

Fourteen measures announced by the Central People's Government (CPG) on 19 December 2008 to support Hong Kong

	Measure	Remarks
	<u>Strengthen cooperation between the Mainland and Hong Kong in the financial services sector</u>	
1.	Allow qualified enterprises to settle their trade obligations in Hong Kong in RMB.	<p>We are grateful for the Central People's Government's support to the Hong Kong Special Administrative Region (HKSAR), in particular the commitment to reinforce and enhance HKSAR's status as an international financial centre, and to foster the financial cooperation between Guangdong and HKSAR. The relevant authorities of the two sides have been in close liaison with a view to working out the concrete arrangements for implementing the support measures.</p> <p>The Hong Kong Monetary Authority and the People's Bank of China (PBoC) signed on 20 January 2009 a currency swap agreement to provide short-term liquidity support to the Mainland operations of Hong Kong banks and the Hong Kong operations of Mainland banks in case of need.</p> <p>Formal announcement on other measures will be made when the arrangements are finalised.</p>
2.	Agree to allow currency swap agreements between the People's Bank of China and Hong Kong Monetary Authority.	
3.	Encourage Mainland enterprises to make use of Hong Kong's financial markets as a platform to develop international businesses. The CPG is very positive about Chinese investment companies and development banks to set up or expand their subsidiaries in Hong Kong.	
4.	CPG will support the listing of Mainland enterprises in Hong Kong.	
	<u>Expedite infrastructure projects related to Hong Kong</u>	
5.	CPG will assist in promoting the early commencement of construction of the Hong Kong-Zhuhai-Macao Bridge.	The governments of Guangdong, Hong Kong and Macao are pressing ahead with this project. The feasibility study of this project has been submitted to the Central People's Government for consideration. The tender for the preliminary design of the Main

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		<p>Bridge was invited on 1 December 2008 with a view to commencing preliminary design of the Main Bridge in April 2009.</p>
6.	<p>CPG will press ahead with the rail connection between the airports in Hong Kong and Shenzhen, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the improvement works projects at the Huanggang and Wenjindu boundary control points.</p>	<p><u>Rail links</u></p> <p>The railway scheme of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link was gazetted on 28 November 2008, thereby triggering the necessary statutory procedures. The design of the project is underway. The construction work is expected to begin by the end of this year.</p> <p>The joint preliminary study of the Hong Kong-Shenzhen Airport Rail Link has largely been completed in 2008. It concludes that it is technically feasible to construct the rail link. Further study will be conducted to explore “seamless” co-operation among airlines and the two airports with a view to maximizing the economic benefit of the rail link proposal. It is anticipated that the above further study will be completed in mid-2009.</p> <p><u>Huanggang and Wenjindu boundary control point</u></p> <p>Security Bureau is maintaining close liaison with the Port Affairs Office of the Shenzhen Municipal Government in order to monitor the latest progress and development of the improvement works projects at the Huanggang and Wenjindu boundary control points and consider necessary arrangements</p>

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		<p><u>Liantang/Heung Yuen Wai Boundary Control Point (LT/HYW BCP)</u></p> <p>On the Hong Kong side, the development of LT/HYW BCP comprises the construction of a BCP with a footprint of about 18 hectares (including an integrated passenger clearance hall), a dual 2-lane trunk road of about 10km in length, and improvement works to the Shenzhen River. The total capital cost of the development is estimated to be \$8.6 billion (in September 2007 prices).</p> <p>Funding application for Investigation and Preliminary Design (I&PD) Study for the BCP development was approved by the Finance Committee of the LegCo on 9 January 2009. We will commence the I&PD study in April 2009, for completion in end 2011.</p> <p>The Working Group on Implementation of LT/HYW BCP also held its first meeting in SZ on 18 December 2008 and discussed the implementation of BCP works by both sides. Works for the BCP and the trunk road are expected to commence in 2014, for completion and commissioning in 2018.</p>
	<p><u>Economic cooperation between Hong Kong and the Pearl River Delta (PRD)</u></p>	
7.	<p>State Council has approved a development plan for the PRD to deepen cooperation between Guangdong, Hong Kong and Macao and develop the three places into a world-class metropolitan area.</p>	<p>The HKSAR Government will -</p> <p>(a) further the development of Hong Kong services industry in PRD Region and Guangdong, and support more liberalisation measures to be implemented in Guangdong on a pilot basis;</p>

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		<p>(b) work closely with the PRD Region to ensure clear division of work and reasonable layout in development of ports and airports, with a view to maintaining Hong Kong's status as an important port and civil aviation hub in Asia; and</p> <p>(c) ensure Hong Kong to continue to play the role as an international financial centre, promote the further development of financial industry and assist the trade in exploring development opportunities in the Mainland.</p> <p>We will actively take forward the suggestion of making regional cooperation planning jointly with Guangdong under the principle of “One Country, Two Systems”, and will discuss with Guangdong on the follow-up action soon.</p>
8.	Support the construction of the Shenzhen Metro Line 4 by Hong Kong enterprise(s) under a Build-Operate-Transfer (BOT) model.	We believe that this measure can strengthen the co-operation between Hong Kong and Shenzhen in respect of metro transit, and offer significant business opportunities for Hong Kong. The MTR Corporation Limited has already commenced co-operation with the Shenzhen Government on Shenzhen Metro Line 4. Hong Kong Government will facilitate the implementation of the measure and provide assistance to the trade where necessary.
9.	Support development of the Hong Kong-Shenzhen boundary areas.	<p><u>Development of the Lok Ma Chau Loop</u></p> <p>Hong Kong and Shenzhen conducted an opinion survey among the public and related sectors in parallel on the future use of the Loop in June to July 2008. Higher education, research and development of new high technology, and cultural and creative industries received wide support on both sides. The two governments initially considered that higher education might be developed as the leading land use in the Loop with high-tech R&D facilities and creative industries incorporated. The idea would provide impetus</p>

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		<p>for human resources development in the South China region and enhance the competitiveness of the Pearl River Delta, as well as benefit the long-term economic development of the two cities.</p> <p>The two sides signed a co-operation agreement on the Joint Comprehensive Study of the Lok Ma Chau Loop at the Hong Kong/Shenzhen co-operation meeting on 13 November 2008 to kick off the relevant preparatory work. Selection of consultants for the study started in December 2008. Development Bureau is prepared to seek funding approval from LegCo in early 2009. The Study is expected to commence in June 2009, for completion in end 2011.</p>
10.	Consolidate the position of Hong Kong as an international shipping centre and vigorously promote the complementary development and cooperation of container terminals and ports in the PRD region.	We will endeavour to push ahead co-ordination in container terminal development between Hong Kong and the Pearl River Delta, such that the complementary operational relationship will benefit both.
<u>Alleviate difficulties faced by Hong Kong SMEs</u>		
11.	CPG has already implemented a series of policy measures to support SMEs, all of which are applicable to Hong Kong SMEs operating in the Mainland. Tax-rebate rates for exports have already been increased three times, and will be further adjusted. In parallel, CPG will improve the labour system to reduce the burden on enterprises, facilitate the development of the domestic market for enterprises in the processing trade, and develop a guarantee mechanism for SME financing.	<p>Relevant Mainland authorities have rolled out the following measures -</p> <ul style="list-style-type: none"> • increasing the export tax rebate rates of some commodities four times (the export tax rebate rates of most commodities have been reverted to the early 2006 level); • freezing the increase in minimum wages for the coming year; • removing over 1 700 commodities from the existing Catalogue of Restricted Products and the Catalogue of Prohibited Products for Processing Trade; • suspending the policy on actual payment of standing book deposit for processing trade enterprises; and

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		<ul style="list-style-type: none"> • reducing or waiving the administrative fees and charges. <p>On the other hand, Guangdong Province has rolled out a series of measures to support enterprises, including:</p> <ul style="list-style-type: none"> • establishing a RMB 1 billion loan guarantee company; • introducing special funds to support enterprises' restructuring and upgrading; • streamlining procedures for enterprises to restructure in situ and relocate; • improving the customs clearance procedures; • permitting quality enterprises to "pay tax after successful domestic sales", and providing incentives and support for enterprises to explore and expand domestic sales in the Mainland; • clarifying the basis for calculating the overtime payment, effective retrospective period and burden of proof, and conditions for settlement of economic compensation in respect of the labour system; and • reducing the burden of social insurance for enterprises with hardship.

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	<u>Expand Individual Visit Scheme</u>	
12.	<p>Implement arrangements for non-Guangdong residents in Shenzhen to apply for Individual Visit Scheme (IVS) endorsements in Shenzhen to visit Hong Kong. Allow eligible Shenzhen residents multiple entries into Hong Kong within one year with IVS endorsement.</p> <p>At present, the IVS already covers 49 Mainland cities. The CPG is actively studying the proposal to increase the number of cities covered by the IVS.</p>	<p>The Mainland authorities are drawing up implementation details. We hope that these measures would be implemented as soon as possible to further facilitate Shenzhen residents to visit Hong Kong.</p>
	<u>Open up Mainland service industries to Hong Kong providers</u>	
13.	<p>Relevant ministries and departments in CPG will commence study and negotiation with the HKSARG shortly on further liberalization measures and strive for an early conclusion of CEPA 6 in 2009.</p>	<p>The HKSAR Government (HKSARG) has commenced consultations with the relevant authorities of the Central Government on further liberalization under CEPA and will strive to conclude the consultations with a view to signing the Supplement 6 to CEPA as early as possible this year.</p>
	<u>Other</u>	
14.	<p>CPG will ensure the safe and steady supply of food, water, electricity and natural gas, etc. to Hong Kong.</p>	<p><u>Food supply and safety</u></p> <p>Most of our fresh food is imported from the Mainland. The supply of non-staple food is generally stable and sufficient. The HKSARG has set up notification scheme on food supply and safety matters, in particular those issues which are of particular concerns to us and related to public health, with the relevant Mainland authorities (AQSIQ and MoC, etc).</p>

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		<p>Our policy on supply of non-staple food is that we should ensure the transparency and competitiveness of the food market and diversify the source and types of food supply so as to stabilize food prices at a reasonable level. The Government will increase market transparency so as to facilitate effective market operation. This will enable consumers to make a right choice.</p> <p>To maintain a stable supply of food from the Mainland, the Government will continue to maintain close liaison with the Mainland authorities and the supply agents. The Government will, at the same time, liaise with the trade through various channels to understand their needs and to encourage them to diversify the source of their supply and the types of food. For example, the trade has recently indicated interest to import chilled beef from the Mainland. The relevant authorities in the Mainland are actively pursuing the case so as to facilitate the import of chilled meat to Hong Kong. These measures will help to ensure the overall stability of supply of food to Hong Kong.</p> <p>Besides, we will continue to maintain close liaison with the inspection and quarantine authorities so as to control the safety of imported food at source.</p> <p>The Mainland has already announced the quota arrangements for wheat flour, rice flour and rice for the first half of 2009. The HKSARG will continue to closely monitor the supply concerned, and liaise with the relevant authorities of the Central Government to ensure a stable supply.</p> <p><u>Water, electricity and gas supply</u></p> <p>As regards electricity and natural gas, the HKSARG and National Energy Administration signed a Memorandum of Understanding</p>

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		<p>(MOU) on 28 August 2008 on the continuous supply of nuclear electricity and natural gas to Hong Kong in the coming two decades. The Government has established a joint working group with CLP Power Hong Kong Limited and ExxonMobil Energy Limited to monitor the progress in taking forward the MOU.</p> <p>Guangdong and Hong Kong signed a new agreement on 11 December 2008 for the supply of Dongjiang (DJ) water to Hong Kong between 2009 and 2011. The new agreement guarantees -</p> <ul style="list-style-type: none"> (a) a stable and flexible supply of DJ water up to 2011 based on the actual needs of Hong Kong to cater for extreme drought conditions with a return period of one in 100 years; (b) an adequate supply of DJ water to Hong Kong for its longer-term development; and (c) striving to maintain the quality of DJ water to Hong Kong.

Secretariat, TFEC
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