

Press Release

**LCQ10: Implementation of the Mainland and Hong Kong Closer
Economic Partnership Arrangement in financial services**

Wednesday, October 15, 2014

Following is a question by the Hon Ng Leung-sing and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (October 15):

Question:

A report on Policy Development Proposals on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), published by the Financial Services Development Council last month, has pointed out that under the current CEPA framework, there is still considerable room for development in various areas of the financial services industry, and put forward nine specific policy recommendations. In this connection, will the Government inform this Council:

(1) whether a communication mechanism between the Government and the mainland authorities is currently in place for regular review of the implementation situation and progress of CEPA in the financial services industry; if so, of the details and the findings of the latest review; if not, the reasons for that; and

(2) whether it has conducted any assessment on the feasibility of the nine recommendations of the report; if it has, of the assessment outcome and its plan for implementing such recommendations; if not, whether it will do so expeditiously?

Reply:

President,

(1) The Hong Kong Special Administrative Region (HKSAR) Government has been promoting financial co-operation between Hong Kong and the Mainland under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and other regional co-operation platforms covering Guangdong/Hong

Kong, Shanghai/Hong Kong and Shenzhen (including Qianhai)/Hong Kong. Since the introduction of CEPA, the Mainland and Hong Kong have been maintaining close liaison on CEPA implementation through established mechanisms at central, provincial and municipal levels. A new Joint Working Group was also established in 2013 to further enhance the existing mechanism for the implementation of CEPA. The HKSAR Government will continue to work closely with the Mainland authorities for the effective implementation of CEPA.

(2) The HKSAR Government welcomes the report on the "Mainland and Hong Kong Closer Economic Partnership Arrangement" released by the Financial Services Development Council (FSDC). A number of constructive proposals are raised in the report for further facilitating the access of the banking, securities, futures, asset management and insurance industries of Hong Kong into the Mainland market. Some reflect the long-term aspirations of the industries, and some are being actively pursued. In 2011, the Central Government announced that it would strive to basically achieve full liberalisation of trade by the end of the 12th Five-Year Plan period. Since then, the HKSAR Government has been working together with the Central Government in pursuing this initiative. The HKSAR Government has also discussed actively with the relevant Mainland authorities in light of the views of the industry, including the various proposals raised by the FSDC, and will assess the feasibility of the proposals. The HKSAR Government will continue to maintain close liaison with the relevant Mainland authorities, seeking to provide the financial services sector with greater access to the Mainland market through CEPA and other regional co-operation platforms. This will complement China's reform and opening up policies, not only serving the Mainland's real economy better, but also facilitating the "going global" of Mainland enterprises, thus resulting in mutual benefits.

Ends