiwan)

9. In December 2011, the Hong Kong Economic, Trade and Cultural Office (Taiwan) ("HKETCO") commenced operation in Taipei City, Taiwan.⁶ As Hong Kong's multi-functional office in Taiwan, HKETCO has been leveraging on its local presence to enhance liaison and provide services, and forging close ties with key economic, cultural, academic and media organizations to promote economic, trade and cultural exchanges between Hong Kong and Taiwan. HKETCO also promotes Hong Kong's strengths and image through organizing and joining various activities, allowing the Taiwan community to appreciate the developments and unique culture of Hong Kong.

10. The Administration also fosters exchanges and cooperation between Hong Kong and Taiwan in different areas through the platform of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council⁷ and the Taiwan-Hong Kong Economic and Cultural Co-operation Council.

Previous discussions by the Panel on Commerce and Industry

11. The Panel was briefed regularly on the work of the overseas ETOs, the Mainland Offices and HKETCO and the last briefing was held at the meeting on 20 November 2018. The major views and concerns expressed by members at the last briefing are summarized in the ensuing paragraphs.

Trade conflict between China and the United States

12. In the face of the global economic uncertainties and trade protectionist

⁶ The Hong Kong Economic, Trade and Cultural Office (Taiwan) was officially opened in May 2012.

⁷ Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council was established in 2010. It is a non-governmental entity which works with its Taiwan counterpart, i.e. the Taiwan-Hong Kong Economic and Cultural Co-operation Council, to serve as the discussion platform for cooperation matters relating to public policies between the two places.

In addition, the Hong Kong-Taiwan Business Co-operation Committee (with members coming from the local business sector) was established in 2010, with a view to promoting closer cooperation between Hong Kong and Taiwan business sectors.

measures, members asked how the overseas ETOs would help local businesses, which were keen to open up trade markets in other places, to bring more business opportunities to Hong Kong. Members opined that the overseas ETOs should diversify their promotion targets from traditional enterprises and potential investors to start-ups and investors in the realm of the new economy, and make use of more innovative approaches in their promotion campaigns.

13. The Administration advised that the overseas ETOs had been promoting Hong Kong's strengths, including its unique status and advantages under the "One Country, Two Systems" principle, government policies and measures in support of R&D and start-ups. The Administration would continue to make use of its global network of ETOs as well as overseas offices of HKTDC and HKTB in promoting Hong Kong.

14. Members enquired about the Administration's measures to ensure that the Hong Kong Policy Act would not be affected, given that the 2018 Annual Report submitted by the US-China Economic and Security Review Commission had recommended that the relevant United States ("US") Government agencies should examine and assess the adequacy of US export control policy for dual-use technology as it related to US treatment of Hong Kong and China as separate customs areas.

15. Highlighting the importance of maintaining a good US-Hong Kong relationship, members urged the Washington ETO to foster ties with the newly-elected Congressional Members of the US after the mid-term elections in order to present to them a clear picture of Hong Kong's status. They also enquired whether ETOs in the US had sufficient manpower resources.

16. The Administration advised that the exchanges and liaison with the US took place through mutual visits, meetings among government officials, international conferences and events, the ETOs' contacts with the local business communities and think-tanks, etc. ETOs in the US had been operating on an effective manpower establishment in keeping with maintaining quality services. They had maintained close liaison and good ties with different levels of the US Congress and the US Government with portfolios covering Hong Kong, including the Foreign Relations/Affairs Committee of Congress, Department of State, Department of Commerce and other relevant Federal Government agencies. The US Congress and the relevant agencies generally had a good understanding of Hong Kong's uniqueness under the "One Country, Two Systems" principle.

Coping with Brexit

17. Members sought details of the work of the London ETO in forging stronger economic and trade ties with the United Kingdom ("the UK") in

anticipation of Brexit, and asked whether focuses would be put on specific areas such as the development of maritime and creative industries in which the UK excelled.

18. The Administration advised that in addition to continuing with the Strategic Dialogue on Trade Partnership, it was exploring with the UK options for forging closer economic ties, including the possibility of a Free Trade Agreement in future. The London ETO would continue to closely monitor the development of Brexit including the outcome of UK-European Union negotiations on future trade relations. It would also make preparations for Hong Kong's economic and trade cooperation with the UK in the post-Brexit period, including strengthening communication with the relevant local organizations and stakeholders of various sectors, promoting the role of Hong Kong as a major partner and platform for further expansion in Asia, as well as new opportunities arising from the Belt and Road Initiative and the Greater Bay Area development, thereby attracting overseas investment and exploring business opportunities for Hong Kong.

19. The Administration further advised that on creative industries, the London ETO would continue to promote Hong Kong's design, innovation and brands to the UK, and encourage further cooperation and exchange in the design and creative industries between the two places. To help the maritime industry, CE had announced in the 2018 Policy Address the plan to set up Regional Desks of the Hong Kong Shipping Registry in selected ETOs and Mainland Offices and Liaison Units to enhance support to shipowners.

Work of the Economic and Trade Offices in the Mainland

20. Some members enquired about the business opportunities arising from the development of the Guangdong Pilot Free Trade Zone and the Fujian Pilot Free Trade Zone, and relevant facilitation measures to be offered to Hong Kong's financial and professional services sectors.

21. The Administration advised that the Guangdong ETO endeavoured to provide support to Hong Kong enterprises in developing business in the five provinces/regions under its purview. The Guangdong ETO's key services included collecting latest information on the Mainland's trade-related policies, laws and regulations as well as economic development, disseminating such information to the Hong Kong enterprises through the weekly Guangdong ETO Newsletter published by email, the Guangdong ETO's website and official WeChat platform. The Guangdong ETO also organized seminars on issues of general concern to Hong Kong enterprises (e.g. taxation, regulations and policies of Free Trade Zones, etc.) to help them capitalize on business opportunities, and conveyed their views on commercial and trade issues of concern to the relevant Mainland authorities.

22. Some members enquired about BJO's experience in the creation of the post of Head (Cultural Exchange) and whether similar posts would be created in other Mainland Offices. The Administration advised that since the creation of the post of Head (Cultural Exchange) in 2016, BJO had fostered closer and more frequent contacts with relevant ministries, especially the Ministry of Culture and Tourism. Through a variety of activities, Head (Cultural Exchange) of BJO had built connections and strengthened relationships with the arts and cultural institutions in Beijing and regions under BJO's purview. These efforts had fostered more opportunities for the arts and culture groups, and enriched the youth internship and exchange activities with culture elements. All five Mainland Offices had been provided with additional resources and would continue to report their work to the Home Affairs Bureau and the Leisure and Cultural Services Department as the policy bureau and department in charge.

Work of the Economic and Trade Offices in the Association of South East Asian Nations countries

23. Members enquired whether the Administration would, apart from attracting investment in Hong Kong from the member states of the Association of South East Asian Nations ("ASEAN"), assist Hong Kong enterprises in investing in the ASEAN region.

24. The Administration advised that it had attached great importance to encouraging and assisting Hong Kong enterprises to invest in the ASEAN region. In this regard, the Financial Secretary had introduced a number of enhancement measures to various funding schemes to support the small and medium enterprises ("SMEs"). In view of the US-China trade conflicts, the Administration envisaged that more local SMEs might be attracted to invest in the ASEAN markets. In the coming year, the Administration would in collaboration with HKTDC organize more trade visits to the ASEAN region and encourage I&T startups, in addition to traditional enterprises, to participate in such visits.

Attracting overseas talents

25. Some members expressed concern about the drop of Hong Kong's competitiveness ranking as a place that attracted and fostered talents in a global study conducted by the Switzerland-based International Institute for Management Development announced in November 2018. These members suggested that the overseas ETOs should promote Hong Kong's strong demand for talents given the development of the Greater Bay Area and the Administration's new infrastructure plans, including the Lantau Tomorrow Vision. The Administration advised that the overseas ETOs had been promoting Hong Kong to attract talents from abroad and would visit major universities and

institutions to promote Hong Kong's competitive strengths.

Council question

26. At the Council meeting of 17 April 2019, Hon WONG Ting-kwong asked a written question regarding HKETCO's work in promoting trade and investment between Hong Kong and Taiwan in the past three years and sought details on the new initiatives to be taken by HKETCO.

27. The Administration advised that HKETCO promoted contacts and exchanges in respect of economic and trade affairs and investment, etc. between Hong Kong and Taiwan through various channels and in collaboration with the Taiwan Office of HKTDC and the Hong Kong Business Association in Taiwan.

28. In the past three years, HKETCO had organized various activities to promote the strengths of Hong Kong extensively, foster economic and trade collaboration between the two places, and attract Taiwan enterprises to invest in Hong Kong. For example, HKETCO had organized on an annual basis the "Hong Kong-Taiwan Economic Co-operation Forum", a series of economic cooperation seminars, and roving exhibitions with different themes. The activities aimed at enhancing the Taiwan business community's understanding of Hong Kong as well as strengthening economic and trade collaboration and exchanges between the two places. In future, HKETCO would continue to take forward the above work to further strengthen exchanges and collaboration between Hong Kong and Taiwan in respect of economic and trade affairs and investment, etc.

Recent development

Hong Kong Human Rights and Democracy Act of 2019 and recent social incidents in Hong Kong

29. At the Panel meeting on 18 October 2019, some members raised grave concern about the pressure borne by SMEs and micro-enterprises amid the recent social incidents in Hong Kong. They were also concerned that the passage of the Hong Kong Human Rights and Democracy Act of 2019 by the US House of Representatives on 15 October 2019 might adversely affect Hong Kong's economy and the business environment of various industries. Such members were keen to be briefed on the work of the overseas ETOs in the past few months in explaining to the Governments of the US and European countries Hong Kong's actual situation amid the recent social incidents in Hong Kong. In this connection, the Administration was requested to update the Panel on the above during the briefing on the work of overseas ETOs at the November

regular meeting.

Latest position

30. The Administration will brief the Panel on 19 November 2019 on the work of the overseas ETOs, the five Mainland Offices and HKETCO since the last report in November 2018.

Relevant papers

31. A list of relevant papers is shown in the **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
12 November 2019

The work and functions of the 13 overseas Hong Kong Economic and Trade Offices ("ETOs")

Geneva ETO

The principal function of the Geneva ETO is to represent Hong Kong, China ("HKC") as a Member of the World Trade Organization ("WTO"). It also represents HKC as a Member of the Advisory Centre on WTO Law, and as a participant of the Trade Committee of the Organisation for Economic Co-operation and Development in Paris.

Washington ETO

The Washington ETO was established in 1987. It closely monitors the political and economic developments in the United States ("the US") and reports to Hong Kong on legislative proposals, government policies, executive and regulatory actions that may affect Hong Kong. It also represents Hong Kong's trade and economic interests in the US and actively promotes bilateral cooperation between the two economies.

New York ETO

The New York ETO was set up in 1983. It is responsible for promoting the economic and trade interests of Hong Kong, and strengthening economic ties and networks between Hong Kong and the 31 eastern states in the US.

San Francisco ETO

The San Francisco ETO was established in 1986. It is responsible for promoting economic and trade relations between Hong Kong and the 19 western states in the US.

Toronto ETO

The Toronto ETO was established in 1991. It is responsible for promoting bilateral economic, trade and cultural relations between Hong Kong and Canada.

Brussels ETO

The Brussels ETO became the "Head" ETO for Europe in 2006 to take on a coordinating role among the ETOs in Brussels, London and Berlin. It represents Hong Kong's economic and trade interests in the European Union, and is responsible for promoting Hong Kong's bilateral relations with 15 European countries, namely Belgium, Bulgaria, Croatia, Cyprus, France, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Romania, Spain and Turkey.

London ETO

The London ETO was first established in 1946. It is responsible for promoting Hong Kong's bilateral relations with nine European countries, namely Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden, and the United Kingdom.

Berlin ETO

The Berlin ETO commenced operation in 2009. It is responsible for promoting Hong Kong's bilateral economic and trade relations with eight central and eastern European countries, namely Austria, Czechia, Germany, Hungary, Poland, Slovakia, Slovenia and Switzerland.

Tokyo ETO

The Tokyo ETO promotes closer economic and trade ties, understanding and cooperation, as well as cultural and tourism exchanges with Japan and the Republic of Korea.

Sydney ETO

The Sydney ETO was established in 1995. It is responsible for promoting Hong Kong's bilateral economic and trade relations with Australia and New Zealand.

Singapore ETO

The Singapore ETO was set up in 1995. It is responsible for promoting bilateral economic, trade and cultural relations between Hong Kong and India, Laos, Singapore and Vietnam.

Jakarta ETO

The temporary office of the Jakarta ETO commenced operation on 13 June 2016. The Jakarta ETO officially opened in July 2017. It is responsible for matters between Hong Kong and the Association of South East Asian Nations ("ASEAN") as a whole, and promotes bilateral economic, trade and cultural relations between Hong Kong and four ASEAN countries, namely Brunei Darussalam, Indonesia, Malaysia and the Philippines.

Bangkok ETO

The Bangkok ETO commenced operation in February 2019. Its geographical coverage includes Bangladesh, Cambodia, Myanmar and Thailand.

List of relevant papers

Date of meeting	Meeting	Paper
20/11/2018	Panel on Commerce and Industry	<p>Administration's paper on "Report on the work of the overseas Hong Kong Economic and Trade Offices" (LC Paper No. CB(1)173/18-19(03))</p> <p>Administration's paper on "Report on the work of The HKSAR Government's Offices in the Mainland and Taiwan" (LC Paper No. CB(1)173/18-19(04))</p> <p>Updated background brief on the work of the overseas Hong Kong Economic and Trade Offices and the Offices of the Government of the Hong Kong Special Administrative Region in the Mainland and Taiwan prepared by the Legislative Council Secretariat (LC Paper No. CB(1)173/18-19(05))</p> <p>Minutes of meeting (LC Paper No. CB(1)550/18-19)</p>
9/1/2019 & 23/1/2019	Establishment Subcommittee	<p>Administration's paper on the proposed creation of three directorate posts (EC(2018-19)21)</p> <p>Administration's supplementary information papers (LC Paper No. ESC54/18-19(01)) (LC Paper No. ESC60/18-19(01))</p> <p>Minutes of meeting (LC Paper No. ESC56/18-19) (LC Paper No. ESC61/18-19)</p>

Date of meeting	Meeting	Paper
15/2/2019	Finance Committee	Administration's papers on the proposed creation of three directorate posts and the proposed operational expenses for the new Hong Kong Economic and Trade Offices in Bangkok and Dubai (FCR(2018-19)80) (FCR(2018-19)81) Minutes of meeting (LC Paper No. FC227/18-19)
17/4/2019	Council	Question No. 4 on "Trade between Hong Kong and Taiwan" raised by Hon WONG Ting-kwong (Government press release)