

LCQ3: Enhancing co-operation between service industries in Hong Kong and Guangdong

Following is a question by the Hon Wong Ting-Kwong and an oral reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, in the Legislative Council today (February 18):

Question:

In December last year, the State Council scrutinised and endorsed in principle the Outline of Pearl River Delta Regional Plan on Reformation and Development (2008-2020) (the Outline), which states that support will be given to the Pearl River Delta Region to conduct "in-depth co-operation" with Hong Kong and Macao in modern service industries, with focus on the development of 10 industries including finance and convention and exhibition service etc., as well as heightening the mutual recognition of the professional qualifications for the banking, securities, insurance, appraisal, accounting, law, education and medical service industries in order to create the conditions for developing service industries. The Government has also indicated that it will strive for the early and pilot implementation of more liberalisation measures in Guangdong under the framework and provisions of the Mainland and Hong Kong Closer Economic Partnership Arrangement. In this connection, will the Government inform this Council:

(a) when it will discuss with the Guangdong provincial authorities further liberalisation of the service industries, how it will implement the proposals of the Outline relating to promoting closer co-operation between Guangdong and Hong Kong, and of the specific ideas and suggestions for mutual recognition of professional qualifications;

(b) how it will strive to further lower the threshold for Hong Kong's service industries to enter the Guangdong market, with a view to creating more business opportunities for local small and medium sized enterprises; and

(c) whether it has assessed the impact of such in-depth co-operation among Guangdong, Hong Kong and Macao on the economic development and employment opportunities in Hong Kong; if it has, of the findings?

Reply:

President,

Since the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (generally referred to as CEPA) was signed in June 2003, the two sides have adopted a progressive approach to expand the scope for liberalisation, with a view to bringing about mutual benefits to both places. In July last year, the Mainland and Hong Kong signed Supplement V to CEPA and announced a package of liberalisation and facilitation measures for early and pilot implementation in Guangdong Province (Guangdong-pilot measures) to deepen co-operation in service industries between Hong Kong and Guangdong Province.

Let me reply to part (a) of the question first. The Hong Kong Special Administrative Region Government ("HKSARG") has already commenced consultation with the Central People's Government (CPG) on CEPA and hopes to reach agreement over the content of a new Supplement to CEPA as soon as possible this year. In the current round of consultation, we have taken note of the proposal for deepening co-operation over modern service industries in the "Framework for Development and Reform Planning for Pearl River Delta Region". We have also maintained close liaison with the Provincial Government of Guangdong with a view to proactively considering and seeking for more liberalisation measures for early and pilot implementation, so as to further the development of Hong Kong service industries in the Pearl River Delta Region and Guangdong Province.

Regarding mutual recognition of professional qualifications, the Mainland and Hong Kong are committed to enhancing the access of Hong Kong professional services to the Mainland market under the CEPA framework. We also encourage professional bodies of both sides to pursue mutual recognition of professional qualifications and to foster exchanges among professional and technical talents.

Under the framework of CEPA, Hong Kong and the Mainland have reached agreements or arrangements on mutual recognition of various professional qualifications in the construction, securities and futures, and accounting sectors. In January this year, the Estate Agents Authority and the China Institute of Real Estate Appraisers and Agents signed a Memorandum of Understanding, and agreed to promote the exchange of technical talents and mutual recognition of qualifications. Besides, CEPA also facilitates exchanges among professionals between the Mainland and Hong Kong, and enhances the access of Hong Kong professionals to the

Mainland market. This includes allowing Hong Kong professionals to take Mainland qualification examinations to obtain relevant professional qualifications in the Mainland. At present, people from over 40 Hong Kong professional or technical disciplines under various service sectors (including legal, insurance, medical and dental, tourism, etc.) can sit for the professional qualification examinations in the Mainland.

Under the CEPA framework, the Government will continue to pursue the work of mutual recognition of professional qualifications, and strive for nationwide implementation. Where necessary and for specific individual sectors, the Government will examine the feasibility of pursuing mutual recognition of professional qualifications in Guangdong Province on a pilot basis. The Government will continue to maintain close liaison and dialogue with different professional bodies, and encourage them to have exchanges with their Mainland counterparts. The Government will make public announcement as and when there are concrete outcomes.

As for part (b) of the question, under CEPA and the Supplements thereto, Hong Kong service suppliers enjoy preferential treatments for entering the Mainland market in 40 service areas. Many of them involve lowering of entry threshold and are applicable nationwide (including Guangdong Province). Supplement V to CEPA and Guangdong-pilot measures provide for lowering of market access requirement in service areas of medical and dental, printing, placement and supply services of personnel.

Under the current round of CEPA consultation, the HKSARG will continue to strive for more preferential treatment in areas where Hong Kong has a competitive advantage, in particular liberalisation measures for early and pilot implementation in Guangdong, with a view to creating more business opportunities for Hong Kong enterprises of various types (especially small and medium enterprises) and in various service areas.

On part (c) of the question, the Guangdong-pilot measures have facilitated not only investment in the service industries in Hong Kong and Guangdong, but also created additional job opportunities in both places for Hong Kong residents. In the long run, these measures enhance our attractiveness to overseas investors, strengthen Hong Kong's role as Guangdong's service provider, partner in the regional and global markets, and investment intermediary. This will bring about positive and constructive impact on the long-term economic development of Hong Kong and help create more job opportunities.

Most of the Guangdong-pilot measures came into force only at the beginning of this year. Our work priority is to ensure effective implementation of these measures so that the trade can enjoy the benefits as soon as possible. At the same time, we endeavor to further broaden and deepen the scope of liberalisation and co-operation. The HKSARG has not yet conducted at this stage any assessment of deepening Guangdong-Hong Kong co-operation in service industries on the Hong Kong economy and employment.

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