

LCQ7: Promoting market integration in Guangdong-Hong Kong-Macao Greater Bay Area

Following is a question by the Hon Martin Liao and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 25):

Question:

The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Establishment of a Unified Domestic Market (the Opinions) published on April 10 this year put forward the demand of breaking local protectionism and market segmentation, as well as promoting the alignment of quality standards with international standards. Moreover, the Opinions put forward integrating major regional strategies, encouraging regions such as the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to give priority to commencing work on developing regional market integration and to establish robust regional co-operation mechanisms, on the premise of maintaining a unified domestic market. In this connection, will the Government inform this Council:

(1) given that in June last year, the Hong Kong Trade Development Council (HKTDC) launched a "GoGBA" one-stop online platform (GoGBA) in collaboration with the authorities of the Guangdong Province and relevant trade associations, as well as established the "HKTDC GBA Centre" in Shenzhen, so as to support Hong Kong enterprises to expand into the GBA market, whether it knows the details of the services provided/activities held so far under these two projects, and whether the HKTDC will evaluate the effectiveness of GoGBA to date and roll out improvement measures;

(2) as a study has pointed out that the major challenges faced by Hong Kong-invested manufacturing enterprises in expanding into the GBA market include high credit risk and greater difficulty in obtaining export credit insurance (ECI), which have weakened their incentive to do so, whether the Government will review the functions of the Hong Kong Export Credit Insurance Corporation, and urge it to launch ECI products suitable for such enterprises and to explore strengthening the co-operation with the China Export & Credit Insurance Corporation; if so, of the details; if not, the reasons for that; and

(3) whether it will collaborate with the authorities of the Mainland cities in the GBA to commence a study on the formulation of unified economic and trade rules as well as market standards for the GBA, so as to promote market integration in the GBA in respect of system establishment?

Reply:

President,

Hong Kong is an important platform for economic and trade exchange between the Mainland and the international community. We strive to strengthen regional co-operation and actively expand our global economic and trade network on one hand. On the other hand, we capitalise on the new development pattern featuring dual circulation, which enables domestic and foreign markets to interact positively with each other under the National 14th Five-Year Plan, and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development as an entry point, to assist Hong Kong enterprises in capturing the enormous business opportunities for better integration into the overall development of the nation.

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

(1) To strengthen support to Hong Kong enterprises in exploring the domestic Mainland market, the Hong Kong Trade Development Council (HKTDC) launched in June 2021 the "GoGBA" one-stop platform, including the "GoGBA" website and WeChat mini-programme, to provide important GBA business and trade information such as market insights and business networks as well as practical tools for business trips. In addition, the HKTDC has established the "HKTDC GBA Service Centre" in Shenzhen to organise activities including seminars/workshops, professional training and business missions, and to provide Hong Kong enterprises with consultation services, industry-related updates and business matching to assist Hong Kong enterprises in understanding the Mainland's market, regulations, policies, concessions and institutions, with a view to enhancing their capabilities in developing the Mainland market. The HKTDC has also set up jointly with its Mainland partners the "GoGBA Business Support Centres" in Qianhai (Shenzhen), Nansha (Guangzhou), Hengqin (Zhuhai), Dongguan and Zhongshan to provide Hong Kong enterprises with policy and market consultation services.

These services have been well-received by the trade since their launch. As at mid-May 2022, over 180 000 views of the "GoGBA" website and WeChat mini-programme were recorded. The "HKTDC GBA Service Centre" has so far organised over 40 activities, with about 2 100 Hong Kong enterprises patronising its services and participating in its activities.

The HKTDC has kept on reviewing the effectiveness of these services and strengthening support to Hong Kong enterprises. Among others, the HKTDC will expand its "GoGBA Business Support Centres" network to Foshan, and organise the Guangdong-Hong Kong Co-operation Week within 2022 staging flagship events to promote Hong Kong services and brands. Furthermore, from 2022-23 to 2024-25, the Government provides an additional funding of \$45 million per annum (i.e. a total of \$135 million) to the HKTDC for implementing the "Support Scheme for Pursuing Development in the Mainland". Through its network of 13 Mainland offices, the HKTDC will partner with relevant Mainland-based Hong Kong business organisations to organise training and exchange programmes, business missions as well as promotion activities to support Hong Kong enterprises, professional services practitioners and

entrepreneurs to seize the business opportunities in the GBA and other Mainland markets.

(2) The Hong Kong Export Credit Insurance Corporation (ECIC) actively supports Hong Kong businesses (including the manufacturing industry) in expanding in the vast Mainland market and endeavours to assist the trade in facing credit risks. In response to the challenges brought about by the China-United States trade conflict and the epidemic, the ECIC has proactively launched a series of support measures, assisting the trade in market expansion amidst the volatile trading environment. In fact, quite a number of exporters have already expanded their businesses in domestic sales through the ECIC's insurance products. In 2020-21, the Mainland was the ECIC's largest market for the year, accounted for 43 per cent of the ECIC's total insured business and amounted to \$56.2 billion. In addition, the ECIC has proactively enhanced its insurance coverage for sales between an exporter's Mainland subsidiary, in which one has ownership of over 50 per cent, and Mainland buyers. Under the extended coverage, the ECIC provides credit insurance protection for Hong Kong enterprises' goods produced on the Mainland for overseas or Mainland markets.

To provide support for exporters to further expand in the Mainland market, the ECIC is actively studying possible ways to gain better access to the credit information of Mainland companies including strengthening co-operation with relevant agencies such as credit agencies and its Mainland counterparts to supplement buyer information; to share risk with reinsurance companies; and to foster exchanges with its Mainland and international counterparts (including the China Export & Credit Insurance Corporation), etc. The Government will continue to maintain close communication with the ECIC, striving to provide products and services that cater to Hong Kong businesses for them to seize the golden opportunities in the Mainland market.

(3) To strengthen economic co-operation and integration between the Mainland and Hong Kong, the Government has been promoting trade and investment liberalisation and facilitation, reducing and removing barriers to trade and investment, and enhancing the level of market integration between the two places through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). Under the framework of the CEPA, all goods of Hong Kong origin can enjoy zero tariff treatment upon importation into the Mainland. The Mainland also implements various preferential and facilitation measures for Hong Kong service suppliers in most areas of services trade, such as removing or relaxing restrictions on equity shareholding, capital requirements and business scope in the establishment of enterprises; relaxing qualification requirements for the provision of services by Hong Kong professionals; and relaxing the geographical and other restrictions for Hong Kong's exports of services to the Mainland market. In addition to those applicable Mainland-wide, some liberalisation measures are implemented on a pilot basis in the GBA to help drive forward market integration in the GBA.

The Government will continue to participate in the development of the GBA through various channels including the CEPA, with a view to strengthening the regulatory interface and system connectivity of the economy of Guangdong,

Hong Kong and Macao. Moreover, the Government will strive for a higher level of liberalisation by the Mainland to Hong Kong under the framework of the CEPA, including introducing more liberalisation measures in the GBA, with a view to encouraging more Hong Kong and overseas enterprises to make good use of Hong Kong as a platform to grasp the opportunities in the GBA as well as the whole Mainland market. We will also participate in and support the work of the governments of Guangdong, Hong Kong and Macao in setting GBA standards for different products and business services.