

China Releases 16 Policy Measures to Support Hong Kong in Greater Bay Area Plan

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On 6th November, the Chief Executive of Hong Kong Special Administration Region (hereinafter HKSAR) Mrs Carrie Lam attended the meeting of the Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter GBA) in Beijing. At the meeting, Mrs Lam reported Hong Kong's work in five key areas, namely innovation and technology, infrastructural connectivity, finance, meteorology and commerce and outlined the future work focuses. After the meeting, the Central Government announced 16 policy measures¹ which would benefit people from all walks of life, or facilitate the development of various sectors in the GBA. This report will give a brief introduction over its contents.

MAIN CONTENT

The 16 policy measures consist of 3 parts, including civil life support covering education, healthcare, residence and transportation, assistance towards professional service industries covering legal side, construction and insurance, as well as innovation industry support. Among which, there are 7 measures directly concerning civil life.

【Hong Kong's 16 Policy Measures of GBA Plan】

Preferential Policies(Extract)	
Civil Life	1. <u>Facilitating property purchases by Hong Kong residents in the Mainland cities of the GBA</u> Neither evidence of duration of residence, study or employment, nor payment of individual income tax and social security will be required anymore when purchasing property in nine cities of <u>Guangzhou, Shenzhen, Foshan, Dongguan, Zhongshan, Zhuhai, Huizhou, Jiangmen and Zhaoqing.</u>
	2. <u>Supporting the use of mobile electronic payment by Hong Kong residents on the Mainland</u> Since 2018, Hong Kong e-wallets could be widely used on the Mainland, including the GBA, and the number of physical merchants covered and transaction volume have been increasing.
	3. <u>Establishing pilot scheme for Hong Kong residents to open Mainland personal bank accounts in the GBA remotely by attestation</u>

¹ The Government of Hong Kong Special Administrative Region, 6 November 2019.
Retrieved from: <https://www.info.gov.hk/gia/general/201911/06/P2019110600764.htm?fontSize=1>

	<p>In a risk-controlled and progressive manner, banks in Mainland can open types II or III² Mainland personal bank accounts for Hong Kong residents remotely by attestation, through their Hong Kong branches or holding banks within the same holding group.</p>
	<p>4. <u>Ensuring that the children of Hong Kong and Macao residents enjoy the same education as those of Mainland residents</u></p> <p>This measure ensures that Hong Kong and Macao residents or children of Hong Kong and Macao residents enjoy pre-primary education services in accordance with regulations at their place of residence, and that the children of Hong Kong and Macao residents can participate in the senior high school entrance examination for senior high school admittance based on local policies for children who relocated with their parents.</p>
	<p>5. <u>Exploring the establishment of a cross-boundary wealth management scheme</u></p> <p>Based on the cross-boundary wealth management needs of residents in both Hong Kong and Mainland, to explore the establishment of a two-way wealth management connect scheme to offer cross-boundary wealth management product choices for residents in the two places, and establish a new channel for the cross-boundary flow of Renminbi.</p>
	<p>6. <u>Facilitating non-Chinese Hong Kong permanent residents (HKPRs) to travel to and from the Mainland cities in the GBA</u></p> <p>For foreigners with Hong Kong Permanent Identity Cards to stay or reside in the nine Mainland cities in the GBA, a visa or permission for residence with a validity of up to two to five years is applicable, so as to enhance the synergy effect of gathering talents in various cities of the GBA.</p>
	<p>7. <u>Permitting the use of Hong Kong-registered drugs and common medical devices in designated Hong Kong-owned healthcare institutions in the GBA</u></p> <p>To permit the use of Hong Kong-registered drugs and common medical devices in designated Hong Kong-owned healthcare institutions in the GBA, including to implementing the measure at the University of Hong Kong-Shenzhen Hospital on a pilot basis.</p>
Professional Services	<p>8. <u>Releasing measures on partnership associations by Hong Kong and Mainland law firms, legal consultants and special examination</u></p> <p>Since August 1, 2019, Guangdong Province has removed the minimum capital input ratio requirement of 30% by Hong Kong partner firms in the partnership associations set up by Hong Kong and Mainland law firms in Guangdong Province. Moreover, Hong Kong legal practitioners are allowed to be employed as legal consultants by maximum three Mainland law firms simultaneously. The approval requirement for the employment of Hong Kong legal practitioners as legal consultants is changed to a filing requirement from registration.</p>

² Mainland personal accounts are classified into 3 types, regarding usage, type II account is mainly limited to online banking product transaction while type III account is limited to small amount consumption and fee payment.

	<p>9. <u>Further extending the scope of mutual recognition of qualifications for construction professionals</u></p> <p>The new measure will facilitate the renewal of construction professionals' qualifications obtained under the mutual recognition arrangement, and enable architects and structural engineers who are members of relevant professional institutes in Hong Kong to commence work on the mutual recognition of membership with corresponding institutes on the Mainland. The extension of registered professional qualifications will increase professionals' opportunities of providing services on the Mainland.</p>
	<p>10. <u>Expanding the scope of liberalisation measures for construction professionals from Hong Kong and Macao to practise on the Mainland</u></p> <p>The new measure will enable Hong Kong construction and related engineering professionals who have obtained relevant professional qualifications to extend their areas of services from Guangdong, Guangxi and Fujian to nationwide of the Mainland.</p>
	<p>11. <u>Releasing preferential treatment on insurance regulation</u></p> <p>From July 2018, under the "China Risk Oriented Solvency System" (C-ROSS)³, the capital requirement on Mainland insurers would be reduced when they cede business to qualified Hong Kong professional reinsurers.</p>
	<p>12. <u>Removing the requirement on years of operating experience for Hong Kong service suppliers to provide insurance loss adjusting services on the Mainland</u></p> <p>The eligibility requirement on years of operating experience for Hong Kong service suppliers to establish insurance loss adjusting companies on the Mainland will be removed, and subject to the same regulatory standards applicable to Mainland insurance loss adjustors for business recordation.</p>
	<p>13. <u>Supporting bond market development in Hong Kong and Macao (catastrophe bonds)</u></p> <p>The Central Government supports Mainland insurers to issue catastrophe bonds in Hong Kong and Macao by relaxing the requirements for establishing special purpose insurers.</p>
Innovation	<p>14. <u>Supporting the development of the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone</u></p> <p>The Shenzhen-Hong Kong Innovation and Technology Co-operation Zone, which comprises the Hong Kong-Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop and the "Shenzhen Innovation and Technology Zone" at the north side of Shenzhen River and adjacent to the Loop, is an important platform for developing the GBA into an international innovation and technology hub. The Central Government will formulate supporting policies to facilitate the flow of talents, capital, goods, information, and so forth.</p> <p>15. <u>Facilitating customs clearance of imported animal-derived biomaterials</u></p>

³ The risk-oriented regulatory framework for the Chinese insurance industry, On January 1, 2016, it was officially enacted, greatly enhancing the risk management ability of insurance companies.

	To facilitate customs clearance of imported biomaterials so as to encourage Hong Kong researchers to conduct clinical research and experiments on the Mainland, which will promote the development of healthcare technologies of Hong Kong.
	16. <u>Relaxing the limitation on exporting Mainland human genetic resources⁴ to Hong Kong and Macao</u> Education institutions, hospitals or branches on the Mainland established by Hong Kong's universities and scientific research institutes will be allowed to lodge applications for exporting human genetic resources to Hong Kong independently under a trial scheme.

COMMENTS

A series of announced policy measures broadly aims at different industries and social groups, being commended as an innovative breakthrough of policy by the Hong Kong government. Mrs Carrie Lam welcomed these measures and mentioned that it would offer further convenience to Hong Kong residents especially young people developing their careers, working and living in the Mainland cities of the GBA, as well as enhance the convenient flow of people, goods and capital within the GBA.

Among the 16 measures, the most highlighted one shall be facilitation of property purchases by Hong Kong residents though, it comes with indifferent responses from society. In the past, Hong Kong residents have been allowed to purchase self-used house based on actual needs such as working and studying in mainland⁵, nevertheless, due to limited purchasing power and the considerations over education or healthcare issue, it is estimated that the preferential measure won't trigger massive purchases at this moment. On the other hand, some of the rest measures have been illustrated in different ways in the GBA plan, which are considered to be not refreshing or limited impact on Hong Kong residents and Hong Kong society.

Currently, due to the prolonged protest activities since June, Hong Kong's GDP shrank by 2.9% in the 3rd quarter compared to that of previous year. On the other hand, although pro-democracy parties acquired nearly 90% seats in the district council election which was held on 24th November, the gap between the Hong Kong government and civil society seems wider and yet to be fundamentally resolved.

Under such circumstance, 16 policy measures leverage Hong Kong's traditional industries such as finance, healthcare and professional services, meanwhile setting innovation and scientific technology as new economic engines. However, given the unresponsive reaction from Hong Kong residents to GBA measures, it is necessary to build up support from residents. Furthermore, how the Hong Kong government collaborates with the Central Government and related authorities of Guangdong Province to work on policy-making shall be followed up.

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⁴ Human genetic resources include materials such as organ, tissue and cell that contain human genes, and information such as data generated from materials.

⁵ Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD), 9 August 2015. Retrieved from: http://www.mohurd.gov.cn/wjfb/201508/t20150828_224060.html