

# Report of the Focus Group on Trade and Business

January 2007

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## Chapter 1 Introduction

- 1.01 The Focus Group on Trade and Business is one of the four focus groups formed at the Economic Summit held on 11 September 2006. It comprises the following members:

### Convenor

Dr FUNG Kwok-king, Victor, G.B.S.

### Official members

Financial Secretary

Secretary for Commerce, Industry and Technology

### Members

The Hon FAN Hung-ling, Henry, S.B.S., J.P.

Prof LAU Juen-yee, Lawrence

Mr NIGHTINGALE, Anthony John Liddell, J.P.

Dr WONG Chi-yan, Allan, S.B.S., J.P.

Ms YANG Mun-tak, Marjorie

Dr ZEMAN, Allan, G.B.S., J.P.

- 1.02 Since the Economic Summit on 11 September 2006, the Focus Group has had three meetings, on 18 October 2006, 25 November 2006 and 11 December 2006. At the first meeting on 18 October 2006, it was agreed that four sub-groups should be formed to further examine the four strategic proposals identified by the Focus Group at the meeting on 11 September 2006. Details of the four sub-groups are as follows:

<u>Sub-group</u>	<u>Convenor</u>	<u>Co-Convenor</u>
(a) Sub-group on “Brand Hong Kong”	Dr ZEMAN, Allan	---

(b) Sub-group on “CEPA Related Matters”	Mr NIGHTINGALE, Anthony John Liddell	---
(c) Sub-group on “Factories in Guangdong”	Dr WONG Chi-yan, Allan	Ms YANG Mun-tak, Marjorie
(d) Sub-group on “Attracting and Nurturing Talents”	Prof LAU Juen-yee, Lawrence	The Hon FAN Hung-ling, Henry

Dr Victor Fung oversaw the work of the four sub-groups.

- 1.03 The Sub-group on “Brand Hong Kong” was led by Dr Allan Zeman and comprised representatives from major industry and trade organisations, quasi-government bodies and government bureaux/ departments. The membership list is at [Appendix 1](#). Two meetings were held on 3 November 2006 and 8 November 2006 respectively to take stock of the work being done by different organisations contributing to “Brand Hong Kong” and to discuss strategic proposals that would further promote “Brand Hong Kong”.
- 1.04 The Sub-group on “CEPA Related Matters” was led by Mr Anthony Nightingale and comprised representatives from major industrial and trade organisations, the trade and relevant government bureaux/departments. The membership list is at [Appendix 2](#). The Sub-group met on 31 October 2006 to explore and discuss initiatives to optimise CEPA.
- 1.05 The Sub-group on “Factories in Guangdong” was led by Dr Allan Wong and Ms Marjorie Yang. The Convenors have decided not to formally co-opt any other members but instead

had an informal session with a number of industrialists on 17 November 2006. The Sub-group held two sessions, on 27 October 2006 and 17 November 2006.

1.06 The Sub-group on “Attracting and Nurturing Talents” was led by Prof Lawrence Lau and Hon Henry Fan. The membership list is at Appendix 3. The Sub-group held two meetings, on 13 November 2006 and 24 November 2006. Apart from its own discussions, the Sub-group has also received input from the Focus Group on Financial Services and the Focus Group on Professional Services, Information & Technology and Tourism in respect of manpower development issues in the respective sectors.

1.07 At the second meeting of the Focus Group on 25 November 2006, some Members raised their concerns over the air pollution problem in Hong Kong. They considered that it would be detrimental to the international image of Hong Kong and might become a major hindrance to international investment if the problem was not promptly and satisfactorily resolved. They agreed that an ad hoc meeting to be chaired by Mr Anthony Nightingale should be held to discuss matters related to air pollution problem in Hong Kong. This took place on 11 December 2006. The attendance list is at Appendix 4.

### **Proposed Policy Direction**

1.08 With input from the four sub-groups and the ad hoc meeting on air pollution mentioned in paragraph 1.07 above, the Focus Group proposes the following policy direction :

#### **(a) Hong Kong’s International Positioning**

- To inculcate a “Brand Hong Kong” culture throughout the whole community, with commitment and leadership from the top.

“Brand Hong Kong” has a lot of potentials and is our important asset. It symbolises high quality, efficient, international and contemporary products and services. It is important in strengthening Hong Kong’s image as an international city with a vibrant, trendy, colourful and cosmopolitan lifestyle.

For the economy, successful “Brand Hong Kong” efforts could turn Hong Kong into an even more effective conduit for overseas information, technology, human and financial flow to enter the Mainland, and a springboard for Mainland enterprises to reach the international markets. For the enterprises, successful “Brand Hong Kong” efforts could help our enterprises grasp the golden opportunity offered by the huge and growing demand in the Mainland for quality brand products and services.

**(b) Hong Kong’s Development at National Level**

- To optimise the potentials and benefits under CEPA, so as to make use of the talents, investments and resources in Hong Kong.

CEPA is a win-win trade agreement, bringing new business opportunities to both the Mainland and Hong Kong, and fostering closer economic cooperation and facilitating long-term development of the two places. The inflow of investment and talents from Hong Kong to the Mainland under CEPA brings in first-class professional expertise and international outlook which helps enhance the professional standards of service industries in the Mainland and contribute to their long term development. Hong Kong also serves as a “springboard” for Mainland enterprises to reach out to the global market, thus accelerating the Mainland’s full integration with the world economy.

- To help nurture talents and enlarge our talent pool, thereby raising the quality of our human capital.

Through attracting students from the Mainland to study and work in Hong Kong, we will help nurture Mainland talents in our education system. Our local students and workforce will also benefit from the intellectual stimulation and healthy competition brought by Mainland students, thereby enhancing the quality of our own talent pool to support and sustain Hong Kong's competitiveness and long-term economic development.

**(c) Hong Kong's Development at Regional Level**

- To help Hong Kong-owned factories in Guangdong to adjust or shift their focus from export processing to domestic sales and/or to relocate to the "less developed" areas in Guangdong and adjacent provinces.

In order to cope with new challenges arising from China's rapidly growing economy, the factories have to change their mindsets and explore ways to develop in the domestic market. It would also be important for the factories to adjust their operation to meet new environmental standards. They should improve their management, examine new business approaches and develop solutions to their environmental problems.

At present, over half (52%) of the 60 000 Hong Kong-owned factories in Guangdong manufacture for exports; 14% for domestic sales; and the rest for exports/domestic sales/"transfer" (to other factories for further processing). There is opportunity for them to tap the Mainland domestic market since one of the goals of the "11th Five-Year Plan" is to expand domestic consumption and leverage on consumption as an impetus to fuel the nation's economic development.

## Chapter 2 Strategic Proposals

2.01 In pursuing the policy directions set out in paragraph 1.08 above, the Focus Group recommends the following strategic proposals :

### **Strategic proposal 1 : Establishing a “Brand Hong Kong Group”**

- A high-level “Brand Hong Kong Group” should be established by the Government to be the Brand Creator and Brand Manager of “Brand Hong Kong”. The “Brand Hong Kong Group” should be supported by a dedicated team equipped with sufficient resources to work with relevant government and non-government agencies to undertake specific activities to take forward the “Brand Hong Kong” message on a sustained basis.

### **Strategic proposal 2 : Establishing a consultative arrangement for CEPA**

- The establishment of a consultative arrangement with major business associations should be considered to provide a platform for exchanges on trade and investment facilitation measures and problems encountered relating to CEPA implementation, and for gathering views which the trade may have on further services liberalisation. The platform will provide a private sector perspective in tapping the full potentials of CEPA in further trade liberalisation, trade and investment facilitation as well as implementation.

### **Strategic proposal 3 : Conducting research on CEPA benefits**

- To enable us to have a deeper and fuller appreciation of the mutual economic benefits of CEPA to the Mainland and Hong Kong, more researches on the benefits of CEPA



should be carried out. The industry organisations are well-positioned to contribute to this effort. The results of the research work would help demonstrate the mutual beneficial effect of CEPA and facilitate CEPA promotional work, particularly to our overseas partners.

**Strategic proposal 4 : Enhancing understanding of developments in the Mainland**

- In order to sustain the advantages that Hong Kong enjoys under CEPA, we should enhance our understanding of the Mainland's trade and investment liberalisation measures arising from multilateral trade negotiations and new trends in world trade through closer monitoring and studies. This will help Hong Kong appreciate the implications of these developments on CEPA as well as explore ways to safeguard Hong Kong's trade interests in the light of these developments.

**Strategic proposal 5 : Tapping Mainland consumer market**

- The Government and the Hong Kong Trade Development Council should conduct more market researches, focusing on niches where Hong Kong-owned factories possess a competitive edge vis-à-vis Mainland enterprises.
- The Government should help disseminate relevant information regarding the question of legal status to those Hong Kong-owned factories interested in shifting their focus from export to the domestic market. It may also conduct researches on any comparable overseas experience in similar transition.

**Strategic proposal 6 : Complying with Mainland rules and regulations**

- The Government should step up effort to disseminate

information on Mainland rules and regulations to Hong Kong-owned factories, and along with the relevant Mainland authorities, help clear any uncertainties over details of enforcement and compliance. The scope of assistance could, if appropriate, cover advice and referral in cases involving law compliance matters.

- The Mainland and Hong Kong authorities should set up a platform to facilitate dialogue and exchange of views among the trade before the implementation of major changes which would have significant impact on Hong Kong-owned factories. This would facilitate a better understanding of the implementation of new measures and any transitional arrangements to enable smooth compliance by Hong Kong-owned factories, as well as better enable these factories put forward their views on issues that have an impact on their business.

#### **Strategic proposal 7 : Improving Infrastructure**

- The Government should expedite completion of various cross-boundary infrastructural projects.
- As enhanced customs efficiency would improve the movement of goods across the boundary, Hong Kong should work with the Mainland authorities to relieve any bottleneck and overcome the "last mile" obstacles, such as by the application of technologies like Electronic Data Interchange (EDI) and Radio Frequency Identification (RFID).

#### **Strategic proposal 8 : Strengthening Intellectual Property Protection**

- To improve the overall intellectual property environment, the Government could explore ways to enhance co-operation with the Mainland authorities in

cross-boundary intellectual property protection.

- A good and robust intellectual property protection system is conducive to the effort of progressing from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM). The Government should consider means to further strengthen its already credible intellectual property regime. For instance, the Patents Registry of Intellectual Protection Department could consider the feasibility of providing first grant of patents.

**Strategic proposal 9 : Meeting Environmental requirements**

- The Government should consider providing assistance to Hong Kong-owned factories to upgrade their operations to meet environmental standards through technical support by Hong Kong Productivity Council and other support.
- The Government should work with trade and industrial organisations to explore possible co-ordination among factories in the installation of common pollution abating facilities, as a means to help them in meeting the environmental requirements.

**Strategic proposal 10 : Establishing a high-level Mechanism to tackle air pollution**

- The Government should adopt a comprehensive policy and enforceable measures to reduce air pollution. There should be a Master Plan with short-term deliverables that are quick to implement, some of which are enforced by legislation and others on a voluntary basis. The Plan should encompass long term objectives not only on air quality, but also issues relating to urban design, transport policy, land use policy and energy policy. This comprehensive policy should be effectively communicated to the general public and fully supported by legislations.

In this respect, a high-level mechanism with the necessary authority to deliver results should be established by the Government to devise and steer the implementation of the comprehensive policy approach.

**Strategic proposal 11 : Further promoting the various admission schemes administered by the Immigration Department**

- The various admission schemes introduced by the Government in recent years had provided a high degree of flexibility for admitting different types of talents, professionals and investors to Hong Kong. However, there is still a large degree of misconception in the local and overseas communities that Hong Kong is highly restrictive in the admission of Mainland talents and professionals. The current admission schemes should therefore be re-packaged and re-launched, through an international promotion campaign, to publicise Hong Kong's open and flexible regime, focusing on the people (talents and professionals) rather than the schemes themselves. Immigration Department should also organise a forum for enterprises/employers to identify further possible improvements in the application procedures of employment visas to facilitate the entry of talents.

**Strategic proposal 12 : Establishing platforms for industry-academia-government collaboration in respect of key industries**

- Different forms of collaboration in attracting and nurturing talents should be encouraged to meet the manpower needs of key industries. Relevant Government bureaux should consider setting up manpower development advisory committees to enhance industry-academia-government collaboration, starting with five services industries – “financial services”, “logistics”, “tourism”, “information

services”, and “creative industries and IT”. The manpower development advisory committees should gather and analyse statistics on manpower needs of their respective sectors.

**Strategic proposal 13 : Attracting more non-local students to study in Hong Kong**

- Given the importance of attracting more non-local students to study in Hong Kong, the Steering Committee on Developing Hong Kong as a Regional Education Hub should be invited to consider the following suggestions :
  - increasing the overall quota for non-local students from 10% to 20%;
  - relaxing the restrictions on part-time work for non-local students;
  - providing adequate boarding facilities for non-local students;
  - encouraging a two-way flow of exchange students by enhancing the provision of on-campus boarding facilities for such purpose; and
  - encouraging the development of self-financing but non-profit-making private universities (including the development of degree and above programmes by the self-financing arms of UGC-funded institutions) by granting land at nominal premium.

**Strategic proposal 14 : Elevating the overall education standard**

- The Focus Group also endorsed a proposal to elevate the overall education standard, with particular emphasis on improving the language proficiency of students, a recommendation proposed by the Focus Group on Professional Services, Information & Technology and Tourism.

## **Consultation**

2.02 The proposals are supported by the sub-groups whose members include representatives from major trade and industrial organisations and the trade. We will also seek the co-operation of the major trade and industrial organisations in implementing the proposed Action Agenda.

## **Action Agenda**

2.03 The Action Agenda of the Focus Group is at Appendix 5.

**Sub-group on “Brand Hong Kong”  
Membership**

**Convenor :**

Dr Allan Zeman

**Designated Staff Member :**

Mr Jonathan Zeman  
Lan Kwai Fong Holdings Ltd

**Co-opted Members :**

1. The Hon Ronald Arculli  
Chairman, Hong Kong Exchanges and Clearing Ltd
2. The Hon Mrs Selina Chow  
Chairman, Hong Kong Tourism Board
3. Dr Chan Wai Kwan  
Secretary-General, Hong Kong General Chamber of Commerce
4. Mr Robin Chiu  
Director-General, Federation of Hong Kong Industries
5. Mr Francis Lau  
Secretary-General, Chinese Manufacturers’ Association of Hong Kong
6. Mr Paul Yin  
Chairman, Hong Kong Brand Development Council
7. Mr Bankee Kwan  
Chairman, Hong Kong Retail Management Association

8. Mr Raymond Yip  
Assistant Executive Director, Hong Kong Trade Development Council
9. Dr Stephen Lee  
Acting Executive Director, Hong Kong Productivity Council
10. Mr Freeman Lau  
Chairman, Board of Directors, Hong Kong Design Centre
11. Mr Yu Wah-yung  
Committee Member of the Chamber, Chinese General Chamber of Commerce

**Government Representatives :**

1. Mr Clement Leung  
Director-General of Trade and Industry (Atg)
2. Mr Mike Rowse  
Director-General of Investment Promotion
3. Ms Joan Hung  
Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry Branch)
4. Mr Edward Yau  
Director of Information Services
5. Mr Gordon Leung  
Deputy Commissioner for Innovation and Technology
6. Mr Kam-yin Wu  
Assistant Secretary to the Commission on Strategic Development, Central Policy Unit



**Responsible Officer :**

Mr David Wong  
Assistant Commissioner (Infrastructure),  
Innovation and Technology Commission

**Sub-group Secretariat :**

Mrs Shirley Lau  
Senior Manager (Infrastructure),  
Innovation and Technology Commission

**Sub-group on “CEPA Related Matters”  
Membership**

**Convenor :**

Mr Anthony Nightingale  
Managing Director, Jardine Matheson Ltd

**Designated Staff Members :**

Dr W K Chan  
Senior Director, HKGCC

**Co-opted Members :**

1. Mr Y K Pang  
Director, Jardine Matheson Ltd
2. Mr Robin Chiu  
Director General, FHKI
3. Mr Raymond Yip  
Assistant Executive Director, HKTDC

**Responsible Officer :**

Ms Joyce Tam, Assistant Director-General (Mainland),  
Trade and Industry Department

**Sub-group Secretariat :**

Mr L W Ting,  
Principal Trade Officer (Mainland),  
Trade and Industry Department

**Government Representatives:**

1. Miss Carmen Kong  
Administrative Officer, Central Policy Unit
2. Ms Amy Cheung  
Principal Trade Officer  
Commerce, Industry and Technology Bureau

**Sub-group on “Attracting and Nurturing Talents”  
Membership**

**Convenor :**

Prof Lawrence Lau

**Co-Convenor :**

Hon Henry Fan

**Designated Staff Member :**

Mr Paul Lo, HR Director, Citic Pacific Ltd

**Co-opted Members :**

1. Mr Kelvin Leung (DHL Logistics (HK) Ltd)
2. Mr Chan Tze Ching (Citigroup)
3. Mr K T Lai (CLP Holdings)

**Responsible Officer :**

Education and Manpower Bureau:  
Miss Charmaine Lee, Principal Assistant Secretary (Higher Education)

**Sub-group Secretariat :**

Education and Manpower Bureau:  
Miss Patricia Woo, Assistant Secretary (Higher Education)<sup>3</sup>

**Government Representatives :**

1. Security Bureau/Immigration Department:  
Ms Helen Chan, Assistant Director of Immigration (Visa Policy)
2. Central Policy Unit:  
Miss Carmen Kong, Administrative Officer

## Appendix 4

### **Economic Summit on “China’s 11th Five-Year Plan and the Development of Hong Kong” Focus Group on Trade and Business Ad Hoc Meeting on 11 December 2006**

#### **Focus Group Members**

Mr NIGHTINGALE, Anthony John Liddell, J.P. (Chairman of the meeting)  
Dr FUNG Kwok-king, Victor, G.B.S.  
The Hon FAN Hung-ling, Henry, S.B.S., J.P.  
Dr ZEMAN, Allan, G.B.S., J.P.

#### **Officials in Attendance**

Mr. WONG Wing-ping, Joseph, GBS, JP Secretary for Commerce, Industry and  
Technology  
Dr. LIAO Sau-tung, Sarah, JP Secretary for the Environment,  
Transport and Works

#### **Invited Participants**

Mr CHAN Cho-chak, John, G.B.S., J.P. Managing Director, Kowloon Motor Bus  
Co (1933) Ltd.  
Dr W. K. CHAN Senior Director, Business Policy of  
Hong Kong General Chamber of  
Commerce  
Dr CHENG Wai-kin, Edgar, G.B.S., J.P. Vice-chairman, Council for Sustainable  
Development  
Mr James GRAHAM Convenor, Hong Kong Business  
Coalition on the Environment  
Professor HO Kin-chung, Professor, School of Science &  
Technology  
The Open University of Hong Kong

Professor LAM Kin-che, S.B.S., J.P.

Professor, Department of Geography  
and Resource Management  
The Chinese University of Hong Kong

Ms LOH Kung-wai, Christine

Chief Executive Officer, Civic  
Exchange

Dr NG Cho-nam, B.B.S

Associate Professor, Department of  
Geography

Mrs YUEN SO Siu-mai, Betty

The University of Hong Kong  
Managing Director, CLP Power Hong  
Kong Ltd.