



REPORT ON HKCSI DELEGATION TO BEIJING 23 March 2006

The HKCSI paid its seventh visit to Beijing on 23 March 2006, a day after the HKGCC China Committee's two-day working mission.

ORGANISATION

HKCSI members participated in the 30-member HKGCC China Committee's delegation led by Committee Chairman Mr David Li (香港總商會中國委員會 李大壯主席) and HKGCC CEO Dr Eden Woon (香港總商會總裁 翁以登博士) on 21 & 22 March 2006. During the first two-day visit to Beijing, delegates met with a number of Chinese senior officials, including Mr Liao Xiaoqi, Vice Minister of Commerce (商務部 廖曉淇副部長), Mr Zhu Zhixin, Vice Chairman of National Development and Reform Commission (國家發展和改革委員會 朱之鑫副主任), Mr Lu Hao, Vice Mayor of Beijing (北京市政府 陸昊副市長), Mr Sun Songpu, Deputy Director of General Administration of Customs (海關總署 孫松璞副署長), Mr Tu Guangshao, Vice Chairman of China Securities Regulatory Commission (証監會 屠光紹副主席) and Mr Wang Li, Deputy Director of State Administration of Taxation (國家稅務總局 王力副局長). The delegation also attended a banquet hosted by Yu Ping, Vice President of China Council for the Promotion of International Trade (中國國際貿易促進委員會 于平副會長).

Being the service policy arm of the Chamber, the HKCSI delegation then met with two Chinese think-tank bodies of the National Development and Reform Commission (NDRC) on 23 March 2006. The meetings were hosted by Mr Yang Weimin, Director-General of the Department of Development Planning (發展規劃司 楊偉民司長) and Mr Zhang Yansheng, Director of the Institute for International Economic Research (對外經濟研究所 張燕生所長). Led by HKCSI Chairman Mr Nicholas Brooke (蒲祿祺主席), the 14-member delegation exchanged views with Chinese officials on the Eleventh Five-Year Plan and relevant economic policies, in particular the opportunities and issues brought about by the development of service sectors in the Mainland. Delegates were also arranged to visit the Finance Street, a newly established commercial centre of Beijing. List of HKCSI delegation, group itinerary and meeting notes are attached.

MISSION RESULTS

- The HKCSI delegation had a fruitful trip, as useful discussions were held with the two NDRC's departments. We were delighted to be told by Mr Yang Weimin that the development of service sector had become the key agenda of the 11th Five-Year Plan, and by Mr Zhang Yansheng that a number of research studies would be conducted to assess the role of Hong Kong in China's globalisation.
- The HKCSI has been maintaining a close relationship with the State Development Planning Commission (former NDRC) since 1996. As the 11th Five Year Plan has

many long-term implications for Hong Kong, the HKCSI proposed to organise a joint workshop with NDRC to explore the role of Hong Kong in facilitating the implementation of the Plan. Supported by Mr Yang at the meeting, the HKCSI would draft a preliminary proposal.

- While the HKCSI should strengthen its working relationship with the Department of Development Planning and the Academy of Macroeconomic Research, we should seek opportunity to build up new contact with the Department of Industrial Policy, which is responsible for promoting service industries strategies.

Thinex Shek
Senior Manager
30 March, 2006

HKCSI Visit to Beijing
23 March 2006
***** Meeting Notes *****

Meeting with National Development and Reform Commission

The Work of Department of Development Planning

Owing to the restructuring of the former National Development Planning Commission, the Department of Development Planning is now responsible for studying and recommending strategies for national economic and social development. The Department of Industrial Policies is more specifically responsible for studying and analyzing the situation of industrial development including the service sector.

Promotion of Service Sector in 11th 5-Year Plan

Mr Yang Weimin, Director-General of the Department of Development Planning (發展規劃司 楊偉民司長) told delegates that China was the second largest manufacturing base and her exports ranked the first or second in the world. However, the service sector contributed about 40% of GDP only, lagging far behind many developed countries. In the 11th 5-Year plan, the most important aspect in relation to service sector was, for the first time, to detach the policy direction of service industries from the master economic plan to become an independent plan. It aimed to promote services trade, in both producer services such as logistics, finance and commercial services, and consumer services such as real estate, utilities, tourism, sports and community services, to achieve marketisation (市場化), industrialisation (產業化) and socialisation (社會化).

Despite the direction to promote service sector, there were a few obstacles to overcome:

- Insufficient natural resources to sustain development
- Lack of expertise to develop high-tech sector (mostly OEM now)
- Inadequate supply of professionals to promote modernisation
- Resistance to changes

Therefore, the education programme aimed to implement compulsory education and to extend tertiary education, so as to nurture human resources with quality not just quantity.

Globalisation

Discussing about the pros and cons of globalisation has been controversial. According to Mr Yang's personal view, he felt that globalisation had been beneficial to China, but there were still a lot of issues to be solved. For example:

- Trade and economic structure to some extent was controlled by foreign investments, so it would be difficult for China to make changes.
- Transfer of investment had also resulted in transfer of pollution.
- China contributed 5% of the world's GDP, provided 7.7% of power, 40% of coal and 38% of iron and steel in the world market. But these resources were mostly not used for local development or consumers.

In order to deal with the issues, China should:

- promote self innovation (自造創新能力), not just providing land and labour.
- further open the economy in the areas which benefit both China and foreign investments.

- develop focal point and the mode of trade, rather than just expand the trade volume.
- raise the quality and standard of foreign investment.

Energy Consumption

Delegates inquired about the growing needs for energy due to the 9% economic growth. Mr Yang replied that the priority was to increase the efficiency of energy usage. China is in the process of modernisation, spearheading the exploration of energy resources, as well as adjusting the energy structure by developing renewable energy.

Producer Services

Members believed that Hong Kong possesses strengths in producer services, and asked whether the Mainland would adapt international or local standards. Mr Yang replied that standards varied across different services. The 11th Five-Year Plan would speed up the standards, which were being looked after by the National Committee of Standard.

Joint Brainstorming Workshop

The HKCSI proposed to organise a brainstorming workshop with Chinese and Hong Kong experts, exploring the cooperation opportunities brought about by the 11th 5-Year Plan. The proposal was supported by Mr Yang.

Meeting with Academy of Macroeconomic Research

Research Studies on Hong Kong's Role in the Mainland's Development

Mr Zhang Yansheng, Director of the Institute for International Economic Research (對外經濟研究所 張燕生所長) gave a short briefing of the past research studies conducted by the Academy of Macroeconomic Research (AMR). Other subjects relating to Mainland/Hong Kong cooperation could be of interest to AMR in the next few years include, for examples, the strengths of Hong Kong's services, the role of Hong Kong in China's globalising economy, innovation in China and Hong Kong's information technology, Mainland/Hong Kong interaction of human resources in finance and insurance sector, coordination among ports and infrastructure, and etc.

In the first half of 2006, AMR had been concentrating on the research to investigate the latest situation of Hong Kong manufacturing sector in the Mainland after CEPA. The study would be extended to the service sector in the second half of the year.

Hong Kong's Aviation Services

Although AMR's researchers believed that Hong Kong's role as an aviation centre would remain unchanged in the next 15 years, there had been a number of challenges. For example,

- The aviation services in the Mainland had been developing fast (Beijing, Shanghai and Guangzhou airports had developed many international routes, which were capable to accommodate the largest Airbus landing), intensifying the competition among airports.
- Hong Kong's cargo costs had been high, and over concentrated on Mainland/Hong Kong cargo transit services. We should expand our international services, like Singapore.

Social Security

Delegates believed that consumer market could be promoted if the quality of life after retirement was guaranteed. However, the current regulation governing pension system had been very complex, hence there was a need for better corporate governance. AMR Researchers told delegates that the Central Government had been paying much attention to the pension system to maintain social stability. To diversify risks, various tasks had been performed by different departments in the past. The Government had already made revisions on the Securities Law and the Insurance Law, so the situation could be improved gradually. However, it would be unlikely to combine the Government insurance with the commercial insurance in the short term.

Others

In response to some questions raised by delegates at the meeting, Mr Zhang and his AMR's colleagues shared their views as follows:

- As production of steel had been seriously exceeding the needs by more than two times, the market would eliminate some players. The Big Five steel companies in the Mainland had just joined the International Iron and Steel Association in 2004, so it would take times for them to play important role in the international market.
- Paper production sector had already been open to foreign investors from Europe, Japan and Indonesia, who had brought a lot of mainland's forests to produce high quality paper. However, they also produced adverse environmental impact on China.
- Owing to globalisation trend, mainland companies were eager to learn more about the international market. They understood Hong Kong's role as a door to the outside world, but there had been a problem for them to find right information as our service companies were working on an uncoordinated basis. Delegates suggested mainland companies to make use of HKGCC as a service platform.
- In regard to electricity supply, the 11th 5-Year Plan aimed to reduce oil consumption by 20% and looked for alternative resources to generate energy, including coal and nuclear power.

Site Visit to Finance Street, Beijing

Delegates were arranged to meet with Mr Ju Jin (鞠瑾), Vice Chairman of the Board of the Financial Street Holdings Co Ltd, and Mr Zhai Xiaoliang (趙小亮), Director of the International Business Department of Beijing Huarong Investment Co Ltd at a networking lunch organised by CB Richard Ellis Limited.

During the site visit, Mr Zhai showcased the development model of the Finance Street (www.jrjkg.com.cn) as a national center of financial management, financing and clearing, and financial information. Over 500 government organisations and financial enterprises had operated in the area of approximately 1700 meters x 600 meters. Five-starred hotels, financier's clubs, international meeting centers, international schools and apartments would be built to provide sophisticated business and life services to develop the district as the "Wall Street of China".

香港服务业联盟访京团
HKCSI Visit to Beijing
2006.03.23

行程

2006年3月22日

团员自行抵京，晚宿中国大饭店

(北京建国门外大街一号；电话：8610-6505 2266；传真：8610-6505 3163)

2006年3月23日

上午 团员退房

8:00 团员在中国大饭店大堂集合。前往国家发展和改革委员会。

9:00-10:15 拜访国家发展和改革委员会 - 发展规划司杨伟民司长
(北京月坛南街38号)

10:15-10:30 前往宏观经济研究院

10:30-11:45 拜访国家发展和改革委员会 - 宏观经济研究院对外经济研究所张燕生所长
(北京西城区木樨地北里甲11号)

中午 访问团与金融街控股股份有限公司用膳
(北京西城区金融街11号洲际酒店)

1:30-3:00 考察金融街

3:00-4:15 前往机场

6:00-9:35 乘搭KA993航班离京返港

Itinerary

22 March 2006

Delegates arrive Beijing individually. Stay overnight at China World Hotel

(No. 1 Jianguomenwai Avenue, Beijing, Tel: 8610-6505 2266; Fax: 8610-6505 3163)

2006年3月23日 (23 March 2006)

AM Check-out hotel

8:00 am Group assembly at the China World Hotel lobby. Proceed to NDRC.

9:00-10:15 Call on Mr Yang Wei-min, Director-General, Department of Development Planning, National Development and Reform Commission (38 Yuetan Street, Beijing)

10:15-10:30 Proceed to the Academy of Macroeconomic Research

10:30-11:45 Meeting with Mr Zhang Yansheng, Director of the Institute for International Economic Research, Academy of Macroeconomic Research
(11 Muxidibeilija Xicheng District, Beijing)

中午 Noon Working lunch with Finance Street Holdings Co Ltd
(Intercontinental Hotel, 11 Finance Street, Xicheng District, Beijing)

1:30-3:00 pm Briefing tour to the Finance Street

3:00-4:15 Proceed to airport.

6:00-9:35 Depart Beijing for Hong Kong via KA993

香港服务业联盟访京团 - 团员名单
HKCSI Visit to Beijing – List of Delegation
2006.03.23

蒲禄祺 (团长)

香港服务业联盟 主席
Professional Property Services Ltd 主席

Nicholas BROOKE (Leader)

Chairman, Hong Kong Coalition of Service Industries
Chairman, Professional Property Services Ltd

杨国琦

香港总商会 副主席
杨国琦管理顾问有限公司 主席

K K YEUNG

Vice Chairman,
Hong Kong General Chamber of Commerce
Chairman, K K Yeung Management Consultants Ltd

高鑑泉

香港服务业联盟 前主席
怡中航空服务有限公司 主席

Stanley KO

Former Chairman,
Hong Kong Coalition of Service Industries
Chairman, Jardine Airport Services Ltd

祈雅理

香港服务业联盟 前副主席

Anthony GRIFFITHS

Former Vice Chairman,
Hong Kong Coalition of Service Industries

陈伟群 博士

香港总商会 工商政策副总裁
香港服务业联盟 秘书长

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利俊彦国际有限公司 董事

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Director, Leyfords Strategy International Ltd

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罗兵咸永道有限公司 合夥人

Becky LAI (Ms)

Partner, Pricewaterhousecoopers Ltd

罗宾信

罗宾信顾问有限公司 执行董事

Ian Grant ROBINSON

Managing Director, Robinson Management Ltd

舒雯 (女士)

晟恒金属集团 高级副总裁

SHU Wen (Ms)

Senior Vice President, Sempra Metals Group

杜大伟

Strategic Access Ltd 总裁

David DODWELL

CEO, Strategic Access Ltd

石平倂

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