

Summary

Encouraging Guangdong Private Enterprises to Set Up Business in Hong Kong

The subject of encouraging Guangdong private enterprises to “go out” and set up business in Hong Kong was raised in the 7th meeting of the Hong Kong/Guangdong Cooperation Joint Conference held in 2004. Subsequently, the Development Research Centre of the Guangdong Provincial Government and the Central Policy Unit of the Hong Kong Special Administrative Region Government have jointly conducted a study on the subject. This report sets out the findings and recommendations of the study.

2. Hong Kong could serve as a bridgehead for Guangdong private enterprises to go abroad. Since the late 1970s, Guangdong has emerged as the major destination for Hong Kong’s industrialists to relocate their production lines. As a natural process of economic integration and development of Hong Kong and Guangdong, it has come to a stage that Guangdong enterprises should be encouraged to set up business in Hong Kong. This is also a “win-win” situation. It will not only help the enterprises to make full use of Hong Kong as a platform to expand their overseas business but also to speed up their upgrading of operational and management practices to international standards. In the end, it will enhance the international competitiveness of the enterprises.

3. The strategy to encourage Guangdong private enterprises to set up their operation in Hong Kong should be “market-led” and with proactive government support. It should also leverage on the strength of Hong Kong’s “One Country, Two Systems” principle and its cosmopolitan nature, and adding value to the enterprises production to meet international standards. Innovation, cooperation and strengthened coordination should also be played up with a view to laying a solid ground for long-term development.

4. The study has come up with a series of recommendations:

(I) Recommendations for the Guangdong Provincial Government

1. to formulate policies to encourage private enterprises to “go out”, such as policies to facilitate the flow of people and capital of private enterprises;
2. to collaborate with the HKSAR Government in arranging joint promotional visits to various parts of Guangdong (see also para.4 (II) 2(d));
3. to communicate and coordinate regularly with the HKSAR Government so as to dove-tail the trade facilitation policy of the HKSAR Government and to provide timely assistance to private enterprises if they encounter problems in setting up business in Hong Kong;
4. to link up Hong Kong’s trade facilitation and related web sites to the Small and Medium-sized Enterprise Bureau and the Department of Foreign Trade and Economic Cooperation of the Guangdong Provincial Government web-site(s) to facilitate Guangdong private enterprises in accessing the information in Hong Kong;
5. to enhance the quality of Guangdong private enterprises; and
6. to jointly promote manpower training for Guangdong private enterprises with HKSAR Government (see also para. 4 (II) 5).

(II) Recommendations for the HKSAR Government

1. Any strategy to attract private enterprises to Hong Kong should give due regard to the practice and culture of Mainland enterprises which rely more on government coordination and guidance.
2. A multi-pronged approach should be adopted to promote Hong Kong as an investment destination, including:
 - (a) stepping up the publicity on the role and function of the Hong Kong Economic and Trade Office in Guangdong and Invest Hong Kong so that the Mainland enterprises will have a better understanding of their services;
 - (b) setting up links with the websites of the Guangdong Provincial authorities (see also para. 4 (I) 4);
 - (c) distributing publicity materials and publications about Hong Kong to cities on a regular basis through relevant Guangdong government departments. Professional bodies in Hong Kong should be encouraged to post online information about their members and professional advisory services available to Mainland enterprises planning to set up business in Hong Kong;
 - (d) arranging joint visits to Guangdong cities with the Hong Kong Trade Development Council, Hong Kong Exchanges and Clearing Ltd, chambers of commerce and intermediary bodies. The visits should aim to publicise and promote Hong Kong's advantages and trade facilitation measures, with a view to attracting private enterprises to set up business in Hong Kong. To highlight the importance of such visits, they should be carried out in collaboration with the Guangdong Provincial Government.

3. Promotional efforts should target private enterprises that have greater potential for expanding into Hong Kong and publicity campaigns should be carried out in towns and cities with a strong presence of private enterprises.
4. Effective channels of relaying messages to Mainland private enterprises such as chambers of commerce and trade associations of Guangdong and Hong Kong should be utilized. Various media should also be used to promote the success stories of Guangdong private enterprises in Hong Kong.
5. Tertiary education institutions, professional bodies, chambers of commerce, trade associations and intermediary bodies should be encouraged to conduct courses, talks and training sessions for the Mainland private enterprises management on business practices in Hong Kong. Such events should be held in both Guangdong and Hong Kong with a view to helping private enterprises acquire a better understanding of Hong Kong's business environment and boosting their confidence in investing and starting business in Hong Kong.