

Boosting the Flow of Capital, People, Goods and Services in the Greater Bay Area

The Chamber submitted its proposals to the Government on ways that Hong Kong can develop and maximize the benefits that the Greater Bay Area is expected to create

The Greater Bay Area (GBA) represents a key opportunity for Hong Kong to utilise and enhance our long-standing strengths to develop new areas of growth that it is expected to create. Enhanced, and preferably seamless, cross-border movements of capital, people, goods and services within the GBA are essential ingredients for its successful development.

As cities in the GBA fall under different customs zones as well as legal and administrative systems, such improvements in cross-border movements will depend on efforts to strengthen cross-institutional cooperation

and collaborative interaction across the region. In light of the opportunities and challenges brought about by the GBA, the Chamber put forward its proposals to the Government, covering eight main areas. Following is an abridged version of that submission.

Revisiting the Hong Kong 2030+ study from a regional perspective

The Chamber's submission raised concerns that the Hong Kong 2030+ study doesn't adequately explore the wider opportunities presented by regional coopera-

tion, such as those brought by the GBA development. For instance, with the increasing connectivity with neighbouring cities, we may be able to further diversify our economic mix, so that Hong Kong could become an even more embedded centre of trade, finance and professional services, and expand Hong Kong's overall economic pie. Therefore, we suggested that the Government should take a fresh look at the overall development strategy of Hong Kong from a broader perspective, and develop a more comprehensive regional-inclusive plan accounting for better cooperation with Shenzhen and other GBA cities.

Strengthening capital flow by utilising Hong Kong's financial architecture

To strengthen capital flow both within and outside the region, Hong Kong should consider measures to facilitate further RMB internationalisation, establish the Commodity-Connect, and bolster our status as the asset management centre in the region.

To strengthen our position as the leading offshore RMB centre, the Hong Kong Government should discuss with our Mainland counterparts to extend the pilot scheme for the free trade zones to act as the designated fund flow-back channel to cities in the GBA. By doing so, it will provide alternative channels for offshore RMB to flow back to onshore, thereby giving more options for the liquidity sitting offshore. Such an arrangement will also improve the sensitivity to interest rates and market demand for offshore RMB funds, which in turn should expedite the RMB internationalisation process.

As the top IPO market in the world, Hong Kong's financing and refinancing market is second to none in the region, comprising a broad-based international source of investments. On the back of the success of the Shanghai- and Shenzhen-Hong Kong Stock Connects, the establishment of the Commodity-Connect between Hong Kong and Shenzhen will bring mutual benefits to the financial markets and investors. Since many international companies are currently using Hong Kong as a platform for managing risk in the region, they could then diversify their asset holdings by entering the highly liquid commodity futures market. As for commodity traders in Southern China, where commodity prices are not synchronized with those in the international market, the launch of the Commodity-Connect will offer a solution.

With a high concentration of international fund managers and capital, Hong Kong offers a diversified basket of investment products for investors. As of the end of 2016, there were 2,779 SFC-authorized collective investment schemes, and 133 Exchange Traded Funds (ETFs) listed. Through the Mutual Recognition of

Funds (MRF) scheme in January 2017, 54 cross-border funds (6 local funds and 48 funds in the Mainland) were approved to be traded publicly. The Chamber believes that both Hong Kong and the Mainland are set to benefit from the enhanced connectivity and tradability should the MRF be liberalised and an increased number of local funds be open to Mainland investments. With almost half of Hong Kong's fund assets are managed overseas, extending the coverage of the MRF to include Hong Kong's overseas-managed funds may provide a broader spectrum of investment vehicles for Mainland investors, as well as incentivize foreign asset managers to establish operations in Hong Kong.

Enhancing the movement of people and goods through port and airport partnership

The GBA initiative provides an excellent opportunity for the region's ports and airports to solidify their positions. Hong Kong is a distribution centre for goods in South China and a major transshipment hub while the other ports are mainly handling direct cargo. The strengthened collaboration between these ports should enhance the overall capability and capacity of the whole GBA. Meanwhile, better airspace coordination among the GBA airports could improve airport capacity, route efficiency and flight safety.

With the completion of the Zhuhai-Hong Kong-Macao Bridge and the Express Rail Link within sight, improved land connectivity would be conducive to structured cooperation among the region's airports and ports in terms of passenger and cargo transfers.

Introducing pilot schemes in the Lok Ma Chau Loop to stimulate people and capital flows

Recognising that free flow of people is essential to make the collaboration in the GBA sustainable, the Government should consider some sort of visa system that would give rights to selected categories of GBA residents to come to Hong Kong for work and business. Such visas could be granted to workers in the Loop under a pilot scheme, and could follow the practice of the APEC cards.

Another pilot scheme which could be considered using the Loop as a testing ground is to relax the application requirements for research funding to stimulate innovation- and creativity- related activities. In short, research funding sourced in both Hong Kong and Mainland could be open to all research institutes setting up in the Loop. While such a cross-border arrangement will require governments' collaboration, it will strengthen research cooperation between the Mainland and Hong Kong institutions, and thereby boost the overall competitiveness of the GBA on innovation and technology.

Introducing special working visa and tax arrangements to enhance people flow

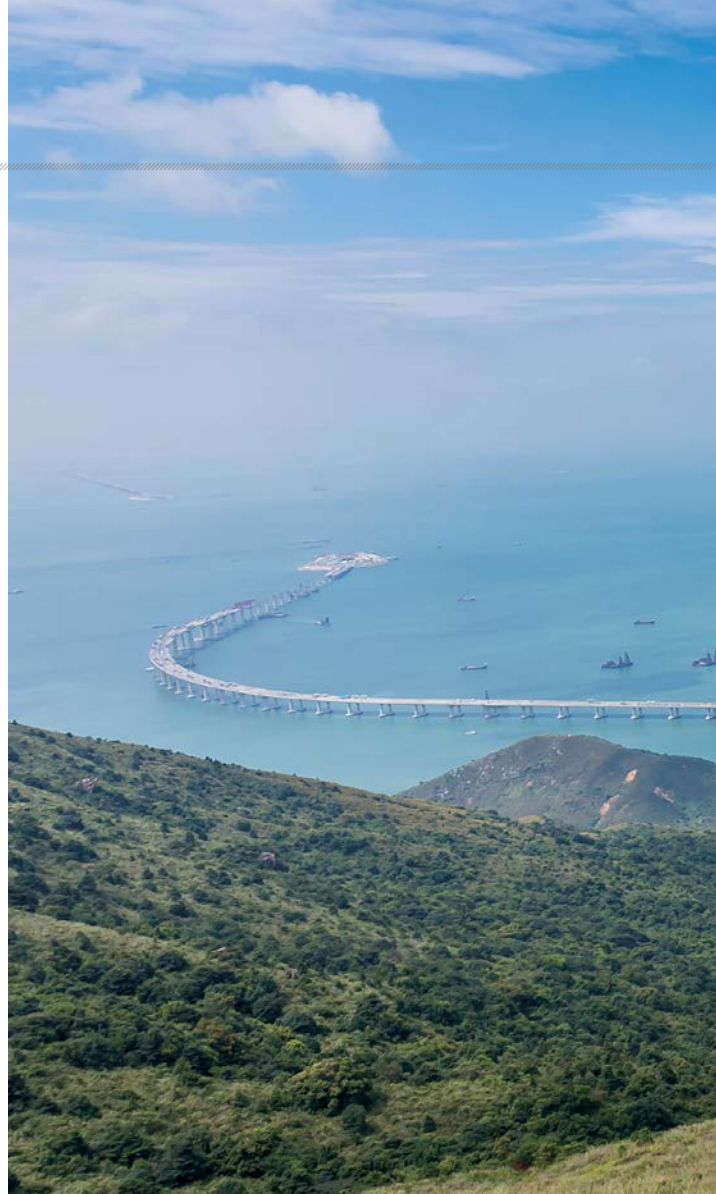
Under the Arrangement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income with the Mainland, a Hong Kong resident who works or stays in the Mainland exceeding in the aggregate 183 days in any 12-month period should report to the Mainland government and be subject to the Mainland's individual income tax schedule. In practical terms, this arrangement not only hinders the mobility of Hong Kong professionals working in the Mainland (i.e. people flow), but could also slow down the development of the GBA. Therefore, the Chamber proposes that considerations should be given to extending the length of the Substantial Presence Test to, say, 200 days, or to providing Hong Kong residents the option of paying Hong Kong tax.

It is noted that to encourage overseas talent working in Qianhai, Qianhai has provided subsidies for individual income tax since 2013. Hengqin has adopted a similar policy. The Chamber hopes that similar preferential policies could be implemented in Nansha and potentially in the entire GBA to encourage talent flow into the area. Alternatively, the Government could negotiate with the relevant Mainland authorities to issue a special working visa to Hong Kong citizens working in the GBA who will then be subject to a concessionary tax rate.

Meanwhile, it is also noted that a concessionary rate of 15% on corporate income tax for encouraged industrial enterprises has been introduced in Hengqin and Qianhai. To encourage more Hong Kong investment to go into these industries in the GBA, the Chamber hopes that the Government can convince the other local governments in the GBA to adopt similar tax concessions.

Pursuing a circular economy through an increased flow of spent materials

Riding on the GBA cities' industrial capacity for absorbing and re-manufacturing recyclable materials, and Hong Kong's management and supply chain expertise, there is potential to build a circular economy for the region. As this would involve jurisdictions with currently different environmental standards, there is a need for substantial government-to-government coordination and negotiation, in the areas of setting guidelines and finding solutions to deal with challenges in order to effectively pursue a circular economy. As such, the Government should start the discussion with GBA counterparts on the establishment of a regional circular economy, which hopefully could help address the waste problem faced by Hong Kong as well as other GBA cities.



Establishing a GBA Office and a GBA Working Committee

The 11 GBA cities have developed their own unique advantages, expertises, economic structures and needs over the decades. Such information may not be completely understood or transparent to many local businesses both here and across the GBA. We recommend that the Government should set up a GBA Office to formulate proposals, strategies, and policy directions, and define Hong Kong's potential participatory role in the development and economic growth of the GBA.

Currently, the Economic and Trade Office in Guangdong, InvestHK, the Trade Development Council, and the Hong Kong Productivity Council are all undertaking promotion and industrial services activities in the GBA in a parallel manner. In addition, many industry and business associations are also providing different kinds of services for and information on the development of the GBA. The Government should consider integrating existing resources to help Hong Kong businesses gain a better understanding of the GBA opportunities, such as

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establishing a working committee to promote regular exchanges among these public and statutory agencies and business associations. This will lead to more effective and focused flow of information which will help Hong Kong enterprises better grasp the development opportunities in the GBA.

Looking ahead, Hong Kong must focus on the areas where it possesses competitive advantages, leveraging its established expertise as an international financial, shipping and logistics, offshore RMB, and dispute resolution centre. The unique features offered by the “one country, two systems,” Hong Kong’s adherence to the rule of law, our proximity to the GBA manufacturing base, our expertise in financial and professional services as well as our international exposure should allow us to play an instrumental role in the development of the GBA. Riding on such development, Hong Kong may be able to achieve some breakthroughs in areas where we have encountered bottleneck in recent years, such as those related to housing and land shortages, opportunities for youths, education, and elderly care. ❀

總商會就香港如何發揮和擴大灣區所創造的效益，向政府提交建議書

粵 港澳大灣區（大灣區）為香港帶來重大的機遇，以利用和加強自身的長遠優勢，發展該區所創造的經濟新增長點。促進區內資本、人口、貨物和服務的跨境流動，以期達至最終無縫對接，是大灣區成功發展的重要元素。

由於大灣區內的城市隸屬不同海關區域，有各自的法律和行政制度，要改善跨境流動，就必須加強區內跨部門之間的合作和互動。為回應大灣區所帶來的機遇和挑戰，總商會向政府提出多項建議，涵蓋八大範疇。以下是建議書的節錄內容。

從區域層面出發，重新審視《香港2030+》研究

本會的建議書關注到《香港2030+》研究未有充分探索區域合作如大灣區發展所帶來的更廣泛機遇。例如，隨著本港與鄰近城市的連繫日漸加強，我們或可進一步令本地經濟結構更多元化，以鞏固香港作為貿易、金融和專業服務中心的地位，並擴大香港的經濟總量。因此，我們建議政府從更廣泛的層面重新審視香港的整體發展策略，並制訂更全面的區域性發展規劃，以促進與深圳和其他大灣區城市的合作。

利用香港的金融架構加強資本流動

要加強地區內外的資本流動，香港應考慮採取措施，推動人民幣進一步國際化、建立「商品通」機制，以及提升我們作為區域資產管理中心的地位。

為加強我們作為領先離岸人民幣中心的地位，香港特區政府應與內地相關單位商討擴展自貿區的試驗計劃，延伸至讓離岸資金能透過大灣區內各城市回流國內。此舉將可提供另一回流的渠道予離岸人民幣，為離岸流動資金帶來更多選擇。有關安排亦可增加離岸人民幣資金對利率和市場需求的敏感度，從而加快人民幣國際化的步伐。

香港作為全球頂尖的首次公開招股市場，我們的融資和再融資市場在區內首屈一指，具備廣泛的國際投資來源。隨著「滬港通」及「深港通」成功上馬，香港與深圳共建的「商品通」，將可令金融市場和投資者相互得益。現時許多國際企業利用香港作為區內的風險管理平台，他們透過高流動性的商品期貨市場，分散所持有的資產。對於華南的商品貿易商而言，由於其商品價格與國際市場並不同步，「商品通」出台後有望提供一個解決方案。

香港有高度密集的国际基金經理和資金，為投資者提供多元化的投資產品。截至2016年底，共有2,779個證監會認可的集體投資計劃，以及133個上市交易所買賣基金。透過2017年1月推出的基金互認計劃，54個跨境基金（6個本地基金和48個內地基金）獲准公開發售。總商會認為，開放基金互認及增加開放予內地投資的本地基金數目，將可提高兩地基金的互聯性和可交易性，使香港和內地皆可受惠。鑒於接近一半的在港基金資產由海外基金經理管理，將基金互認的覆蓋範圍擴大至包含海外管理的香港基金，將可為內地投資者提供更廣泛的投資工具，同時鼓勵外國資產管理公司在香港建立業務。

港口機場合作 促進人流物流

大灣區規劃提供了大好良機，讓區內的港口和機場鞏固其地位。香港是華南的貨物分銷中心，亦是主要的轉運樞紐，而區內其他港口則主要處理直接貨運。加強這些港口之間的合作，應可提升大灣區的整體貨運能力。與此同時，若能改善大灣區機場之間的空域協調，機場容量、航線效率和飛行安全均可得以提升。

隨著港珠澳大橋和港深港高速鐵路即將落成通車，兩地陸路連繫得以加強，將有利於區內機場和港口在客貨轉運方面在結構上加合作。

在落馬洲河套地區推出試驗計劃，刺激人流和資金流

人口的自由流動，是建立大灣區內城市可持續合作關係的關鍵，故此政府應考慮推出簽證，給予特定類別的大灣區居民來港工作和營商的權利。有關簽證可跟隨亞太經合組織商務旅遊簽證的做法，並以先行先試的方式，發給予河套區內的員工。

另一個可考慮以河套區作為試點的試驗計劃，是放寬研究基金的申請要求，以刺激創新創意活動。簡言之，來自香港和內地的研究基金均可開放予河套區內設立的所有研究機構申請。儘管上述跨境安排需要政府之間的協作，但這將可加

強中港兩地機構的研究合作，從而提升大灣區在創新科技領域的整體競爭力。

引入特殊工作簽證及稅務安排以增加人流

根據與內地簽訂《關於對所得避免雙重徵稅和防止偷漏稅的安排》，香港居民在任何12個月內於內地工作或停留連續或累計超過183天，須向內地政府申報，並須繳納內地的個人所得稅。實際上，這安排不但妨礙在國內工作的香港專才的流動（即人流），而且會拖慢大灣區的發展。因此，總商會建議考慮延長居留測試期限至200天，或容許香港居民繳納香港稅。

值得參考的是前海為鼓勵海外專才到當地工作，自2013年起提供個人所得稅補貼。橫琴亦已採取同類政策。有見及此，總商會期望南沙、以至整個大灣區都能實施類似優惠政策，以鼓勵人才流入該區。又或者政府可與有關內地機關商討向在大灣區工作的香港居民發出特殊工作簽證，讓他們享有優惠稅率。

與此同時，橫琴和前海已引入對鼓勵類產業企業按15%的稅率徵收企業所得稅。為鼓勵更多香港資金投入到該等產業，總商會期望政府能游說大灣區內其他地方政府採納類似的稅務優惠。

增加廢料流以達至循環經濟

憑藉大灣區城市接收和再造可循環物料的產業能力，加上香港的管理和供應鏈專長，大灣區有潛力發展循環經濟。由於這將涉及不同司法管轄區的環境標準，各政府間在設定指引和尋求解決方案時，需要有充分的協調和討論，以有效實現循環經濟。有見及此，政府應就發展區域循環經濟，與大灣區各對口機構展開討論，這有望協助香港及其他大灣區城市處理廢物問題。

設立大灣區辦公室及大灣區工作委員會

過去數十年，大灣區11個城市已建立自身優勢、專長、經濟結構及需求。然而，香港及大灣區內企業未必完全了解或得知該等資訊。我們建議政府應設立大灣區辦公室，以制訂建議、策略和政策方針，並界定香港在大灣區發展及經濟增長的潛在參與角色。

現時，駐粵經濟貿易辦事處、投資推廣署、貿易發展局及香港生產力促進局均同步推廣大灣區的產業服務。此外，多個行業及商業協會亦就大灣區的發展提供不同種類的服務及資訊。政府應考慮融合現有資源，協助港企更深入了解大灣區的機遇，例如設立工作委員會，促進該等公共及法定機構和商業協會的定期交流。這將可令資訊流通變得更有效和集中，有助港企更準確地掌握大灣區的發展機遇。

展望未來，香港必須專注發展具競爭優勢的領域，充分發揮其作為國際金融、航運及物流、離岸人民幣及爭議調解中心的既有專長。憑藉「一國兩制」的特點、嚴守法治、鄰近大灣區製造基地、金融及專業服務專長，以及我們的國際視野，都奠定了香港在大灣區發展中所擔任的重要角色。藉著這些發展，香港或可在某些近年遇到瓶頸的領域取得突破，例如房屋及土地短缺、年輕人的發展機會、教育及長者護理服務等。✿