

LCQ4: Helping Hong Kong businesses in developing external economic and trade relations

Following is a question by the Hon Jimmy Ng and a reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (December 11):

Question:

On the 4th of last month, the Regional Comprehensive Economic Partnership (RCEP) Leaders' Summit released a joint statement, announcing that 15 RCEP participating countries (India not included) had concluded all text-based negotiations and essentially all their market access issues negotiations, and had been committed to ensuring the RCEP agreement be signed next year. The Government indicated in April this year that it would seek Hong Kong's accession to RCEP after the negotiations had been completed. On the other hand, quite a number of Hong Kong businessmen hope that the Government will step up the assistance to them in relocating their production bases in order to cope with the Sino-United States trade conflicts. In this connection, will the Government inform this Council:

(1) of the latest progress of the work on seeking Hong Kong's accession to RCEP and promoting external economic and trade co-operation;

(2) whether the Government will expedite the expansion of the network of the overseas Hong Kong Economic and Trade Offices, particularly those in ASEAN countries and the United States, so as to strengthen the support for Hong Kong businessmen in overseas countries; and

(3) as the Mainland authorities are progressively setting up overseas Economic and Trade Co-operation Zones (ETCZs) in the Belt and Road countries/regions, of the measures put in place by the Government to support Hong Kong businessmen in relocating their production bases to ETCZs?

Reply:

President,

In order to assist Hong Kong businesses and investors in expanding markets and in further consolidating Hong Kong's role as an international trade and investment hub, the Government has been proactively expanding external trade and economic co-operation, signing Free Trade Agreements (FTA) and Investment Promotion and Protection Agreements (IPPA) with various economies. We have also actively participated in regional co-operation with a view to further establishing Hong Kong's global trade network, assisting Hong Kong's businesses in overseas investment and expansion.

My reply to the three parts of the question is as follows:

(1) On November 4, 15 member economies of the "Regional Comprehensive Economic Partnership" (RCEP), namely the ten member states of the Association of Southeast Asian Nations (ASEAN), Australia, Mainland China, Japan, Korea and New Zealand, have announced the conclusion of text-based negotiation, and the agreement is expected to be signed in 2020. RCEP would be the most comprehensive FTA in the Pan-Asian region. Against the headwind of protectionism, the breakthrough in RCEP negotiation will bring positive effects to promoting free and open trade and furthering regional co-operation. Hong Kong has been a staunch supporter of regional co-operation, and our joining RCEP is a big step in our efforts. To this end, the Government has in last year expressed to the member economies our wish to join RCEP, and we received positive feedbacks. In November this year when the members economies concluded the text-based negotiation, the Government has issued letters to the member economies, reiterating our strong wish to join RCEP. We will continue working towards the goal of seeking Hong Kong's accession to RCEP as its first new member economy.

For the progress in expanding our FTA network, Hong Kong has signed eight FTAs with 20 economies. The latest one was signed with Australia in this March, which is the fourth FTA signed by the current-term Government. As for the FTA signed in 2017 between Hong Kong and ASEAN, it has gradually come into force since this June.

Hong Kong and Thailand have also signed a memorandum of understanding on strengthening economic relations recently on November 29. On bilateral trade co-operation, both sides agreed to broaden and deepen commitments to trade and investment liberalisation. Exploratory talks on negotiating a Hong Kong-Thailand FTA will commence with a view to establishing the work plan for negotiations by 2021. The two sides will also review and upgrade the IPPA signed in 2005. Apart from this, we are also seeking to forge an FTA with the Pacific Alliance, which includes Chile, Colombia, Mexico and Peru, and exploring with the United Kingdom options for forging even closer economic ties, including the possibility of having an FTA after Brexit.

Apart from FTAs, Hong Kong has also signed 21 IPPAs with 30 overseas economies so far, including the latest one with the United Arab Emirates (UAE) signed in this June. Currently, we are also negotiating IPPAs with Russia and Turkey respectively.

Furthermore, we are actively promoting Hong Kong as a two-way global investment and business hub by organising various large-scale events overseas. For example, the Hong Kong Trade Development Council (HKTDC) organised the "Think Asia, Think Hong Kong" event in Los Angeles, the United States (US) in September this year to promote Hong Kong's advantages. The event attracted over 1,500 participants and about 340 business-matching meetings were arranged. HKTDC will stage the "In Style" Hong Kong event in Manila, the Philippines next year to promote Hong Kong's products and services. HKTDC will also help Hong Kong businesses establish connections and sales network, as well as find investment partners, through organising

business missions and increasing presence in online marketplaces.

(2) The Government has been actively expanding the network of overseas Economic and Trade Offices (ETO) with a view to strengthening Hong Kong's external trade connections and interactions. Currently, there are 13 overseas ETOs, including the Washington, San Francisco, and New York ETOs in the US, and the Jakarta, Singapore, and Bangkok ETOs in ASEAN. The present ETO network in the US comprehensively covers all the states in the US, with the San Francisco and New York ETOs overseeing the western parts and eastern parts of the US respectively, while the Washington ETO is responsible for the liaison work with the political circle in the US. As for ASEAN, in face of the increasing business presence of Hong Kong in ASEAN and the great potential of the region, the HKSAR Government has newly established two ETOs in ASEAN countries, namely the Jakarta ETO established in 2016 and the Bangkok ETO established in February this year. The presence of three ETOs in ASEAN will robustly strengthen our trade and economic ties with ASEAN countries.

In order to consolidate Hong Kong's presence among its trading partners and explore new business opportunities, the HKSAR Government will continue establishing ETOs overseas. We are currently engaged in the preparatory work for opening the Dubai ETO, which is expected to commence operation early next year. The ETO will become the second ETO set up by the current-term Government, and the first in the Middle East region, which will further expand our representative network in the region and raise Hong Kong's international visibility. It will also bring immense business opportunities as well.

The HKSAR Government will continue exploring the feasibility to establish ETOs in different countries with a view to further strengthening Hong Kong's trade network. The 13 existing ETOs will keep up with their promotional work overseas to strengthen Hong Kong's external relations. The ETOs will maintain close and regular contacts with the local business sectors and introduce to them the latest positions and advantages of Hong Kong to encourage them to set up business or invest in Hong Kong, bringing stronger overseas support to Hong Kong businesses.

(3) The HKSAR Government attaches great importance to the pursuit of the Belt and Road (B&R) Initiative. As the Chief Executive set out in her Policy Address this October, the Government will capitalise on the opportunities brought by the Initiative to open up more markets for Hong Kong enterprises and professional services, including supporting Hong Kong enterprises in setting up businesses in the Mainland's overseas Economic and Trade Co-operation Zones (ETCZs). In this regard, the HKSAR Government is taking forward the following areas of work, including:

(a) Strengthening promotion efforts: missions, exchange sessions and thematic forums will be organised to deepen enterprises' understanding of ETCZs;

(b) Providing "one-stop" support for Hong Kong enterprises: HKTDC will set up a B&R ETCZs support service desk to provide Hong Kong enterprises with information related to ETCZs, including local trade and investment policies,

business environment and development situation of various industries;

(c) Deliberating policy measures at the government level: the Commerce and Economic Development Bureau (CEDB) is exploring incentives and facilitation measures with the Ministry of Commerce, including actively encouraging ETCZs to provide support for Hong Kong enterprises to establish a presence there; collating and disseminating to enterprises information on matters relating to Mainland bonded goods, such as measures on No Levy and No Return (of tax); and promoting further collaboration between HKTDC and Mainland business and industrial organisations in providing back-end sales support for those Hong Kong enterprises operating in ETCZs, thereby assisting them in developing the Mainland market.

In addition, in the above-mentioned memorandum of understanding entered into by the HKSAR Government and the Government of Thailand, the latter will explore the possibility of providing and extending relevant facilitation measures for Hong Kong enterprises interested in investing in Thailand, including tax incentives, non-tax facilitation, updated and useful information on investment opportunities, market intelligence, and hands-on support for companies and projects; and;

(d) Promoting matching with selected ETCZs: CEDB and the Ministry of Commerce will try out, on a pilot basis, the matching of two to three Hong Kong industries interested in developing businesses in ETCZs with two to three selected zones, particularly those located in the ASEAN. In-depth analyses on local market situation and industry needs will also be conducted with a view to facilitating industry matching and co-operation.

The HKSAR Government will continue to deepen Hong Kong's external trade and economic co-operation by fully utilising the opportunities brought by the B&R Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area, which will broaden Hong Kong's trade network overseas and help Hong Kong business to expand into the global market.