

**Commission on Strategic Development
Executive Committee**

Further Development of Regional Cooperation

Purpose

This paper attempts to take stock of Hong Kong's position in regional cooperation and seeks Members' views on possible strategic directions on future development of Hong Kong's regional cooperation.

Definition of Regional Cooperation

2. Regional cooperation generally refers to economic collaboration between economies resulted from government-led policies and collective initiatives. It could be either formally embodied in an inter-governmental treaty or agreement, or informally agreed upon by the participating economies.

3. Regional cooperation can be classified into four broad categories, namely: (i) economic cooperation on cross-border infrastructure and related software; (ii) trade and investment cooperation and integration; (iii) monetary and financial cooperation and integration; and (iv) cooperation in regional public goods (a regional public good is a benefit shared by two or more economies in a region, e.g. protecting environment, controlling communicable diseases, and preventing drug trafficking, etc).

Increasing Importance and Possible Benefits Arising from Regional Cooperation

4. The recent trend of growing interdependence of economies in Asia has prompted governments to pursue regional cooperation initiatives in areas such as cross-border infrastructure development, trade and investment, money and finance, and the provision of various regional public goods in the health and environment sectors. As an illustration,

intraregional trade has significantly increased in Asia, from 35% in 1980 to 43% in 1990 and further to 55% in 2004.

5. Generally speaking, regional cooperation can forge powerful and positive bonds between economies. It can accelerate the pace of economic and social development. In particular, regional cooperation can foster the long-term balanced and sustainable development of the participating economies. Table 1 below summarizes contribution of regional cooperation towards balanced and sustainable development.

Table 1 Contribution of regional cooperation towards
balanced and sustainable development

(a) Economic aspects	Through cooperation, economies can benefit by removal of barriers to trade, sharing of space, resources, knowledge, and expertise provided by geographic proximity. Hence, regional cooperation helps achieve economic growth of the participating economies.
(b) Social aspects	Academic, cultural and technological exchanges could bring in knowledge and experience from overseas. Other important initiatives in regional cooperation include fighting against crime, promotion of public health and national security.
(c) Environmental aspects	Cross-border cooperation among participating economies is crucial in the promotion of environmental protection and tackling regional pollution problems.

National Strategies on Regional Cooperation

6. The National 11th Five-Year Plan stipulates that China will strengthen economic and technological cooperation with its neighbouring countries and develop cross-boundary trade, perfect the regional coordinated interactive mechanism and rationalize the regional development framework. The 11th Five-Year Plan launched a new strategy of regional development and cooperation, which include pushing

forward the strategic development of Western China, revitalizing the old industrial bases in the North-eastern regions, facilitating the emergence of the Central regions, encouraging the overall regional development strategies spearheaded by the Eastern regions.

7. The “2006 Report on the Work of the Government” promulgated by the State Council (2006 政府工作報告)(the Report) in March 2006 emphasized the importance of sustainable development and coordinated regional development in accordance with scientific principles. Having regard to the geographical distribution of resources, potentials of development and environmental protection considerations etc, the Report highlighted the Western, Central and Eastern regions, as well as the Northeast Old Industrial Base as the focused areas of economic development in the coming year.

8. At the international front, regional cooperation plays a vital role in carrying out China’s policy and pursuit of peaceful development. As the keystone to China’s diplomatic strategy, peaceful development seeks to unify domestic development with opening to the outside world, to achieve mutually beneficial development with other countries, to reduce threats from such non-traditional security problems as financial crises and terrorist activities, and to oppose acts of encroachment on the sovereignty of other countries and wilful use or threat of use of military force. Regional economic and social cooperation is therefore an effective mean to realize and to demonstrate China’s path of peaceful development.

9. In line with this policy, China has been participating actively in regional cooperation with the other countries in fora such as the Asia-Pacific Economic Cooperation (APEC), Association of South East Asian Nations (ASEAN) Regional Forum, Shanghai Cooperation Organisation and China-Africa Summit, Sino-Arab Cooperation Forum, Asia-Europe Meeting and Greater Mekong Subregion Economic Cooperation Program. It has also signed bilateral trade agreements or protocols with more than 150 countries and regions, bilateral investment protection agreements with more than 110 countries, and agreements with over 80 countries on the removal of double tariffs.

Regional Cooperation Strategies of Foreign Countries/Major Trading Partners

(i) The European Union, the United States and Japan

10. In recent years, the United States (US), the European Union (EU) and Japan have been actively pursuing various trade-related regional cooperation arrangements with other economies. Such arrangements essentially aim at providing better market access and creating a more favourable business environment among the parties. The EU and the US are the first movers who pursued the sub-multilateral strategies with the forming of the EU itself and North American Free Trade Agreement (NAFTA)¹.

11. Traditionally, Japan has relatively few free trade agreement (FTA) partners because of its major concerns on agriculture. But this has changed since its conclusion of FTAs with Mexico and Singapore.

12. Trade-related regional cooperation concluded by the US, the EU and Japan are generally very comprehensive. They usually cover trade in goods and services, investment and other trade liberalisation initiatives such as those relating to competition, intellectual property rights and government procurement. Some also contain non-trade related provisions such as geo-political commitments, and those relating to labour and environmental matters, e.g. NAFTA.

(ii) Singapore

13. Singapore has also been very active in pursuing FTAs in recent years. So far, Singapore has concluded 11 FTAs. They include 9 bilateral FTAs (with Australia, European Free Trade Association², India, Japan, Jordan, Korea, New Zealand, Panama and the US) and two plurilateral FTAs (Brunei-Chile-New Zealand-Singapore FTA and ASEAN FTA).

(iii) Korea

14. Korea has turned active in the FTA arena in recent years, having concluded FTAs with Chile and Singapore and negotiating similar ones with Canada, the US and China.

¹ NAFTA was signed in December 1992 and came into force on 1 January 1994.

² Four countries are involved. They are Iceland, Liechtenstein, Norway and Switzerland.

(iv) ASEAN

15. Bilateral trade arrangements have been or are being forged between ASEAN and other non-member countries like China, Japan and Korea (named ASEAN Plus Three or ASEAN+3). It is hoped that these arrangements will serve as the building blocks of an East Asian Free Trade Area as a long-term goal.

Hong Kong's Current Position in Regional Cooperation

16. Under Article 116 of the Basic Law, Hong Kong may, using the name "Hong Kong, China", participate in relevant international organizations and international trade agreements (including preferential trade arrangements), such as the World Trade Organization. Hong Kong's status as a separate customs territory and the flexibility to participate in international trade agreements under Article 116 of the Basic Law gives Hong Kong a unique position vis-à-vis other Mainland cities.

17. According to Article 151 of the Basic Law, Hong Kong may on its own maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields. Hong Kong enjoys a high degree of autonomy in developing regional cooperation with other economies, including the Mainland.

Major Regional Cooperation Initiatives of Hong Kong

(i) Trade and Investment Cooperation

WTO

18. Hong Kong is a staunch supporter of the multilateral trading system of WTO and considers a multilateral approach to trade liberalisation the best option for Hong Kong and the world at large. Hong Kong takes its rights and obligations in the WTO seriously and has all along been active in the WTO. As a continuous demonstration of its strong commitment to the WTO, Hong Kong successfully hosted the WTO Sixth Ministerial Conference (MC6) in December 2005.

CEPA

19. CEPA is the first free trade agreement ever concluded by Hong Kong, with implementation in phases since 1 January 2004. CEPA opens up huge markets for Hong Kong goods and services, ahead of and beyond the commitment of China in the WTO. Under CEPA, all Hong Kong products have enjoyed zero tariff in the Mainland market since 1 January 2006 provided that the relevant rules of origin are agreed and met. Hong Kong service suppliers could also enjoy preferential treatment in 27 service areas in the Mainland market.

FTAs

20. Hong Kong commenced negotiations with New Zealand on a possible FTA in 2001. The negotiation has been put on hold since mid-2002 mainly because of the stringent rules of origin insisted by New Zealand. Hong Kong stands ready to continue with the negotiations when both sides are in a position to do so.

Air Services Agreements

21. Hong Kong has so far concluded 56 air services agreements (ASAs) with different aviation partners, all on a bilateral basis. ASAs are also in place with the Mainland and Macau. We have been progressively liberalizing our air services regime with a view to expanding Hong Kong's aviation network and strengthening our status as an international hub and the primary gateway to the Mainland. We will also continue to review the demand for air services from time to time and, where warranted, initiate air services negotiations with our aviation partners with a view to increasing air traffic capacity to meet market demand.

Agreements for Avoidance of Double Taxation

22. In the 1998-99 Budget Speech, the then Financial Secretary announced that the Government would actively negotiate Comprehensive Agreements for Avoidance of Double Taxation (CDTAs) with trade and economic partners in the hope of minimizing exposure of residents of each place to double taxation. These agreements provide certainty to investors on the taxing rights of both contracting parties and an added incentive for companies overseas to do business in Hong Kong, and vice versa. The

existence of such arrangements will also foster closer economic and trade links between Hong Kong and our trade partner economies.

23. Hong Kong concluded CDTAs with Belgium in December 2003, with Thailand in September 2005 and with the Mainland in August 2006. We have started negotiations for CDTAs with EU members, such as Denmark, France, the Netherlands, Italy, the United Kingdom and the Czech Republic, and with those in the Asia Pacific region such as Vietnam and Macau. We look forward to reaching an agreement with these economies, and to initiating negotiations with other economies with whom Hong Kong has a trading relationship.

APEC, PECC and ESCAP

24. As part of the efforts to maintain Hong Kong as an international centre of trade, commerce, finance and communication, Hong Kong has been taking an active part in international and regional economic and trade fora. Hong Kong is a member of the APEC and Pacific Economic Cooperation Council (PECC), and an associate member of the Economic and Social Commission for Asia and the Pacific (ESCAP) (details at Annex).

(ii) Cooperation in Regional Public Goods

Technology

25. The Mainland is an important technology partner of Hong Kong. For instance, the Mainland/Hong Kong Science and Technology Cooperation Committee (內地與香港科技合作委員會) was established in 2004 to formulate and coordinate technology cooperation and exchange programmes between Hong Kong and the Mainland.

26. Hong Kong also participates in regional cooperation in technology through APEC. Hong Kong is a member of the APEC Industrial Science and Technology Working Group and served as the Lead Shepherd of the Working Group in 2004-2005. Hong Kong attended the 33rd and 34th Telecommunications and Information Working Group meetings of the APEC held in April and October 2006 to brief other members on the latest development of the regulatory environment in Hong Kong and exchanged views on other issues.

Education

27. For historical and academic reasons, our universities enjoy close partnership with institutions in the UK. As at May 2006, the University Grants Committee (UGC) sector has established student exchange arrangements with 54 UK institutions, facilitating about 100 incoming and 180 outgoing exchange students from/to the UK respectively in 2005/06. Other countries that have engaged in higher education collaboration with our UGC-funded institutions include the US, Canada, Japan, France, Germany, Australia, New Zealand and other ASEAN countries.

28. Education cooperation with the Mainland has seen tremendous growth in the past decade. In July 2004, Hong Kong signed a Memorandum of Understanding (MoU) with the Mainland on Mutual Recognition of Academic Degrees in Higher Education. In the past few years, Mainland students account for over 90% of the non-local students studying in the UGC-funded institutions.

Environmental Management

29. At the heart of regional co-operation on the environmental protection front is our co-operation with Guangdong Provincial Government, which is underpinned by the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection formed in June 2000. This high-level group provides a structure for regular co-operation on a range of environmental and sustainability issues, under the co-chairmanship of Secretary for the Environment, Transport and Works and Director of Guangdong Environmental Protection Bureau. The top priority right now is to tackle regional air pollution issues, but the group also deals with other issues such as water pollution, the protection of the Dongjiang River's water quality, promotion of energy efficiency and clean production in industries. Emphasis is also placed on strengthening technical exchanges, research and training.

30. Under the Pan Pearl River Delta Co-operation framework, the environmental protection authorities concerned agree to strengthen co-operation in environmental protection among the nine Provinces and two SARs. The focus right now is pollution control along the length of the Pearl River.

Anti-terrorism & Anti-money laundering

31. Hong Kong has been an active member of the Financial Action Task Force on Money Laundering, the international anti-money laundering and combating the financing of terrorism standard setter, since 1990, and is a founding member of the Asia Pacific Group on Money Laundering.

32. The Hong Kong Joint Financial Intelligence Unit (JFIU), which is a unit jointly operated by the Hong Kong Police and Hong Kong Customs & Excise Department to handle suspicious transaction reports, has been a member of the Egmont Group of financial intelligence units since 1996. The JFIU proactively interacts with its overseas counterparts, strengthening the global intelligence network against money laundering and terrorist financing.

Counter-spamming on the Internet

33. The Commerce, Information and Technology Bureau is one of the founding signatories of the "Seoul - Melbourne Multilateral Memorandum of Understanding on Cooperation in Countering Spam", which has been signed by agencies from 10 countries and regions to foster cooperation in countering spam (unsolicited commercial electronic messages). The scope of the MoU includes (1) exchange of information on policies and strategies to establish and enforce anti-spam regulatory framework; (2) exchange of information relating to technical and educational solutions to the spam problem; (3) the exchange of information on effective use of regulation policies; and (4) encouraging industry collaboration.

Health

34. To effectively prevent and control infectious diseases, Hong Kong maintains close contact with our neighbours and regional bodies such as APEC and ASEAN. We have entered into co-operation agreements with counterparts in the Mainland and Macau to enhance the response mechanisms to public health emergencies. We have also participated actively in global and regional endeavours to share experience with international partners, step up preparedness against diseases and explore opportunities for multilateral collaboration. To facilitate experience exchange, the Department of Health fields and receives public health experts to and from neighbouring places. The Hospital Authority also

collaborates with overseas specialty professional colleges for the training of medical specialists.

Food Safety

35. Much of Hong Kong's food supply are imports. We therefore maintain close communications with counterparts in the Mainland and other food exporting countries, with a view to obtaining accurate and timely notifications on food safety issues. Communication channels have been established with the Ministry of Commerce, the Ministry of Agriculture, the State Food and Drug Administration and the State Administration of Quality Supervision, Inspection and Quarantine. A Framework Agreement on Exchanges and Co-operation in Food Safety was signed with the Guangdong Province in April 2006. Besides, the Food and Environmental Hygiene Department and the Agriculture, Fisheries and Conservation Department participate frequently in conferences and training programmes in the Mainland and overseas to strengthen the cooperation with food safety authorities in different countries and places.

Welfare

36. Hong Kong is a member of the Asia Development Bank (ADB), a multilateral development financial institution which aims at reducing poverty and improving the welfare of the people in Asia and the Pacific. It is owned by 66 members, 47 from the region and 19 from the rest of the world. Hong Kong joined the ADB as a member in 1969 and is represented directly in the Board of Governors. The Financial Secretary is the Governor for Hong Kong in the ADB.

(iii) Regional Cooperation with the Mainland

37. Hong Kong is pursuing regional cooperation with the Mainland using the following five mechanisms:

- (a) The Pan-Pearl River Delta (PPRD) Regional Cooperation and Development Forum was held in June 2004. During the forum, the PPRD governments (ie. Guangdong, Fujian, Jiangxi, Hunan, Guangxi, Guizhou, Yunnan, Sichuan and Hainan together with Hong Kong and Macau SARs) signed the "PPRD Regional Cooperation Framework Agreement." Under the Framework Agreement, the PPRD governments

agreed to strengthen cooperation in ten areas, viz. infrastructure, investment, business and trade, tourism, agriculture, labour, education and culture, information and technology, environment protection, and health and prevention of infectious disease.

- (b) Hong Kong/Guangdong-Cooperation Joint Conference (HKGJC) was established in March 1998. Starting from 2003, the plenary sessions have been chaired by the Chief Executive and the Governor of Guangdong;
- (c) Memorandum on Closer Cooperation between Hong Kong and Shenzhen and eight other cooperation agreements were signed by the HKSAR and the municipality of Shenzhen in June 2004 under the framework of HKGCJC;
- (d) Hong Kong/Shanghai Economic and Trade Cooperation Conference was established in October 2003 to foster closer economic links between Hong Kong and Shanghai; and
- (e) Hong Kong/Beijing Economic and Trade Cooperation Conference was established in September 2004 to foster closer economic links between Hong Kong and Beijing. The two sides agreed to foster cooperation in economic and trade, professional personnel exchanges, education, culture, tourism and environmental protection, and to exploit the business opportunities arising from 2008 Beijing Olympic Games. At the Second Meeting held on 15 November 2006, the two sides reviewed the progress of the seven cooperation areas and agreed to enhance co-operation in four areas including the 2008 Olympic Games, further implementation of CEPA, financial services, and innovation, technology as well as creative and cultural industries.

38. The above agreements/conferences seek to foster cooperation in their specific areas, and covering generally economic and trade, implementation of CEPA, control point operations, major infrastructure projects, technology, environmental protection, education, culture, tourism, etc.

Issues for Consideration on Further Development of Regional Cooperation of Hong Kong

(i) Global Trends

39. WTO members are permitted to enter into regional trade agreements (RTAs) or FTAs under specific conditions spelled out in relevant WTO agreements³. The vast majority of WTO members are party to one or more RTAs⁴.

40. In fact, the surge in RTAs/FTAs has continued unabated since the early 1990s. According to the WTO, the number is increasing from just 130 in 1995, when the WTO was first established, to close to 330 in 2005. Regionally, the Asian Development Bank estimates that there are currently over 175 bilateral and sub-regional FTAs that have been signed or are under negotiation in Asia.

41. The uncertainty on the progress of multilateral trade liberalisation and on the outcome of the WTO Doha negotiations⁵ may lead some economies to further intensify their efforts on negotiating RTAs/FTAs instead.

(ii) Challenges Faced by Hong Kong

42. Hong Kong's economic integration with the rest of the region has been driven mainly by market forces rather than through deliberate government actions. With China developing actively its links with the rest of the world, Hong Kong's role as middleman in China trade and as a business and trade hub in the region has been affected and may diminish over time.

³ Article 24 of the General Agreement on Tariffs and Trade allows regional trading arrangements to be set up as a special exception, provided certain strict criteria are met. Article 5 of the General Agreement on Trade in Services provides for economic integration agreements in services.

⁴ As of July 2005, only one WTO member – Mongolia – was not a party to a regional trade agreement.

⁵ The Doha Development Agenda (DDA) negotiations were launched at the Fourth WTO Ministerial Conference at Doha, Qatar in November 2001. Its agenda is broad and balanced comprising both further trade liberalisation and new rule-making. It is underpinned by commitments to strengthen assistance to developing countries in building their capacity. At the Sixth WTO Ministerial Conference held in Hong Kong in December 2005, ministers adopted the Hong Kong Ministerial Declaration which sets out a series of agreements in the major areas of negotiations and a timetable for the DDA negotiations. However, the DDA negotiations were suspended in July 2006 due to Members' failure to agree on the modalities on agriculture and non-agricultural market access. At the informal Trade Negotiations Committee meeting on 16 November, green light was given to the Chairs of Negotiating Group to restart the normal process. Chairs would determine the rate and rhythm of discussions in their own group. Major breakthrough however remained to be seen.

43. Hong Kong being a free port, a separate customs territory under the Basic Law as well as an independent member of WTO, could not benefit automatically from preferential treatments China has gained from entering into FTAs with other economies.

44. Indeed, there are concerns that Hong Kong may lose out if it does not take part in China's FTAs with its trading partners (e.g. ASEAN⁶). Other than CEPA, China has concluded three FTAs: with ASEAN, Chile and Pakistan. China is also currently negotiating FTAs with Australia, the Gulf Cooperation Council⁷, New Zealand and the South African Customs Union.

(iii) Possible Directions of Strengthening Regional Cooperation

45. Hong Kong has been participating in wide varieties of regional cooperation because of various reasons. It is worthwhile to take stock and review the possible directions that we should take in order to generate maximum benefits to the community. We should endeavour to participate in types of regional cooperation that would bring long-term tangible and intangible benefits to Hong Kong.

46. By making reference to the definition of regional cooperation, it appears that Hong Kong's participation in cooperation in regional public goods is broadly on the right track. On the other hand, it seems that we may need to take a more focused approach by concentrating our efforts on trade and investment cooperation and in view of the global trends and challenges identified above.

47. It would be worthwhile to consider if Hong Kong should seek to enter into more economic and trade cooperation with our major trading partners, so that our goods and services can gain access to these markets under more favourable terms. Hong Kong may explore the possibility of entering in FTAs with them, so long as these are in Hong Kong's interest, consistent with WTO principles and provisions, and contribute to multilateral trade liberalisation. However, the successful experience of CEPA may not be applicable to other FTA negotiations. Hong Kong's

⁶ ASEAN consists of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

⁷ Gulf Cooperation Council comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

small market and our open and highly liberalised services sectors have greatly limited our attractiveness to other economies as an FTA partner. Being a Special Administrative Region of China, we are also in no position to offer any geo-political incentives, such as support for other governments' diplomatic, even military actions, as with a sovereign country.

48. Furthermore, Hong Kong should enhance our economic cooperation with the Mainland. By participating in regional cooperation with the Mainland provinces, we may take forward cross-boundary infrastructural projects, liberalization measures, joint promotion activities and other complementary initiatives in a more coordinated manner thus forging a better business environment for Hong Kong enterprises.

49. In recent years, we have also seen advancement in China-EU economic and trade relations. In line with this development, Hong Kong may also consider tightening relations with the EU in general and with some specific key EU economies in particular. The EU is now the largest trading partner of the Mainland, surpassing the US (since 2004). In 2005, EU's total trade with the Mainland reached US\$217 billion (15.3% of Mainland's total trade). The corresponding figures for the US were US\$212 billion.

50. We should also enhance the "international positioning" of Hong Kong by establishing stronger economic ties with other economies around the world. In particular, the National 11th Five-Year Plan unequivocally "supports Hong Kong's development on fronts such as financial services, logistics, tourism and information services, and the maintenance of Hong Kong's status as an international centre of financial services, trade and shipping". We should strengthen the status of Hong Kong as the international gateway between the Mainland and the rest of the world.

Strategic Issues for Discussion

51. Having briefly introduced the benefits of regional cooperation, the National strategies and international trend in regional cooperation, as well as Hong Kong's current position in regional cooperation, Members are invited to consider the following strategic issues regarding regional cooperation:

- (i) With regard to the present position of Hong Kong in regional cooperation, what are the areas that may require further enhancement or exploration?
- (ii) What is the kind of approach that Hong Kong should take in longer term regarding regional cooperation? For instance, should we take a more reactive or proactive approach?
- (iii) Whether and how the business sector and non-government organizations could be encouraged to take part in regional cooperation between Hong Kong and other economies?
- (iv) With regard to regional cooperation with the Mainland, what is the position that Hong Kong should take in order to maintain and strengthen our position as an international financial, trading and shipping centre?

Secretariat to the Commission on Strategic Development
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**PARTICIPATION OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
IN REGIONAL ECONOMIC COOPERATION FORA**

Asia-Pacific Economic Cooperation (APEC)

1. APEC is an inter-governmental forum initiated by Australia in 1989 for member economies to exchange views and promote cooperation in trade and economic issues. The objectives of APEC are –

- to sustain the growth and development of the region;
- to enhance the positive gains of increasing economic interdependence for both the region and the world economy;
- to develop and strengthen the open multilateral trading system; and
- to reduce barriers to trade and investment among members.

2. APEC comprises 21 member economies, namely Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam. Hong Kong was admitted to APEC in November 1991 along with China and Chinese Taipei.

3. The APEC Chair each year is decided by APEC members on the basis of consensus. The Economic Leaders', Ministerial and Senior Officials' Meetings in the year are hosted by the Chair. Viet Nam, as the APEC Chair in 2006, has set this year's theme as “Towards a Dynamic Community for Sustainable Development and Prosperity”. The Chairs for 2007 to 2010 will be Australia, Peru, Singapore and Japan respectively.

4. Apart from the above meetings, sectoral ministerial meetings are held from time to time to cover different areas, including human

resources development/education, finance, environment/sustainable development, trade, energy, telecommunications and information, small and medium enterprises (SMEs), industrial science and technology, tourism, transportation, ocean, mining, gender and health. In addition, APEC activities are conducted through various fora under the Senior Officials' Meeting (SOM).

5. Since its admission, Hong Kong, China (HKC) has taken an active part in all major activities of APEC and attended all the APEC Economic Leaders' Meetings (AELMs), Ministerial Meetings and SOMs. We have also seconded an officer at directorate level to the APEC Secretariat since 1993 and hosted a number of APEC meetings, seminars and workshops in Hong Kong.

Pacific Economic Cooperation Council (PECC)

6. PECC is a non-governmental organisation founded in 1980. It seeks to develop closer cooperation on trade and economic policy issues in the Asia-Pacific region. PECC currently comprises 26 member committees, including Australia; Brunei Darussalam; Canada; Chile; China; Colombia; Hong Kong, China; Ecuador; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Singapore; Chinese Taipei; Thailand; United States; Viet Nam and the Pacific Islands Forum as full members; France (Pacific Territories) and Mongolia as associate members; and Pacific Trade and Development Conference (PAFTAD) and Pacific Basin Economic Council (PBEC) as institutional members. The member committees are tripartite in nature, consisting of government officials, business leaders and academics who participate in their personal capacity.

7. The Hong Kong Committee for Pacific Economic Cooperation (HKCPEC) was established in March 1990 to coordinate Hong Kong's participation in PECC. Admission of Hong Kong to PECC was formalised in May 1991. HKCPEC comprises representatives from the government, business and academic sectors. The current Chairman is Professor Edward Chen, President of Lingnan University.

8. The 16th PECC General Meeting (PECC XVI) was held in Seoul on 5-7 September 2005. PECC XVI also marked the end of the Korean chairmanship. Dr. Charles Morrison, President of the

Hawaii-based East-West Center, was elected as the PECC Chair for 2005-2008. The next General Meeting (PECC XVII) will be held in Australia in 2007. The PECC Standing Committee met in Hanoi on 8-9 April 2006.

Economic and Social Commission for Asia and the Pacific (ESCAP)

9. ESCAP is a subsidiary body of the Economic and Social Council of the United Nations. ESCAP aims at promoting concerted action for economic reconstruction and development, for raising the level of economic activity, and for maintaining and strengthening the economic relations both within the Asia-Pacific region and between the region and other countries of the world.

10. Hong Kong has been an associate member of ESCAP since 1947 and is entitled to participate in its meetings, but without voting right. We have regularly sent a delegation to the annual plenary session since our inception to the organisation.

11. The 62nd plenary session of ESCAP was held in Jakarta on 6-12 April 2006. The theme for the meeting was “Enhancing Regional Cooperation in Infrastructure Development, including that related to Disaster Management”.

12. Hong Kong also participates in other ESCAP activities, such as the Typhoon Committee, the Committee on Statistics and the Committee on Environment and Natural Resources Development.