



The British
Chamber of Commerce
in Hong Kong
香港英商會

Mr. Tsang Kwok Wai, Erick, IDSM, JP
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12/F, East Wing, Central Government Offices,
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Dear Secretary Tsang,

30 June 2020

The Greater Bay Area – Repositioning Hong Kong on the Global Stage: British Chamber Policy Paper

The Greater Bay Area initiative ("GBA") has generated a great deal of interest amongst British Chamber of Commerce members and we have been running a series of events and roundtables with members exploring the opportunities and the barriers for successful implementation. Last year, alongside the British Chambers in southern China and in Macao, the Confederation of British Industry and the Mainland China Britain Business Council we set up the Greater Bay Area British Business Network, to exchange information and coordinate our work on this, which is one of our top priorities for the next 12 months.

We see the GBA as presenting a major new strategic opportunity for Hong Kong to further develop its economic and business role; to leverage its distinctive strengths and characteristics under One Country Two Systems, including its separate legal system, financial expertise and unparalleled international business connectivity, so as to make a central contribution to the success of the overall GBA strategy. Furthermore, we see the GBA as an opportunity to re-set the view of Hong Kong and confidently demonstrate a vision for its future role with Mainland China, Asia and internationally.

We have also undertaken an exercise to consider in a more granular way the business opportunities the GBA could present; and to formulate proposals concerning the policy, regulatory, level playing field and other changes which we see as essential to contribute to the business success of the GBA.

Following the request last year by the Chief Executive for the business community to actively provide input, I attach our first position paper which sets out the thinking of Britcham Hong Kong. It consists of both broad cross-cutting themes and approaches; this position paper is the first in a sequence of papers and focuses on recommendations for five key sectors: financial services, logistics, healthcare, education as well as energy and environment. Covid-19 is forcing us all to reappraise the importance of IT and digital technologies in every aspect of life and for this reason we envisage sharing our thinking on this and other sectors with you later this year.

We had a very valuable introductory meeting with Tommy Yuen in December and we would now very much appreciate a meeting with you personally to discuss and explain these proposals, and to exchange ideas on the best way ahead for the GBA.

Yours sincerely,

Peter Burnett
Chairman

Cc:

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BUSINESS OPPORTUNITIES IN THE GBA

Capitalising on Hong Kong's Strengths – Developing a Common Business Infrastructure

The British Chamber of Commerce welcomes the Greater Bay Initiative, recognising the immense potential arising from the development of a strong and integrated economic infrastructure across the Greater Bay Area. This can bring benefits not just for Hong Kong and Hong Kong businesses, but for the communities across this regional economy. It can capitalise on Hong Kong's considerable and distinct strengths as the region's only globally-integrated financial and headquarters services hub, leveraging these strengths across a fast growing and increasingly affluent economy of more than 60m people.

Hong Kong has many distinctive strengths and characteristics that have, over recent decades, made it one of the world's most successful financial and business services hubs. These strengths can be leveraged in building a better-integrated GBA regional economy. Many of these strengths are enshrined in the One Country Two Systems concept built into the Basic Law and include an independent and globally trusted legal and arbitration system, an independent judiciary, free flow of capital and information, a world-beating financial and business services framework, low and simple taxes, international business connectivity, tolerance and multi-culturalism. These attributes must be maintained, and seen to be maintained, and in return can provide a distinct and unique contribution to strong future development of the GBA region.

The strategic aim for government should not be to focus too narrowly on specific companies or sectors deserving favoured treatment or support, but to build the strongest possible regionally-integrated infrastructure and ecosystem – so that all companies in Hong Kong and across the region can benefit, whatever their size or the sector in which they compete. This includes not just physical connectivity such as road, rail, telecommunications, energy and utilities infrastructure, but education infrastructure, health care infrastructure, regulatory and standards infrastructure, tourism infrastructure and environmental management infrastructure. It includes optimal mobility for capital, goods, information and people, together with the common recognition of skills and qualifications.

In short, as Hong Kong's contribution to the optimal development of the GBA the focus should be on identifying those characteristics that have made Hong Kong the economic powerhouse that it is today, and on how these characteristics can be reinforced locally and leveraged for the benefit of the GBA as a whole, in an environment with free competition but with a level playing field with no State subsidies and where it is easy to do business.

CROSS SECTORAL INITIATIVES

Defining the Opportunities for Hong Kong Businesses & Working Across the GBA

There has been a broad welcome from Hong Kong business for the GBA strategy. However, many companies, in particular SMEs, may be unsure how to identify and leverage the potential opportunities, and manage the risks and uncertainties involved in doing business in the Mainland. In the current difficult economic climate, the provision of a one-stop-shop by government for information on these issues is more important than ever. There are clear practical difficulties for many companies in operating across the different legal and commercial jurisdictions within the GBA. Beyond information, it will likely going to be necessary for government to form cross-GBA bodies to assist companies on its queries, challenges and to help clear blockages.

This may also be the case for larger international companies based overseas who sense a significant international growth opportunity but who lack the understanding, local knowledge, or the resources to evaluate the potential in much more detail. Hong Kong can act as a more secure and comfortable entry point to the GBA for many of those businesses, given its unique advantages under One Country-Two Systems approach and the wide range of experienced professional services capabilities it can provide for new entrants. Government should develop both



marketing and educational campaigns and initiatives as well as specific information portals to make international businesses more aware of the opportunities available and what is needed to transact in the GBA. These should include resources and direct connections/links to local organisations that can help them assess the potential for investment and advise on how best to go about it. The Chamber would be very willing to work with government on such an initiative.

We welcome the continued focus on 'hardware' in the GBA, including the development of infrastructure and transport connectivity but we must also strengthen our focus on the associated 'software' for development, given the practical difficulties of operating across a number of legal/commercial jurisdictions.

Working within the GBA is still a challenge, especially for international talent who do not hold dual-citizenship. Labour availability in several sectors (such as construction, IT, and logistics) is not growing in line with market needs, restricting growth and driving up costs. Providing better access to the GBA talent pool can help Hong Kong businesses alleviate some of the pressure and provide the benefits from the free flow of talent. While automation may help address some labour issues in the longer term, more immediate actions are required to assist in the short-to-medium term.

As the natural corridor both for international businesses accessing the GBA - and for Mainland businesses to go global - any major economic zone must have a common business language. One of Hong Kong's strengths as a global city is the ease of doing business in both Chinese and English. We suggest that government continues to improve the standards of both languages amongst local students so that future generations are equipped with the right language skills to make the most of GBA.

A significant restriction on the free movement of goods and services in the GBA is the challenge of mixing a controlled RMB with our freely exchangeable HKD. The highly effective Hong Kong and Shanghai/Shenzhen Stock Connects faced the same challenge, and introduced the innovative 'Closed Loop' currency control system. Research, including discussions with HKEX and Shanghai/Shenzhen Stock Exchange, should be undertaken to ascertain if a similar solution could be applied to other types of trading arrangements within GBA.

Specific recommendations:

- Many smaller businesses do not have the resources to identify the business opportunities arising from the GBA; or to manage the potential legal, finance and environmental risks. Government agency support for these companies should be further strengthened, for example to identify business segments in which Hong Kong can play a unique role, providing information on opportunities and guidance on relevant regulatory factors, as well as enhancing the availability of a pool of professional assistance at affordable rates on legal, regulatory, financial, and environmental issues. Government consideration should be given to establishing an integrated agency – along with lines of "Invest HK / Invest GBA" – to provide this. In moving forward, government needs to take on-board and learn from the real-life experience and practical difficulties experienced by businesses beginning to operate in the GBA, so that agency should also actively research and seek feedback from companies to learn about barriers to growth and investment as a specific part of their remit, and feed these issues up to the Hong Kong government at the highest level so that they can be addressed.
- The business and justice departments of the SAR government should promote the intra-GBA use of Hong Kong law for contracts as well as promoting Hong Kong as the dispute resolution centre of choice for GBA.
- The visa process within the GBA should be digitised and streamlined. The creation of a visa that permits travel and employment across the GBA would enable Hong Kong to more effectively compete as a global talent hub and provide the Mainland with a further pool of international expertise.
- Spousal visa and partner rights in Hong Kong should be extended in line with other international cities. This will encourage the flow of talent into Hong Kong from other parts of the GBA and beyond, potentially positioning Hong Kong as an APAC 'talent hub'.



- To address any restrictions on professional qualifications, registrations, licences or other obstacles that prevent professional advisors and service providers from operating freely across the GBA should be eliminated/reduced.
- To consider importing labour in sectors experiencing key shortages (especially front-line workers), while maintaining high safety and professional standards.
- Government to launch a major initiative to improve the level of spoken and written business English, including drawing on best practice in other jurisdictions, reviewing the NET scheme and supporting other organisations already committed to developing English language skills as the international language of business.
- To work with business to resolve important questions around cross-border data sharing to allow for smoother business growth.
- Last, but not least, full integration of Hong Kong within the GBA will depend on the more open movement of capital, with additional steps to enable this is a priority in the short to medium term.

SECTORAL POLICY FOCUS: FINANCE; LOGISTICS; HEALTHCARE; EDUCATION; AND ENERGY AND ENVIRONMENT

Finance

The Chamber has noted “the Opinions” issued by PBOC, CBIRC, LSRC and SAFE on 14 May 2020; and supports the direction and focus of the detailed measures set out in “the Opinions”. The Chamber believes that Hong Kong can play a pivotal role in the opening up of financial services across the GBA given its long history, established and well respected regulatory regime, and its best practice in risk management. Clearly, there is much detail still to be worked through and the Chamber would hope to be able to work with the government to help ensure that the opportunities materialise as work begins on the detailed provisions. In terms of some specific areas/ recommendations:

Cross Border Bank Account Opening

To support the vision of a population within the GBA who can travel and work seamlessly, the importance of reducing barriers around payments for goods and services and opening bank accounts are crucial steps towards facilitating better connectivity. The effective implementation of a “one-hour living circle” requires frictionless access to efficient payment systems.

Clear barriers to integration are present - only one bank in Hong Kong is able to open Mainland bank accounts for Hong Kong residents and in the Mainland, resident citizens wanting to open Hong Kong bank accounts locally must possess a three-month visitor visa.

Specific recommendations:

- Allow Hong Kong banks to open Mainland accounts for qualifying Hong Kong residents.
- Relax the criteria for Mainland citizens wishing to open Hong Kong bank accounts.

Wealth Connect

We support and welcome the announcement of a two-way Wealth Connect scheme – this is a significant opportunity for Hong Kong to access the Mainland market. With our well-developed and internationally well-regarded wealth management industry in Hong Kong, this provides a win-win for everyone.

Specific recommendations:

- We urge the Hong Kong government to engage the State Council and other ministries to fast track the administrative process for approvals in the Mainland.
- We ask that criteria for approvals be transparent, as well as be readily and publicly available.



- Close consultation between the PBOC/HKMA and financial institutions is required to help develop an implementation framework to ensure a successful and effective roll out of a Wealth Connect scheme. Key factors including currency, eligibility and product specifications all need to be agreed as well as an agreement between regulators on risk tolerance, rules on cross-border marketing together with sales and customer service. Once these are in place, financial institutions can act to roll out such a proposal.
- Using a similar model to Stock Connect, Wealth Connect could provide Mainland investors exposure and access to international funds, while also ensuring that the capital invested remains in a “closed loop” and that when withdrawn the money must go back to its place of origin (either Hong Kong or the Mainland).

Private Equity Connect

The Private Equity industry has had significant business operations in Hong Kong for some time targeting both PE opportunities in the Mainland market and globally. The recent announcement of the Limited Partnership Fund Bill, together with a consultation proposal announced in the most recent budget to consider improving the tax treatment of PE investments should enhance Hong Kong as an attractive destination for both LPs and GPs. There is significant interest from Mainland investors to invest in Private Equity through Hong Kong investment vehicles and the recent announcements to support the industry should now be accompanied by an ability to move PE investment capital into Hong Kong. Currently Mainland investors face challenges in moving capital to Hong Kong for PE investment purposes. A Private Equity Connect could operate in a similar “closed loop” way as Wealth Connect and Stock Connect. Through this model there would be multiple asset classes for which this would work including, infrastructure funds, hedge funds etc.

Specific recommendation:

- Government should explore the potential of developing a Private Equity Connect with both Hong Kong and Mainland regulatory authorities, going beyond the Mutual Recognition of Funds which is already very closely defined.

IPO Connect

In the same way as the other ‘Connect’ opportunities, there is an opportunity for an IPO Connect scheme to be developed, including a similar closed loop like Stock Connect to control capital flows. This would build upon the current schemes and allow greater participation in IPOs, thus improving liquidity and price discovery.

Specific recommendations:

- Start with Hong Kong-Shenzhen first – it is believed the Shenzhen government are interested to move on this.
- Hong Kong IPOs should be allowed to be marketed and sold in Shenzhen.

Cross-border Insurance Business

Hong Kong has benefited from an increasing number of Mainland customers coming to Hong Kong to purchase insurance. Despite the disruption to business caused by social events in the second half of 2019, new premiums in respect of policies issued to Mainland visitors still totalled 43.4 billion HKD in 2019, representing 25.2% of total individual businesses. For about 99% of these policies, premiums were paid at regular intervals rather than in a single payment. Further considering the restrictions imposed on cross-border travel due to the COVID-19 outbreak, we welcome the proposal for a “Shenzhen Cross-Border Insurance Service Centre” as a first step to achieving some of the aims mentioned below, and as an example of leveraging CEPA to boost growth in Mainland China and GBA. However, there is an urgency for Hong Kong insurance companies to establish enough service centres in Mainland GBA cities to provide after-sales services for existing customers such as renewal premium payments. There is a ready market of around 538,000 Hong Kong residents living in Guangdong, who require sufficient medical protection in both Guangdong and Hong Kong. The introduction of cross-border medical insurance will not only serve this group of people but also attract more Mainland customers to use Hong Kong’s private healthcare services. Quality insurance products should be developed to cover all patients across the GBA,



including specific products for cancer and/or critical illness, as well as for effective innovative new drugs and treatments.

The cross-border insurance business will substantially increase Hong Kong insurers' and Hong Kong regulators' knowledge of the Mainland market, which is key for Hong Kong players to successfully tap into its huge potential over the long run.

Specific recommendations:

In consultation with the Hong Kong Federation of Insurers (HKFI), the Hong Kong Insurance Authority should actively work with Mainland regulators to increase insurance market liberalization by:

- Allowing Hong Kong insurance companies to establish service centres in Mainland GBA cities to serve existing customers residing in the Mainland.
- Developing cross-boundary medical insurance covering the Greater Bay Area.

Cross Border Mortgages

A key enabler in the free movement of goods and capital across the GBA.

- Government should further develop the opportunity for Hong Kong banks to issue loans to buy Mainland properties.

Green Finance

This is a rapidly growing area for international finance and one which the Hong Kong government has identified as a priority for development. We have noted the recent developments in Hong Kong in this area, notably the establishment of the Green and Sustainable Finance Cross-Agency Steering Group in May 2020 and the very recent announcement by HKEX of their plans to launch a Sustainable and Green Exchange (STAGE) to provide greater information, access, and transparency in relation to relevant investment products. We welcome these initiatives as a clear demonstration of the leadership role that Hong Kong can play in this increasingly important space. Government should work with the relevant institutions and look at opportunities to leverage these initiatives into (and across) the GBA.

- We recommend moves to align Mainland and Hong Kong requirements for green certification.
- Look to leverage recent Hong Kong initiatives in relation to regulation and data collection/ transparency across the GBA.

Data Transfer

Besides the free movement of people, goods and capital, the free movement of information remains essential to the functioning of an economically effective GBA.

- We recommend government convenes a panel of industry experts to allow a freer transfer of data across the GBA, including whether data sharing rules could work with a "closed loop" system to address local concerns, see how data can be turned into a tradeable asset class for HKEX and resolve important questions around cross border data sharing rules for marketing and sales.

General

In addition to the above, the Chamber believes that the focus in the financial services area should be on reducing the friction in relation to cross-border asset transfers, the development of the GBA as a hub for broader green finance, the development of fintech innovation, the cross-border transfer of workforce talent and the implementation of strong regulatory and risk management practices in the GBA.



Logistics

Rationalising and Simplifying Customs and Administrative Processes

Disparate customs formalities and standards across the GBA create obstacles for the seamless flow of trade. Each jurisdiction has its own customs formalities, such as import-export customs clearance, inspection and quarantine systems, and product standards for certification of origin requirements. A standardised and simpler customs procedure across GBA jurisdictions is needed to streamline the movement of goods. Harmonising product standards where possible, rather than requiring businesses to satisfy each region's own set of standards, will significantly enhance the ease of doing business in the region and reduce costs.

Specific recommendations:

- Harmonisation towards a higher international product standard, to enhance the ease of doing business without compromising safety and quality.
- Encourage each jurisdiction to move as quickly as possible towards a single-window trade documentation arrangement.
- Expedited efforts in digitalisation (such as blockchain processes) for documentation to simplify customs procedures for businesses. This will also foster the domestic and cross-border e-commerce and general logistics capabilities across the GBA.
- The above initiatives can be pilot run in the free trade zones in the Guangdong province, with Hong Kong as a super connector.
- To eliminate other customs formalities and make available the necessary facilities, so that customs clearance hours can be extended to 24-hour operation.

Logistics Infrastructure

Independent development and use of infrastructure across the GBA create sub-optimal use of infrastructure investments. For example, there are five airports in the GBA in close proximity to each other. A single control centre for the GBA would help address the inefficiencies and operational problems this presents; and maximise the capacity of airport infrastructure. This has been discussed since the early 1990s and the GBA initiative provides an ideal opportunity to progress this. There is also a need for more airspace for civil aviation use, and more direct flights to increase passenger and cargo flows.

Hong Kong enjoys a leading position in air cargo because of its world class facilities and premium services, creating an efficient operating ecosystem, allowing businesses to operate at economies of scale. HKIA is a preferred airport because the benefits offered at the airport outweighs the costs of using it. However, HKIA also faces growing competition from neighbouring airports.

Seaports in the GBA can be better coordinated to improve long-term competitiveness of the port cluster. The shift at the Hong Kong port to handling more transshipment containers need support from port back-up land near the container terminals. Moreover, Airports and ports in the GBA do not always compete on a level playing field when environmental standards and public subsidies differ across jurisdictions. This is a critical area in which to achieve conformity and a major challenge in terms of the GBA initiative.

Specific recommendations:

- Government to lead an initiative to accelerate rationalisation towards a single control centre for GBA airspace to address the issues of fragmented and inefficient control of airspace, and to maximise the capacity of the GBA airport infrastructure.
- Governments to ensure a level playing field amongst the airports and ports, such as by minimising direct and indirect public subsidies and implementing common safety and environmental standards.



- The Transport and Housing Bureau to lead a review of air service agreements with priority markets to better match Hong Kong's role as a super connector for overseas countries, and work with the industry and Mainland counterparts to enable better coordination among the container ports in the GBA to improve the long-term competitiveness and to develop the area into the largest container hub port cluster in the world, whilst retaining the distinctive roles and positioning that Container Ports across the GBA have developed.
- GBA Maritime policies should strive for Hong Kong to strengthen its role as a trans-shipment and import hub, while the Shenzhen ports should leverage their strengths as an export hub, and Guangdong port focus on its role as the leading GBA domestic hub.
- Container Terminal capacity introduction should be done in a more efficient manner, taking a GBA regional perspective, in order to ensure better management of supply and demand in line with market needs.

Healthcare

GBA Healthcare Strategy

We strongly recommend that the Administration leads and commissions the development of a strategy for Hong Kong's potential contribution to healthcare in the GBA. Whilst some elements may have already been announced, we believe there is a need for a more holistic and detailed framework, with quality assurance front and centre, key implementation objectives and milestones set out, coupled with a focus on where Hong Kong best practice can add the most value. Within this, digital healthcare should be a priority: Government should draw up a forward plan focussing on the best opportunities for Hong Kong businesses and matching these to GBA market needs. Hong Kong could catch up by following the WHO digital strategy for implementation. Ping An and Huawei amongst others offer an opportunity to work with locally listed companies across the GBA.

Health Education & Qualifications

Different practices in medicine make it difficult for practitioners to freely transition between Hong Kong and the Mainland. Government should consult widely amongst the medical community in Hong Kong to form a clear recommendation for alignment.

A Level Playing Field

Hong Kong businesses already operating GBA facilities and Mainland companies operating Hong Kong facilities should be held to a similar performance standard as locally owned companies, so that common standards are being applied within the one location, independent on the ownership of the venture. Government should also work with Mainland authorities to ensure that standards and regulations are updated to reflect technological advancements and applied consistently.

Specific Recommendation:

- Differing standards of medical education lead to resistance to permitting Mainland medical professionals to practice in Hong Kong and vice versa. We propose that either Hong Kong universities increase their overall capacity for medical and nursing intakes, with the specific provision that a percentage of places are reserved for doctors who will practice in the GBA. Alternatively, there needs to be a medical school in the GBA which teaches the Hong Kong curriculum to the same standard to ensure parity – or a combination of the two approaches. This would provide Hong Kong residents seeking care in the GBA more confidence and overcome the issue of registration. Both jurisdictions also need a more sensible approach to the recognition of foreign healthcare qualifications – something the Chamber has suggested in our policy address submissions for a number of years.



Cross-border Pharmaceutical Harmonisation

Formal drug approval in both Mainland China and Hong Kong is a challenge for the pharmaceutical industry. There is currently a discrepancy in regard to regulation and approved drug lists in each part of the GBA. Drug approval harmonisation for generics and specialist/innovative oncology drugs, is urgently required.

Specific recommendation:

- Moving to an all-encompassing cross-GBA approach is likely to present significant challenges, with a phased process of change to drive confidence and ensure a number of quick wins, so it is suggested to pilot a small sample of drugs/treatments across the GBA to begin with.

Education

Mainland China's educational funding remains a low percentage of its GDP. The rise of the middle class and preference for reputable brands in the Mainland creates a strong market for private and international schools. Hong Kong's private education market is mature and well-regarded internationally. The market is forecast to grow in Guangdong and local wealthy families represent the target customer base especially through a child's formative years. Non-academic vocational training and education at the university level in research, teaching and student exchange are also priorities. There is an urgent and ongoing need for Hong Kong education providers to be aligned to deliver the skills which students will need on graduating to succeed in the workplace.

A number of key challenges are likely to restrict the opportunities for Hong Kong's education sector to grow strongly in the GBA: limited qualified teachers and administrative staff, Mainland government restrictions on the curriculum and information and a somewhat unpredictable approval process for programmes, discrepancies in the university administration framework and a limited quota for international schools. There are certainly partnership opportunities in the GBA for independent schools and institutions with Mainland investors to meet the growing demand for international education. Hong Kong schools and universities – and the opportunity to perhaps partner with their British equivalents with their heritage, reputation, and route to higher education in top-class universities – would appear to have a competitive advantage.

Specific recommendation:

- Government carry out in-depth consultations with industry to build evidence bases for the skills gap; with this information, there is then a need to develop education courses that meet this need and equip students with the skills that they need to operate successfully in a dynamic, future-proofed GBA.

Although there is a growing demand for international education, there are significant challenges that need to be addressed by authorities on both sides of the boundary. These include:

- **Organisational:** The Principal and not less than 50% of the Board of Directors/Management Committee must be Chinese for International Schools located in Mainland. The benefits of working with a local partner to manage Mainland issues and relationships, including regular communication with local government officials and regulators is recognised but more flexibility is essential to provide a more level playing field across the GBA.
- **Teachers:** Limited talent pool available in Mainland China, and turnover of staff tends to be high. Visas for foreign teachers require a minimum of a bachelor's degree, with at least two years of relevant teaching experience, so there is also a need to improve incentives for working in the GBA.
- **Curriculum:** Restrictions on content. Certain programmes, courses, and textbooks will not be approved. Access to the internet is limited. VPN only for teachers and staff (for research), not for students.
- **Bureaucracy:** Obtaining and confirming approval of land use can be a lengthy process. Governments across the GBA also seem to have a limited quota on the number of international schools.



STEAM education is vital for future generations and the prosperity of Hong Kong, in ensuring that students can succeed in a technology-driven society. Only with adequate talent, can Hong Kong team up with and leverage the growing technology and innovation start-up hubs across the border for the GBA to become the Asian competitor to Silicon Valley.

Energy and Environment

Waste Management

With the Mainland's ban on importation of twenty-four categories of waste materials from other jurisdictions, including Hong Kong, we must see waste as a resource. Disparate material recycling and waste management standards across GBA cities create obstacles for optimal use of recyclable materials and waste treatment. Harmonising recycling/processing standards, and standardisation and simplification of relevant customs procedures across the GBA will enhance ease of reuse or disposal. It will also help achieve economies of scale, ensure recycled materials have access to bigger markets (for example, reusable glass or paper) and encourage development of better solutions for resource management, together with a more viable recycling industry in Hong Kong.

Specific recommendations:

- Confirm a GBA wide definition of “waste” materials as a resource, develop common technical and commercial standards.
- Linkages to be established between the PRS schemes allowing for common cross-border definitions and recycling/processing with manufacturers and importers also paying into the scheme.
- Identify land and funding/operational processes for the implementation of Materials Recycling Facilities (MRF) for key waste streams, develop centres of excellence for treating specific commodities/materials amongst GBA cities.
- Allow for integrated supply chains for recycled materials within the GBA and between Hong Kong, Macau and Guangdong, capitalising on the availability of land, expertise and capital across the GBA. Consider a GBA-wide transparent open data platform for the resource management industry to facilitate trading in recaptured resources allowing for a more circular economy in the GBA.
- Align government procurement standards to minimise waste creation and the reuse of recycled materials across all GBA cities, with strengthened knowledge sharing and facility planning amongst city governments in the GBA.

Zero Carbon Energy

As the Council for Sustainable Development's recent public engagement exercise on decarbonisation noted, regional cooperation on the supply of zero carbon energy for Hong Kong will be important if our city is to decarbonise in the run up to 2050. This reinforces section 3 of the GBA Outline Development Plan, which highlighted the need to “develop green and low-carbon energy, expedite the use of natural gas and renewable energy, progressively develop wind power resources, develop solar photovoltaic electricity generation and biomass energy with appropriate modifications in accordance with local conditions, develop the safe and efficient use of nuclear power....” More specifically in the Hong Kong context, it noted the need to explore ways to improve the electricity and gas infrastructure connectivity of Guangdong and Hong Kong, and to ensure the safe and stable supply of energy to Hong Kong and Macau.

Specific recommendations:

- Given the long lead time on any major new cross boundary energy infrastructure, government should start working with the Hong Kong power and gas companies to study possible options for the infrastructure necessary.
- Any new interconnection or zero carbon energy import arrangement must be done in a way that ensures that any energy imported is from a designated zero carbon generation source, that Hong Kong has the



opportunity to purchase from a range of providers to get a deal which makes commercial sense and retain control and, above all, that this is done in a way which does not put Hong Kong's world-class electricity supply reliability at risk.

- That, for the longer term, we consider carefully how to get the GBA to move towards a "Net Zero Economy" by 2050.

Biodiversity and Green Corridors

Mainland China is a Party to the UN Convention on Biological Diversity which requires the preparation of a Biodiversity Strategy and Action Plan (BSAP). The Mainland and Hong Kong have prepared separate BSAPs but the Mainland BSAP is not GBA specific and it is not known if the GBA cities other than Hong Kong have prepared any biodiversity strategies or plans. While biodiversity management can and should be local, regional strategies are known to provide enhanced conservation and development, with many species found on both sides of the boundary or moving between Guangdong and Hong Kong, so strategies on a cross GBA basis are essential.

Specific recommendations:

- Set up a GBA BSAP committee comprising relevant Government, green and conservation group specialists, to coordinate, prepare and manage a GBA BSAP which should include specific short, medium and long-term actions and undertake periodic public reviews.
- Establish GBA collaboration to prepare habitat mapping and habitat quality assessments across the whole region, with the agreement to share ecological and biodiversity data.
- Develop coordinated and standardised enforcement measures for protection and a coordinated education programme.

Climate Change and Resilience

The increasing influence of climate change is creating interlinked risks to the natural, social and economic systems which the GBA depends on. A greater understanding of the potential risks, and the means by which to reduce, mitigate and adapt to them is important. Doing so in collaboration with the GBA would benefit both Hong Kong and the region in enhancing its climate change response.

Specific recommendations:

- Undertake GBA wide climate risk assessments, with a particular focus on potential cross boundary implications for the reliance and resilience of transport, power, gas, and water infrastructure, and both logistics and supply chains as well as population health and safety.
- Develop GBA emergency response and action plans based on climate risk assessments and assess the potential for mutual support.
- Develop a common approach to the management of sea-level rise and associated flood risk.
- Develop a GBA wide strategy, with reference to the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer, to help to reduce the production and consumption of hydrofluorocarbons (HFCs) and develop enforcement strategies for their safe and complete management and destruction across the region as a whole.

We also note the 2021 United Nations Climate Change Conference (COP 26) in Glasgow, UK, which will be an important opportunity for both the UK and China to make progress together in reducing climate risk.

Air and Water Quality

There are not yet a coordinated & agreed standards, processes, strategies or action plans for achieving and maintaining high quality air and water quality in a coordinated way across the GBA. Air and marine water quality in Hong Kong is influenced by the emissions and discharges in the GBA and lack of a coordinated approach to control and clean-up could undermine any efforts made locally and vice versa. Air quality has a direct effect on the health of Hong Kong people and marine water quality affects our wildlife, fishery resources and recreational use of our seas.



Specific recommendations:

- Expand the remit of the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection to include all GBA cities.
- Expand the joint regional air quality monitoring network to all GBA cities and establish a more extensive network of air monitoring stations, with a transparent flow of data available to the population at large.
- Collaborate and share validated and comprehensive data on air and water emissions/discharges, pollution hotspots, causes and enforcement action taken.
- Define and agree to regional emission and discharge standards/targets.
- Enhance research collaboration on methods to clean-up pollution, control discharges and maintain air and water quality. Agree strategies and procedures for enforcement.

June 2020