



**The American Chamber of Commerce in Hong Kong  
Response to the Outline Development Plan for  
the Guangdong-Hong Kong-Macau Greater Bay Area (GBA)**

**April 29, 2019**

**AmCham Sees Opportunity in Greater Bay Area  
but Mindful of Risks in Execution**

The American Chamber of Commerce in Hong Kong (AmCham) welcomes the **opening** and **internationalizing of the Greater Bay Area (GBA)** as an important engine of growth for China's economy in the next decade. AmCham looks forward to the gradual building of **institutional confidence** and **system breakthroughs** in the GBA, and supports Hong Kong in leveraging and expanding its success in the GBA, as reflected in its outstanding global rankings from economic freedoms to the rule of law. Hong Kong is the ideal city to realize the long-term vision of the GBA plan by bringing international best practices and standards to other GBA cities.

1. **AmCham is confident that the development of the GBA will be comparable to other bay economies if it is planned and executed in the right way.** AmCham believes that Hong Kong's world-class, market-driven economy, as well as its free and culturally diverse society, could serve as an excellent role model for a "*new system of open economy*" as outlined in the GBA Development Plan.
2. To achieve the success of a globally influential GBA, AmCham recommends governments to consider the following:
  - Clearly define the meaning of "opening" and related policy measures to achieve breakthroughs.
  - To walk the talk of alignment with international best practices within the GBA, where and when will Hong Kong laws and standards be applied?
  - How will the flow of data, people, goods and capital be integrated within the GBA without compromising data privacy or creating new risks to the institutions and systems in Hong Kong?
  - In the implementation of the GBA, how will Hong Kong play a leading role in setting regulations and standards for joint initiatives and dispute mechanisms, so that GBA development benefits from Hong Kong's institutional advantages and international connectivity?
  - Set key performance indicators (KPIs) in the soft power<sup>1</sup> of China's GBA in comparison to other successful bay economies, which are all open, free and internationally connected.
  - Attract and retain talent for Hong Kong to become a technology and research hub of the GBA.

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<sup>1</sup> Soft power – indicators such as the rule of law, freedom of speech, free flow of information, level playing field for domestic and international players, intellectual property protection and diversity of culture



3. **AmCham recommends a risk assessment of the integration of systems and practices with respect to the implementation of “One Country, Two Systems”** to avoid Hong Kong becoming just another Chinese city, given the existing disparity in institutional confidence (i.e. international rankings in the rule of law, economic freedom and academic standards) and the different social contexts. It is incumbent on the government to define Hong Kong’s roles and expound specific policy measures in aligning with the national plan.

AmCham believes the GBA could be one of the most important engines of economic growth in Asia and the world and has an important mandate to demonstrate the openness of the Chinese economy. The unique strengths of Hong Kong – in financing, connectivity, standards and institutional confidence – if expanded to complement the development of the other 10 cities, would no doubt transform the economic and social development of this region towards another remarkable and internationally acceptable model that is not only substantial in size but in global influence.

AmCham looks forward to working closely with the governments in Hong Kong and other cities in the GBA; and to contributing the experience and best practices of leading bay economies overseas to ensure that the GBA is not only a success for China but that it becomes another market of excellence for international businesses that have a strong stake in the region’s development.

AmCham’s specific comments and recommendations are listed in **Appendix I** for considerations of Hong Kong and GBA governments.

## APPENDIX I – SPECIFIC COMMENTS & RECOMMENDATIONS

### I. AmCham Welcomes

#### Overall

- The use of the word or variations of “open” 47 times in the Outline Development Plan – including 29 uses of “opening/open up,” eight uses of “open economy” and use of “open community” on three occasions – to emphasize the political will to open up China, mirroring the successful model of Hong Kong.
- The short- and medium-term goals for the development of the Guangdong-Hong Kong-Macau Greater Bay Area, which provide a framework for how to build a world-class city cluster.
- The highlighting of “a new system of open economy in line with international standards” in the plan; and a new platform for high-level international cooperation.
- GBA Going Global. To support Mainland enterprises in establishing capital operations and corporate treasury centers in Hong Kong for carrying out financing and financial management as well as enhancing risk management. [Mainland firms setting up capital operations in Hong Kong, allow the Hong Kong offices of American financial and insurance MNCs to sell products directly to those firms, rather than having to work via China.]
- Quality of Living. Adopt new models for clearance procedures at Hong Kong Express Rail Link and more convenient measures at border control points.
- Leveraging the advantages of Hong Kong and Macau as free and open economies and of Guangdong as the pioneer of reform and opening up within the Mainland, to continue deepening reform and further opening up.
- Developing institutions and mechanisms for high-quality economic development, expediting institutional innovation as well as early pilot implementation, developing a modern economic system, better integration into the global market system, building a global base of emerging industries, advancing manufacturing and modern service industries, and developing an internationally competitive world-class city cluster.
- The opportunity to engage with government on a continuing basis on how to effectively take forward the development of the GBA, as noted in the press release from Mrs. Lam issued on February 18.

#### Innovation & Technology

- The emphasis on expediting “institutional innovation” and “pilot implementation” as important steps to achieve institutional breakthroughs.
- The development of five Hong Kong R&D centers, respectively, for Logistics and Supply Chain MultiTech; Textiles and Apparel; Information and Communications Technologies; Automotive Parts and Accessory Systems; and Nano and Advanced Materials.
- The expansion of broadband internet bandwidth capacity in the GBA.

#### Transportation & Logistics

- Streamlining public intercity passenger transport service operations in the GBA to adopt the use of a single ticket for all connecting trips and a single card for all modes of transport.
- The optimization of the “144-hour” Facilitation Visa policy in the PRD region and more visa-free arrangements, as in the case of Hainan Province, for GBA cities.
- Enhancing Hong Kong’s status as an international aviation hub, strengthening the functions of Guangzhou and Shenzhen airports as international hubs, and elevating the functions of other airports in the GBA.
- Raising the standards of passenger and cargo transport services to achieve seamless passenger interchange and cargo movements, and enhancing the cargo distribution and transport capacity of airports in the GBA.

- Facilitating the flow of people and goods by exploring and formulating cross-boundary transport policies for vehicles in the GBA to enhance transport and logistics development.
- Modernizing service industries, especially promoting the cooperative development of logistics services within the GBA, and raising the level of supply chain management to develop an international logistics hub.
- Construction of the Three-Runway System at the Hong Kong International Airport, the reconstruction and expansion of Macao's airport and other airports in the GBA.

### **Financial Services**

- Developing Hong Kong as a green finance center in the GBA, and setting up an internationally recognized green bond certification institution in Hong Kong for the GBA.
- The enhancement of Hong Kong as an international high-end convention, exhibition and sourcing center, and supporting GBA enterprises to use testing and certification services in Hong Kong.
- AmCham Hong Kong appreciates the State Council's developmental blueprint for the GBA, which sets out high-level objectives and timelines for the plan, providing our members with a useful basis on which to consider and plan for future financial services opportunities in the area. We are eager to collaborate with both the Hong Kong and Mainland authorities to ensure the success of the GBA initiative.
- The blueprint lays out a good plan for implementing a coordinated and holistic regional development strategy, leveraging the comparative advantages and improving the positioning of the different geographic locations within the GBA. We hope that Hong Kong will continue to build on and strengthen its leading position as the preeminent international financial servicing center in the region.
- The joint government focus on infrastructure projects such as the high-speed rail and Zhuhai-Hong Kong-Macau Bridge to enhance inter-city connectivity and enhance efficient mobility. We sincerely hope that ease of mobility of talent will continue to be a primary focus of the governments' efforts.
- AmCham welcomes the Ministry of Finance's March 14 announcement on individual income tax incentives for highly skilled foreign workers and professionals in short supply in the GBA. This tackles head-on one of the most important issues in the GBA initiative, namely how different tax, legal and regulatory regimes in the area will be reconciled. We look forward to seeing more detail on how the tax incentives will be implemented, including the definition of qualifying personnel.
- The creation of cross-boundary bank accounts for Hong Kong residents working or studying on the Mainland. This pragmatic simplification of the process for Hong Kong residents to gain access to banking services on the Mainland, particularly mobile payment services, could be a model for cross-boundary service provision in the GBA. We do recommend that future iterations of the plan incorporate open payments and technology platforms to ensure security, interoperability, alignment with international best practices and standards, and enhanced customer choice.

### **Trade & Investment**

- The support for Hong Kong to develop high-end maritime services, and leverage its strengths in innovation and research in foundation areas of the marine economy.
- Further lifting and relaxing investor restrictions on Hong Kong and Macau such as qualification requirements, percentage of sharing, as well as market access.
- Promoting trade liberalization to speed up the establishment of single windows for international trade, and promote information sharing, and mutual recognition of regulatory regimes.

### **Culture & Creative Arts**

- Hong Kong to serve as a platform for cultural exchange between East and West, and promote the fine traditions of Chinese culture.

### **Hospitality & Tourism**

- Developing international cruise terminals in Hong Kong for connected tourism in GBA.

### **Healthcare & Insurance**

- The support for Hong Kong and Macau medical and healthcare providers to set up healthcare facilities on the Mainland; and set internationally recognized reference standards for Chinese medicinal products in partnership with Mainland institutes.

### **Environment & Sustainability**

- The increased focus on green development and ecological conservation, identified as one of the six basic principles set as a key overall requirement of the plan.
- The drive to establish the approach of green development, implement a rigorous ecological protection system and the promotion of green and low carbon production methods and lifestyles, to ensure the sustainable development of the GBA.
- The commitment to develop a clean, low-carbon, safe and efficient energy supply system in the GBA. Both Hong Kong and Guangdong have made progress in using more low-carbon energy but further progress on both sides of the border should be supported.
- The new focus on significantly improving water infrastructure and supply standards in the PRD as well as water supplies to Hong Kong.
- Chapter Seven of the Outline Development Plan – which devotes significant attention to Ecological Conservation in the GBA, a welcome development given the risk to the environment posed by rapid economic development over the past 20-30 years. Not only do we welcome the new focus on environmental protection for the whole of the GBA, but the importance noted of reducing greenhouse gas emissions and actively adapting to climate change. We welcome the detailed list of high-level initiatives set out on page 35 of the outline plan but note that implementation, quickly and across the board, will involve significant challenges.

## **II. AmCham Questions**

### **Scope of GBA**

- How Zhanjiang (where AmCham members are currently investing) is positioned with its proximity to the GBA and with many of the topics covered being the same as GBA discussions, particularly in environmental protection, development of advanced-technology industries, including petrochemicals, marine economy etc. Some have commented that Zhanjiang should really be included in the GBA. What is the prospect of that?
- Why is the expansion of scope for implementation of Hong Kong's engineering construction model, and introduction of more liberalization measures for Hong Kong's construction and related engineering industries limited to only Shenzhen Qianhai? And why several other free trade zones in Guangdong have not been included? On August 29, 2018, the first article of "Guangdong Province's further expansion of opening up to actively use foreign capital (revised edition) (Guangdong [2018]-78)" stated the intention: "to widen the opening to Hong Kong and Macau service industries in Guangdong free trade zones under the CEPA framework, to promote the expansion of the legal affairs accepted and contracted by Hong Kong and Macau and the Mainland partnership venture law firms, to pilot the Hong Kong engineering construction management model in the engineering construction field, and to manage the Hong Kong and Macau routes as domestic special routes."

### **Education & Mutual Recognition of Professional Qualifications**

- Under the plan, Guangzhou is positioned as the city cluster for education and culture. Why hasn't Hong Kong – with its more internationally recognized universities and academic influence – been designated a leader in education for the GBA?

- How the mutual recognition of academic credits for specified courses and the conversion of results of scientific research will be implemented. Hong Kong enjoys a long history of academic freedom and free flow of information with global connectivity, while such favorable conditions are not strongly present in the other nine GBA cities.
- How the mutual recognition of professional qualifications for social workers, which goes beyond sharing best practices, can be implemented given Hong Kong and Mainland cities have very different laws, standards and practices in regulating non-profit organizations under “One Country, Two Systems.”
- On expanding the scope of mutual recognition of professional qualifications among the Mainland, Hong Kong, and Macau, and expanding the scope of “one examination, three certifications.” AmCham is generally supportive of mutual recognition, but recognises it has its challenges where there are clear quality differences. The question is how the highest standards can be maintained for all sectors.

#### **Data Protection**

- How breakthroughs in flow of data and data protection being considered under “One Country, Two Systems” in the development of a national big data integrated pilot zone in the PRD, especially in setting common standards, opening up data ports, developing interconnected platforms and infrastructure facilities.

#### **Law & Compliance**

- How the regulatory framework and standards are being considered in taking forward the mutual recognition of electronic signature certificates in the fields of public service and finance, as well as trade and commerce.
- How compliance with laws and regulations is being considered in “progressively” promoting cross-boundary transactions of financial products such as funds and insurance within the GBA, especially in a mechanism for mutual access to capital and products.

#### **Transportation & Logistics**

- How border crossing and customs procedures will be streamlined and harmonized to ensure the efficient movement of goods and people within the Greater Bay Area.
- What customs regulations will be introduced to govern the transshipment of international air cargo at Mainland airports, so that the status of airports in the GBA can begin to offer services comparable to those permitted in Hong Kong?

#### **Environment & Sustainability**

- In our view, the outline plan rightly highlights the need for the sustainable development of a green, intelligent, energy-saving and low-carbon way of production and lifestyle, coupled with rigorous ecological protection. How this would be achieved with the proposed focus on economic development, high-tech innovation, transport & logistics integration and the freer movement of goods and labor will be a significant challenge. It will be interesting to see how these two, sometimes competing, drivers are matched in, say, Environmental Impact Assessments and the issue of Environmental Permits on both sides of the border.
- It is good to see that the outline plan envisages the use of natural gas, the generation of more renewable energy and the control of coal consumption. However, there is also some discussion of the construction of national coal bases in Guangzhou and Zhuhai. The plan notes the opportunity to explore ways to improve the electricity transmission network between Guangdong and Hong Kong to ensure a safe and stable supply of energy to Hong Kong, but this will need to be managed in such a way that, if built, the world class reliability and low tariffs in Hong Kong are not “diluted” in some way or put at risk.

- We welcome the focus on flood prevention and mitigation in the PRD but we will need to ensure that Hong Kong is also brought into this process as the impacts of climate change strengthen. Why Hong Kong is not mentioned in this section at all is the question.
- In the section on ecological conservation, how will the overarching aspirational goals of blue skies, greener mountains, cleaner water and a better environment be delivered? Clear policy development, careful planning and, most importantly, rigorous enforcement without fear or favor will all be needed if this is to develop into reality.
- Chapter Seven sets out a welcome manifesto for environmental protection in the GBA, with a real focus on ecological conservation. What are the concrete proposals for these safeguards to be implemented? Will there be a GBA-wide Biodiversity Strategy and Action Plan?
- AmCham notes the focus on developing national and international tourism but has concerns on how this will be done without creating even greater pressure on the environment. A focus on higher-value tourism (including eco-tourism) may pay better dividends than simple cross-border day-long shopping trips.

### **III. AmCham Seeks/Looks Forward to**

#### **Intellectual Property & Data-Privacy Protection**

- More details to initiate pilot projects for the securitization of intellectual property.
- More details on compliance with Hong Kong’s stringent data-privacy standards in implementing the management of the cross-boundary use of medical data and bio-samples for R&D cooperation projects.
- More clarification in positioning Hong Kong as a regional IP trading center, and the city’s cooperation with Guangzhou, which has been designated a key role in administrative law enforcement and judicial protection in IP.

#### **Innovation & Technology**

- More details on the regulatory framework and enforcement in developing a “diversified, international and cross-regional system for innovation and technology investment and financing” to fund innovation and technology enterprises in the GBA.

#### **Legal & Compliance**

- What roles Hong Kong and Macau will play in speeding up the establishment of a social credit system in the nine PRD municipalities mirroring existing practices; and the laws and regulations to be employed in joint implementation of measures involving incentives and penalties for credit fraud by enterprises in the region.
- More details on the establishment of a legal system “that is commensurate with the development of an open economy” in the Special Economic Zone; as well as the pilot areas for law firms to operate in the form of partnership associations and the set-up of a multi-faceted dispute resolution mechanism.

#### **Infrastructure & Construction**

- More information on expanding the scope of implementation of the Hong Kong construction model and introducing more open measures for the construction and related engineering industries in Hong Kong, including the department responsible for the execution and the channels for Hong Kong companies to obtain project information?

#### **Transportation & Logistics**

- Further details on how regulatory reforms will deepen management reform in low-altitude airspace.
- Additional details on the scope of what will be included in “airport economy zones” planned in Guangzhou and Shenzhen.

- Further details on which regulatory regime and practices will prevail in moving cargo across borders within the Greater Bay Area.
- Further information on the scope of the policy and regulatory environment envisioned as part of “developing and international logistics hubs” in the GBA.

### **Financial Services**

- Additional and specific detail on how the financial services-related proposals in the GBA blueprint will be implemented.
- In particular, our members are closely watching whether the GBA will bring about deep harmonization in tax, legal and regulatory regimes, which will be essential to unlocking the true economic potential of the GBA. AmCham looks forward to working with the relevant governments and stakeholders on these issues, including on the recently announced individual income tax harmonization.
- Seek concrete measures to ease restrictions on cross-border capital flows for both capital markets and business transactions. A pragmatic framework will be critical to successfully integrating markets and business activity throughout the GBA, as well as supporting mainland companies to develop and grow by leveraging Hong Kong’s status as an international financial center. We will look forward to seeing further detail on how an enhanced capital flows framework will be implemented.
- Continued government and officials’ collaboration and cooperation in the region, in particular, through clarity in laws and regulations to support business expansion in the region, and ease of movement of people and goods across the separate customs offices.
- Ongoing collaboration among the Hong Kong Monetary Authority, People’s Bank of China and other mainland officials to make it easier for Hong Kong residents to live and work in the GBA by introducing additional cross-border mobile-payments options, account openings and other wealth management services as part of the GBA integration.
- The GBA development plan notes that as part of its effort to maintain Hong Kong’s competitive advantage as a financial hub, a platform for investment and financing serving the Belt and Road Initiative (BRI) will be created. We seek further detailed information on this new BRI platform and what it will include.
- The plan notes the creation of a spot-commodities trading platform for the servicing of both domestic and foreign clients that will support the Qianhai Mercantile Exchange of the Hong Kong Exchanges and Clearing Limited. We seek further information on where this platform will be located and how it can support the existing Qianhai Mercantile Exchange.
- The GBA development plan divides the implementation of the GBA initiative into two phases. From 2019 until 2022 and 2022 until 2035. Further information on the specific focus and projects Hong Kong will plan to implement as part of the GBA in the two respective phases would be appreciated. This will certainly help business take best advantage and drive the success of the initiatives.

### **Cultural & Creative Arts**

- AmCham looks forward to engaging with the Hong Kong government to discuss opportunities to promote the development of the media, film, television and music industries in the GBA.

### **Environment & Sustainability**

- How the business community in Hong Kong may help in the development of opportunities for businesses in the new energy, energy conservation and environmental protection fields, highlighted in the plan. We look forward to learning more about how businesses here can be encouraged to partner with and develop products for consumers and businesses in the other GBA cities.
- The publication of the concrete limits on pollution needed to deliver the ecological protection and management highlighted in chapter seven of the outline plan, on both sides of the border, with a detailed timeline to achieve WHO emissions limits in air and to water. As the plan notes, much

work needs to be done on mandatory information disclosure as well as rigorous enforcement of environmental protection laws.

- If the Tan Pu Hui system for encouraging improvements in environmental awareness and behavior is finally rolled out (and it seems to have been “in development” since at least 2016) we look forward to its early opening up to Hong Kong businesses to feature new products and services.

## IV. AmCham’s Comments & Recommendations

### Hong Kong’s Overall Positioning

- Hong Kong’s favorable conditions in “One Country, Two Systems” should be made more distinct in the collaboration concepts to differentiate the strength of different city clusters.
- How such favorable conditions being understood as essential for duplicating Hong Kong’s success in the GBA is pivotal to its long-term success – in particular **free flow of information, international connectivity and institutional confidence**.
- The proposed cross-regional systems, zones, bases, platforms, nodes and institutes at the national and regional levels as outlined in the plan to facilitate collaboration are appreciated as a useful step ahead. However, the organic/chemistry effect in successful collaboration significantly relies on some **fundamental and irreplaceable institutional and environment conditions – i.e. a market-driven and competitive environment and cultural and human-spirit factors**.
- To increase institutional confidence for new businesses in the GBA, Hong Kong should play an instrumental role in **setting service industry standards that are in line of with international best practices** to support trade and commerce activities in the GBA, particularly in any cross-region mutual recognition of professional qualifications.

### Cultural & Creative Arts

- Hong Kong should take a leading role in the regional cooperation in digital and creative industries given the city’s globally connected information platform, diverse culture and decades of a trend-setting role in popular Cantonese entertainment and culture that is widely received in Mainland China and overseas.
- As highlighted in the plan, Hong Kong shares many cultural roots with neighboring PRD cities. Hong Kong should be positioned as a cultural hub to promote the Cantonese culture, Confucianism, and reinvigorate academic learning of Han Chinese characters and culture with full utilization of the city’s first-class museums.

### Education & Talent Development

- Hong Kong should be positioned a leader in the GBA in higher education & R&D, particularly in joint operations and joint development of academic programs with other GBA cities. In the 2019 OS Ranking, three Hong Kong universities are ranked in the top 50 and five in the top 150; while none of the PRD universities made it into the top 250.
- On attracting foreign talent and creating a more attractive environment for bringing in talent, the magnetic factors in the case of Hong Kong should be made important reference points for the GBA transformation – i.e. East-meets-West culture, the rule of law, free information flow and connectivity, clean and efficient government and active social groups that constitute the important fabric of a vibrant community that many expatriates call home.

### Financial Services

- The success of the GBA will require an effective framework across the two systems that allows for financial companies to screen for money-laundering risk. We recommend ensuring that there is a robust framework within the GBA that enables the verification of the identities of individuals, detection of anti-money laundering activities and sharing of intelligence on financial crime. This is critical for stable financial markets and mitigating financial crime risk for all participants.

- AmCham recommends easing capital controls to allow more cross-border investment, via the following measures:
  - Blanket repatriation exemptions for Panda Bonds by issuers operating within the GBA, conditional upon restrictions on shell companies
  - Pilot increased quotas for cross-border RMB transactions via Connect, QFII/RQFII and other programs
  - Deepen the HK-SZSE Connect programs to include new products (ETFs, commodities, IPOs) and features (stock borrowing and lending, block trades)
  - AmCham recommends promoting new and innovative financial products in the GBA via policy support
  - One key area is support for GBA green finance, using the European Commission Action Plan on financing sustainable growth as a model (reimbursement of issuance costs, tax incentives, fast-track regulatory approval)
  - AmCham welcomes the GBA blueprint’s proposal for an innovative futures exchange, including carbon emissions trading, but recommends that this exchange be located in Hong Kong instead of Guangzhou, to take advantage of Hong Kong’s deep existing pool of capital and expertise as well as its ties to global investors

### **Infrastructure & Construction**

- Under the existing budget management mechanism on the Mainland, the cost of evaluation and demonstration for the previous period is low, which becomes part of the obstacle for innovation and adopting advanced practices from overseas markets. As a result, many large-scale engineering projects have not been analyzed and evaluated adequately which leads to subsequent retrofit costs and high maintenance costs. Hong Kong has an advantage in this regard, hence we recommend referring to the experience of Hong Kong and investing more resources in the project’s early stage analysis and public consultation in order to fully consider the integration of different professions and the needs of different users, and improve the efficiency and effectiveness of the project after its completion.

### **Protected & Free Flow of Information, Capital & People Within the GBA**

- Maintaining Hong Kong practices of free flow of data under existing Hong Kong law and privacy regulations, which have been built upon international best practices.
- Provide opportunities for Hong Kong’s fintech ecosystem to effectively collaborate with GBA companies – including international best practice for cybersecurity compliance and IP protections.
- AmCham recommends the establishment of a **Regional Intellectual Property Rights (IPR) Center of Excellence** to be led and administered by the Hong Kong SAR Government. The IPR Center of Excellence (the “IPRC”) will be primarily focused on three key areas, namely: Promoting IPR best practices; capacity building; and enforcement. Please see **Appendix II** for more details of the proposal.
- Maintaining the free flow of capital, information and people within the GBA is integral to Hong Kong’s future success and its ability to remain a world-class international financial hub.
- Maintaining free flow of capital, information and people within the GBA (world class financial centers require talent from all over the world – Hong Kong has excelled at attracting English-speaking professionals vital for international business success).

### **Legal & Judicial Best Practices**

- Utilizing and leveraging Hong Kong legal and judicial structures to provide business expansion into the GBA for Hong Kong-based businesses.

### **Environment & Sustainability**

- The issue of waste management and how the cities can work together on recycling facilities, collection, etc. can be more explicit. AmCham looks forward to details on tackling cross-border problem of waste.
- AmCham recommends a comprehensive and rigorous study of the environmental impact not only on land and air but on water, including impact on endangered species. Also we recommend the GBA governing body, if any, to set aside sufficient funds to ensure the protection of the “environmental services” provided by the Bay to the GBA: not only carbon or greenhouse gases, but also emissions to water, water use or extraction, emissions to air, white pollution (soil), waste management.

### **Social Responsibility**

- AmCham recommends an overall social development and human rights plan for the GBA is put in place to ensure that individual and community rights are well taken care of and underprivileged groups are not left behind in the development. While the GBA flourishes economically, there is a need to assess impact on potential migrant workers, indigenous languages, women and minorities.

## **APPENDIX II**

### **The IPR Center of Excellence**

The IPRC is proposed as a Hong Kong SAR government- and industry- led initiative to support the regional trade in high-quality, genuine goods to improve health, safety, and economic development through the promotion of a strong legislative, regulatory and enforcement environment for intellectual property rights protection.

The IPRC will be primarily focused on three key areas, namely: Promoting IPR best practices; capacity building; combating technological know-how and patent violations; and enforcement.

The IPRC will actively pursue an engagement program by training officials at both the policy and enforcement level to assist countries in developing investor and consumer friendly IPR laws and regulations and to foster the acceptance of IPR protection as a sound economic and social model. Through the promotion of IPR laws and regulations and growing acceptance of such laws, both public- and private-sector investment will be encouraged, leading to greater resources being made available to the protection of IPR. The end result of both higher levels of education and the availability of resources will be a greater focus on effective enforcement in the protection of IPR.

The IPRC would be a unique initiative that has not previously been advanced.

### **Initial Geographic Focus**

Given the recent State Council announcement on integration of the Greater Bay Area<sup>2</sup>, the IPRC should start with these cities as a priority.

Once the IPRC has been successfully implemented in the GBA, the focus can then move to countries within the Asia-Pacific region and a number of other key countries within the BRI.

### **Partners**

A leadership role from the HK government will be critical to establishing the credentials of the IPRC and thereafter to enable it to leverage off the status of HK as an integral part of China, and with its well-known focus on intellectual property rights protection and the rule of law. Given there are many productions in Guangdong, it is important for the IPRC to have strong connections with the Guangdong government with influence that will reach directly to the source of all IPR issues. It is recommended that the Hong Kong-led IPRC be co-chaired by the Guangdong government in the influence-building process.

It is anticipated that companies from many industries and from many countries will join and support the IPRC (for example e-commerce platforms, pharmaceuticals and food & beverage).

There are a number of NGOs and IGOs whose remit is closely aligned with the proposed role of the IPRC, whether from the perspective of ensuring critical legislation is enacted to protect IPRs or from the perspective of enforcing such laws against counterfeiters and smugglers.

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<sup>2</sup> <https://www.bloomberg.com/news/articles/2019-02-18/china-unveils-plan-to-tie-hong-kong-macau-closer-to-mainland>

## Activity

The IPRC will focus on specific actions to improve IPR enforcement, with an emphasis on cross-border protection. The IPRC will be focused on promoting practical and tangible measures against the spread of counterfeit goods. Focused on the model of stopping counterfeits at the border in China before being shipped to other jurisdictions, practical information and intelligence sharing between industry and enforcement officials with the cooperation of authorities in the Greater Bay Area will be a primary activity.

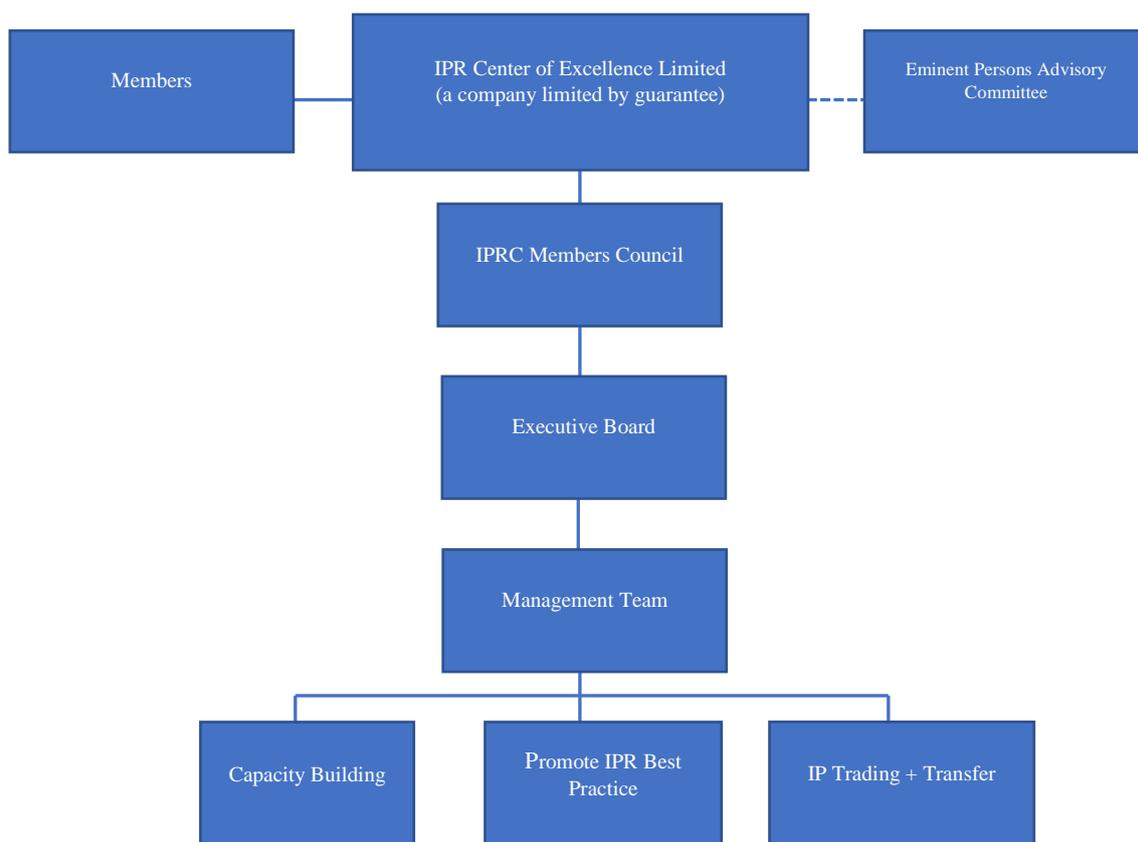
Examples of activities are: Organize law enforcement training events, particularly with Customs; provide IPRC members with access to a “news wire” service with updates on policy changes, enforcement actions etc.; foster and promote the IPRC as a hub for IPR assisting with IPR enforcement, including ecosystem of legal, investigative, service providers, analysts; and provide access to government officials and policy makers.

## Proposed structure of the IPRC

One possibility is to set it up as a non-profit company limited by guarantee (for example, the HKIAC adopted a similar corporate model). Brand owners and other interested stakeholders can join as “members” and pay fees.

Initial funding could come from the HK government and potentially the industry.

The structure<sup>3</sup> of the IPRC *could* be as set out in the chart below:



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In order to set up the necessary vehicle, specialist legal advice would be required.