

**Summary of the views expressed in
the First Meeting of
the Committee on Economic Development and
Economic Cooperation with the Mainland
of the Commission on Strategic Development
held on 5 December 2005**

There was a strong consensus that although Hong Kong was having an unprecedented economic recovery in the last two years, there were also unprecedented challenges ahead. In pursuing economic development, Hong Kong should on one hand strengthen its cooperation with the Mainland, particularly the Pearl River Delta (PRD) Region and the Greater PRD Region and the Pan-PRD Region ("9+2"), and on the other hand continue to engage the international community, which was essential to maintaining Hong Kong's international outlook and its role as the platform for foreign enterprises to enter the Mainland market, and for Mainland enterprises to go global. It was necessary for Hong Kong to correctly position itself.

2. While the economy was recovering healthily, not all sectors had benefited and many small and medium-sized enterprises (SMEs) were still struggling. We should find out which sectors were still lagging behind and do something about it. We should also ascertain whether the present job categories could meet our future needs. It would be useful if the Government could do some analysis and report findings to the Committee. Job creation should be one of the priority strategic issues the Committee should discuss.

3. There was doubt as to whether the Government's non-intervention approach could still serve Hong Kong's present and future needs. The economic successes of South Korea and Singapore were quoted to show how the Government could help industries and facilitate economic development. There were different views on whether Hong Kong should seek to be included in national development strategies and planning, i.e. in future national 5-year plans. On the up side, the inclusion of Hong Kong would mean better cooperation and coordination. On the down side, our high degree of autonomy, the choice of development, our position in the international community and our international outlook could be affected as a result.

4. There was general agreement that more should be done on the education and training of local talent to maintain and enhance our competitiveness. The admission of talent and good students from the Mainland and overseas could also help. The aim should be to nurture and attract versatile people with multi-skills and provide incentives for them to stay and pursue a long-term career in Hong Kong.

5. Because of the rapid development of many Mainland cities, the major pillar industries in Hong Kong, including financial services, transportation and logistics, would face increasingly keen competition and new challenges in the near future. Hong Kong should focus on developing areas where it had a clear advantage, and the development of creative industries and high value-added logistics came out as priority areas. Other possible areas were research and development, quality testing, medical services, education and professional development, which were all high value-added and technology or knowledge-intensive.

6. The sectors covered by the three phases of the Closer Economic Partnership Arrangement (CEPA) had encountered various difficulties in entering the Mainland market, mainly due to obstacles at the provincial and municipal levels. They hoped that the HKSAR Government could enter into bilateral agreements with the relevant provincial and municipal governments to help remove the barriers and achieve the intended effects of CEPA. Before introducing further phases, the Government should focus on effectively publicizing and implementing the agreed measures.

7. The following specific proposals were raised:

- Hong Kong should develop new markets and the northeastern region of the Mainland, Russia and many places in Europe appeared to have great potential. Consideration should be given to entering into more regional and bilateral trade agreements to advance Hong Kong's interests.
- The institutional setup should be improved to meet the needs of rapid development. The coordination between various government agencies should be enhanced and there should be clear and effective policies, laws and regulations to promote development.

- In order to attract local and Mainland talent, a research and development centre should be established at an area along the border with tax relief initiatives.
- To facilitate the interflow of talent between Hong Kong and the Mainland, and a review of the taxation system for people working in both Hong Kong and the Mainland and the portability of welfare benefits should be conducted; and that measures should be introduced to make it easier for Mainland talent to come to Hong Kong.
- The education and training of local talent should include the cultivation of an international perspective, a good understanding of the Mainland, creativity, and proficiency in both Chinese and English.
- Branding was very important and more should be done on this. Big projects like Hong Kong Disneyland would help to increase Hong Kong's international profile and would certainly help the tourism and other related industries, which were one of the lifelines of Hong Kong.
- The Government should consider how to strengthen Hong Kong's headquarters function for Mainland enterprises.
- Hong Kong should prepare for the impact of the eventuality of a freely convertible RMB.
- The Government should do more to help the film industry and SMEs to enter the Mainland market.

8. Specific views on the mode of operation of the Committee:

- The Secretariat should suggest a priority list of strategic issues that should be tackled for the Committee's discussion.
- The Committee itself was too large to have useful exchanges of views on specific subjects and working groups should be set up to study and discuss the selected priority topics, and report to the Committee for plenary discussion.

9. The Financial Secretary's comments:

- It was our strategy to “leverage the Mainland and engage ourselves globally”. It was necessary to strike a proper balance between enhancing our cooperation with the Mainland and extending our international connections. In the latter aspect, in response to a member's comment, Russia was in fact eager to establish bilateral relationship with Hong Kong.
- The Government would stick to the “Market Leads, Government Facilitates” principle.
- The Government attached great importance to education and was committed to continued investment in this important area.
- The Government was fully aware of the need for strategic positioning.
- There appeared to be a general agreement that the Committee should discuss creative industries, education and training of talent, high value-added logistics, and job creation as priority strategic issues in the coming meetings.
- The suggestion to set up working groups to study and discuss the selected priority topics would be considered.
- After the meeting, the Secretariat would carefully consider and consolidate Members' views and prepare a paper suggesting a list of priority issues that should be tackled by the Committee for discussion at the next meeting on 6 February 2006.

10. An attendance list is attached.

Secretariat to the Commission on Strategic Development
December 2005

策略發展委員會
經濟發展及與內地經濟合作委員會第一次會議
二零零五年十二月五日

**First Meeting of
the Committee on Economic Development and
Economic Cooperation with the Mainland
of the Commission on Strategic Development
to be held on 5 December 2005**

出席人士

Attendance List

主席 :

Chairman :

The Financial Secretary

財政司司長

官方委員 :

Official Members :

Head, Central Policy Unit

中央政策組首席顧問

Director, Chief Executive's Office

行政長官辦公室主任

非官方委員 :

Non-Official Members :

Prof CHAN Ka-keung

陳家強教授

Mr CHAN Mo-po, Paul

陳茂波先生

Mr CHAN Yu-ling, Abraham

陳宇齡先生

Mr CHANG Ka-mun

張家敏先生

Prof CHEN Kwan-yiu, Edward, G.B.S., J.P.

陳坤耀教授, G.B.S., J.P.

Ms CHIANG Lai-wan, Ann

蔣麗芸女士

Mr CHOI Koon-shum, Jonathan, J.P.

蔡冠深先生, J.P.

Mr CHUI Yik-chiu, Vincent

徐亦釗先生

Mr CHUNG Chi-ping, Roy, J.P.

鍾志平先生, J.P.

Mr FUNG Hau-chung, Andrew

馮孝忠先生

Dr HUI Cheuk-kuen, Desmond

許焯權博士

Mr HUI Ho-ming, Herbert, J.P.
Mr LAU Siu-hong, Freeman
The Hon LEUNG Kwan-yuen, Andrew, S.B.S., J.P.
Mr LIU Changle, J.P.
Prof LIU Pak-wai, S.B.S.
Ms LO Kai-yin
Mr LO Wing-hung, B.B.S.
Dr LUK Tei, Lewis
Mr MOK, Charles P.
Mr NG Hak-kim, Eddie, J.P.
Mr NG See-yuen, B.B.S., J.P.
Mrs NGAN NG Yu-ying, Katherine
Prof SIT Fung-shuen, Victor
Mr TAM Wai-ho, Samson
Mr WAN Sui-lun, Raymond
Mr WONG Ho-ming, Augustine
Ms WONG Ying-kay, Ada, J.P.
Prof WONG Yue-chim, Richard, S.B.S., J.P.
Dr WOON Yi-teng, Eden, J.P.
Prof YEUNG Yue-man, S.B.S., J.P.
Mrs YUEN SO Siu-mai, Betty
Prof YUEN TSANG Woon-ki, Angelina, J.P.
Dr ZEMAN, Allan, G.B.S., J.P.
Dr ZHANG Junsen

許浩明先生, J.P.
劉小康先生
梁君彥議員, S.B.S., J.P.
劉長樂先生, J.P.
廖柏偉教授, S.B.S.
羅啟妍女士
盧永雄先生, B.B.S.
陸地博士
莫乃光先生
吳克儉先生, J.P.
吳思遠先生, B.B.S., J.P.
顏吳餘英女士
薛鳳旋教授
譚偉豪先生
尹瑞麟先生
黃浩明先生
黃英琦女士, J.P.
王于漸教授, S.B.S., J.P.
翁以登博士, J.P.
楊汝萬教授, S.B.S., J.P.
阮蘇少湄女士
阮曾媛琪教授, J.P.
盛智文博士, G.B.S., J.P.
張俊森博士

列席

In Attendance

Government Economist
Senior Researcher (Central Policy Unit)

政府經濟顧問
中央政策組高級研究主任

因事未能出席

Apologies

非官方委員 :
Non-Official Members :

Dr CHAN Man-hung, J.P.

陳萬雄博士, J.P.

Prof ENRIGHT, Michael John

Mr FENG Xiaozeng

Mr MA Fung-kwok, S.B.S., J.P.

Prof LUNG Ping-ye, David, S.B.S., J.P.

恩萊特教授

馮曉增先生

馬逢國先生, S.B.S., J.P.

龍炳頭教授, S.B.S., J.P.