THE CO-LOCATION ARRANGEMENT OF THE GUANGZHOU-SHENZHEN-HONG KONG EXPRESS RAIL LINK

Case ID: 2020011C

Introduction

According to the Hong Kong Special Administrative Region (HKSAR) government's proposed co-location arrangement, Mainland China’s customs officers would be allowed to set up checkpoints and exercise its jurisdiction within its section of West Kowloon Terminus (WKT), the last station along the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). This proposal caused some controversy among Hongkongers because WKT was technically located in Hong Kong, and thus potentially contravened the Basic Law—specifically Article 18, which stated that “National laws shall not be applied in the HKSAR except for those listed in Annex III to the Basic Law”; and Article 22, which stipulated that “No department of the Central People's Government may interfere in the affairs which the HKSAR administers on its own in accordance with this Law.”

The XRL project was first officially announced in Railway Development Strategy 2000 (RDS-2000). It would reduce travelling time between Hong Kong and Guangzhou and would connect to the high-speed railway network in the Mainland China.¹ When construction started in 2010, there was still no clarity from the Hong Kong government on how customs, immigration, and quarantine facilities would be organised.

Former Chief Executive CY Leung (2012-2017) promised in his election campaign that he would study the feasibility of co-locating the clearance facilities of both governments within the same high-speed rail terminal.² Doing so would require the application of Mainland China’s national laws to implement customs, immigration, and quarantine measures within Mainland
China’s section of WKT. In 2015, the Secretary for Justice, after discussions with officials of the Hong Kong and Macao Affairs Office of the State Council, announced to the media that the co-location arrangement was inevitable.

Pro-democracy legislators, the Hong Kong Bar Association, and various activist groups opposed the plan, saying that it violated the Basic Law and that it could erode the ‘one country, two systems’ principle, potentially harming the basic freedoms Hongkongers enjoyed. However, the government insisted that co-location was necessary to fully realise the social and economic potential of the high-speed rail link.

Hong Kong and Mainland China had 2 very different political systems, the former operated under a capitalist, semi-democratic system and the latter a socialist one. The laws in Hong Kong accorded its people certain basic human rights, while national laws in Mainland China imposed significant restrictions on these rights. This difference has given rise to tensions between Hong Kong and Mainland China, with Hongkongers wary about enforcement of Mainland China’s laws within any part of the SAR, specifically the Mainland Port Area (MPA) at WKT in the case of the proposed co-location arrangement.

The XRL was scheduled to start operating in 2017. Customs and immigration facilities had already been built for Mainland China at WKT. Further delays would result in millions of dollars of losses.

As you read this case study, consider the following questions:

- If you were the policy maker, how would you respond to the controversies caused by this proposal?
- What alternative arrangements could you adopt to address concerns raised by those who opposed the co-location arrangement?

**To Move Forward with or Scrap the XRL Project?**

The first official announcement of the XRL project, consisting of an express rail express line from the Hong Kong/Mainland China border to the metro areas was made in RDS-2000. In 2004, the Hong Kong government and Mainland China’s Ministry of Transport set up a Joint Expert Group to move forward with strategic planning of the XRL, a task that included studying the project’s technical and commercial viability.

In April 2008, then Chief Executive of Hong Kong Donald Tsang tasked MTR Corporation with further planning and design of the Hong Kong Section of the XRL. The 26-kilometre rail link would be enclosed in an underground tunnel from WKT to the border at Huanggang. The
government announced this proposal in a gazette to solicit public feedback, in accordance with Section 6 of the Railways Ordinance. In response to public feedback, further amendments were published in the official gazette in October 2009. In January 2010, the Finance Committee of the legislature approved the funding application for the construction of the XRL.

Although the original target dates for the completion and operation of the XRL were 2015 and 2016 respectively, no details of the co-location arrangement were released by the government despite several demands by legislators. Some legislators became frustrated that the government could not provide any details on the co-location arrangement in the 5 years between the project’s approval in 2010 and the original target completion date in 2015. They pointed out that when the government submitted the funding proposal of the XRL to the Finance Committee for approval in 2009, then Secretary for Transport and Housing had remarked that a co-location arrangement was only one of the possible options.

In November 2015, the decision on this issue was suddenly announced. After a meeting with the Hong Kong Macao Affairs Office of the State Council, then Secretary for Justice Rimsky Yun Kwok-keung told the media that it was inevitable that mainland China’s personnel would be allowed to enforce its laws on customs, immigration, and quarantine in its section of WKT.

While there were 2 other contentious issues related to the XRL—the land resumption involving Choi Yuen Tsuen to make way for the construction of an emergency rescue station; and delays in the project’s completion and operation—the co-location issue was the most controversial and was debated widely in society and among legislators.

The co-location of Hong Kong’s and Mainland China’s clearance facilities at WKT was finally announced officially in July 2017. Although pro-establishment legislators successfully moved a non-binding motion in support of it in November 2017, many Hongkongers felt that the decision was made in a high-handed manner, and that they were not given adequate opportunities for feedback.

Opponents of the proposal also expressed discontent with the lack of public consultation before the sudden announcement, despite the issue being very important to Hongkongers. They feared that co-location could erode the ‘one country, two systems’ principle or undermine some of their basic freedoms. Some argued that alternative were possible without negatively impacting the economic value of the XRL. Leading the opposition were legislators from the pro-democracy camp, the Hong Kong Bar Association, and other activists from interest groups.

The government countered that the co-location arrangement was crucial for maximising the the XRL’s economic and social benefits. The officials who most commonly had to respond to public criticism were the Secretary for Housing and Transport and the Secretary for Justice, whose departments were directly involved with the project. They insisted that co-location was
not unconstitutional, and reiterated their commitment to upholding the Basic Law.\(^{10}\) Supporters of the proposal, particularly the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), a major political party, said that co-location was crucial for convenience and to optimise efficiency, thus maintaining Hong Kong’s competitiveness. A forecast conducted by the government in 2015 indicated that the XRL would enjoy high utilisation (Exhibit 1).

**Co-location Model and its Major Advantages**

As commonly understood, a co-location arrangement meant conducting the clearance procedures (such as customs, immigration, and quarantine) of two different jurisdictions successively within a single facility (Exhibits 2 and 3). In contrast, Hong Kong had adopted a traditional separate-location arrangement for the Hong Kong-Guangzhou Intercity Through Trains, for which separate clearance procedures were conducted upon departure and arrival within two different jurisdictions.

According to the government, convenience and efficiency were major advantages of a co-location arrangement at WKT, and would maximise the economic potential of the XRL. The XRL would connect Hong Kong to the Beijing-Guangzhou Passenger Line and the Hangzhou-Fuzhou-Shenzhen Passenger Line. Not only would travelling times between Hong Kong and many cities in Central and Southern Mainland China be significantly reduced (see Exhibits 4 and 5), Hong Kong’s role as the Mainland China’s southern gateway would also be reinforced. In the context of the Greater Bay Area development plans, the XRL project was of strategic importance since it would facilitate the movement of people and goods, and promote greater integration and economic ties between Hong Kong and major cities in Guangdong.

Under a co-location arrangement, passengers departing from Hong Kong would be able to travel to all Mainland Chinese cities on the national high-speed rail network without having to undergo clearance procedures upon arrival. Passengers coming to Hong Kong could also depart from all stations on the national high-speed rail network, as they would only subject to Mainland China’s departure and Hong Kong’s arrival procedures upon disembarkation at WKT. This arrangement meant that cities along the rail network in Mainland China would not need their own sets of clearance facilities.

Thus, the government rejected the separate-location model in which cross-border travel would be restricted to stations in Mainland China equipped with control points. Not all stations in could or would provide such clearance facilities, and the establishment of control points was expected to be too costly and impractical due to spatial and personnel requirements. Moreover, this arrangement would add friction to inter-city travel, running counter to the objective of the XRL. In addition, complicated security procedures would be needed to segregate passengers travelling only within Mainland China from those going to or departing Hong Kong. A
separate-location arrangement would thus limit the number of Mainland cities to which passengers from Hong Kong could directly access.\textsuperscript{11}

Some opposed the co-location arrangement because it meant that the MPA at WKT would be regarded as outside the territorial boundary of the Hong Kong Special Administrative Region. China’s Central Government would have jurisdiction over the MPA where national laws would be applied.

Another model considered by the government was ‘on-board clearance.’ Under this model, Mainland China’s officers would conduct clearance procedures for passengers when the trains crossed the passed the Hong Kong border. However, this model was considered impractical because luggage inspection could not be done in transit. There was also not enough time to for short haul trips to clear the (possibly) large numbers of passengers.\textsuperscript{12}

The government insisted that the co-location arrangement was critical to fully realise the benefits of the XRL project. Secretary for Transport and Housing Frank Chan Fan remarked, “If a co-location arrangement was not implemented, the efficiency and flexibility offered by the XRL will be hampered.”\textsuperscript{13}

\textbf{Three-step Process}

According to the Hong Kong government, a three-step process was required to implement the co-location arrangement in compliance with the Basic Law and the ‘one country, two systems’ principle. Upon the completion of this three-step process, Hong Kong’s and Mainland China’s governments could then establish their port areas at WKT, where they could exercise entry and exit procedures on goods and travellers in accordance with their respective national laws.

The three steps were:

1. Mainland China and Hong Kong authorities would sign a Co-operation Agreement;
2. The Standing Committee of the National People’s Congress (NPCSC) would approve and endorse the Co-operation Agreement by making a Decision; and
3. Local legislation in Hong Kong would to be introduced to implement the co-location arrangement (Exhibit 6).

The \textit{Co-operation Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Establishment of the Port at the West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link for Implementing Co-Location Arrangement} was signed in November 2017 by Hong Kong’s Chief Executive Carrie Lam
Cheng Yuet-ngor, and Guangdong Province’s Governor Mr. Ma Xingrui.14 Subsequently, the NPCSC approved the Co-operation Arrangement through its Decision on December 27, 2017.15

As for the final step, in January 2018 the government introduced a Bill in the Legislative Council to implement the relevant provisions of the Co-operation Arrangement. In preparing the Bill, the government referenced the Shenzhen Bay Port Hong Kong Port Area Ordinance (Cap. 591) which implemented relevant provisions of the co-location arrangement for the Shenzhen Bay Port (SBP) in Shekou, Shenzhen; while catering for the differences between the the SBP arrangement and the WKT one. The Bill established the MPA in WKT, which comprised ‘designated areas’ such as the Mainland Clearance Area and back office, the waiting hall for departing passengers, as well as the ‘train compartment’ of the passenger trains in operation there.16

A former president of the Hong Kong Bar Association, Paul Shieh Wing-tai, warned that the NPCSC’s Decision would not be binding in Hong Kong.17 The Hong Kong Bar Association argued that none of the provisions of the Basic Law could justify handing over jurisdiction and the application of national laws within a portion of WKT to Mainland China’s Central Government. The government was also criticized for not conducting any official public consultation on the three-step process despite the issue of co-location being highly controversial from a constitutional standpoint.18 Notwithstanding critical comments from legal experts, the Bill was successfully passed in June 2018.

A Survey to Gauge Public Views

In a survey conducted by the Chinese University of Hong Kong in August 2017, out of 724 respondents more than half (55.0 per cent) supported the current plan, 29.0 per cent opposed it and 7.2 per cent were neutral (see Figures 1 to 3).19

The main reason for supporting the co-location arrangement was convenience and the maximisation of economic benefits. DAB had also argued that co-location was not without precedent, citing the success and efficiency of SBP’s co-location arrangement; and asserted that it was imperative for the Hong Kong government to implement this arrangement; and that the statutory procedures required for its approval—including the NPCSC’s Decision—were safe and proper.20

However, there remained much concerns about the co-location arrangement. From a legal standpoint, the national laws listed in Annex III of the Basic Law that could be applied in Hong Kong were mainly confined to laws concerning defence and diplomatic affairs, as well as matters that not within the jurisdiction of the HKSAR Government such as the deployment of the People’s Liberation Army garrison. Legislator Tanya Chan Suk-Chong argued that according to Article 154 of the Basic Law, immigration control at Hong Kong airports or train
stations did not fall within the category of defence or diplomatic affairs, and was purely an internal matter for Hong Kong. Hence, allowing Chinese authorities to enforce Mainland China’s laws at WKT constituted a direct violation of the Basic Law.21

Johannes Chan Man-mun, a specialist in constitutional law at the University of Hong Kong, warned that even though the co-location arrangement was endorsed by the NPCSC, it still could face legal challenges in Hong Kong. According to Chan, the endorsement was not an interpretation of the Basic Law. If that had been the case, it would mean providing Mainland China’s government with another channel to enforce its laws within Hong Kong.22 Chan said, “Hongkongers’ understanding of the ‘one country, two systems’ principle is that Hong Kong laws are applied in Hong Kong, and national laws do not apply to Hong Kong, apart from those in Annex III.”23

Opponents of co-location arrangement also argued that there were alternative arrangements with similar economic benefits. They urged the government to abandon the co-location model and to consider other options such as separate clearance facilities in Hong Kong and Mainland China, possibly in Longhua or Futian in Shenzhen, so as to safeguard the rule of law in Hong Kong and the ‘one country, two systems’ principle. Some legislators opined that a separate-location model could be adopted as an interim arrangement until the co-location arrangement became acceptable to the Legislative Council and the Hong Kong people.

![Figure 1: Public views about the co-location arrangement plan](Source: HKIAPS (2017)24)
Figure 2: Reasons for supporting the co-location arrangement
(Source: HKIAPS (2017))
Note: Respondents could choose more than one reason

Figure 3: Reasons for opposing the co-location agreement
(Source: HKIAPS (2017))
The public was also concerned with the possible erosion of civil rights and basic freedoms protected by the Basic Law following an extension of Mainland China’s jurisdiction to parts of WKT. For example, freedom of expression in Hong Kong extends to criticism of Mainland China’s Central Government and the Chinese Communist Party, but doing so was illegal in Mainland China. Therefore, once a passenger entered the MPA of WKT, anyone who verbally undermined the authority of Mainland China’s government could be prosecuted under their laws. Neither the Hong Kong government nor the city’s courts and local lawyers would be able to offer protection even if the perpetrator was a Hong Kong citizen.

**HKSAR Government’s Defence of the Co-location Arrangement**

The Hong Kong government reiterated on several occasions that there were similar co-location arrangements implemented overseas that involved agreements between two sovereign states, such as between the United Kingdom and France, and between the United States and Canada. In these examples, these countries had sought approval from their own parliaments or implemented the agreement through legislation. Moreover, Mainland China and Hong Kong had also adopted a co-location arrangement in SBP on the Mainland since 2007. Therefore, the proposed co-location arrangement at WKT was not without precedent. The government stressed that the principle of ‘one country, two systems’ would be upheld, given that the HKSAR was authorized to exercise executive, legislative, and judicial power over Hong Kong matters. On mutually beneficial matters, Hong Kong and Mainland China could nonetheless come to agreement through consultation.

The government argued that the co-location arrangement was decided on in the context of recent developments in communication and transportation systems. The procedures used by high-speed rail passengers for exit and entry as well as their rights under a co-location arrangement were basically the same as those under a traditional "separate location" arrangement; the main difference being greater convenience and efficiency.

According to the government, Article 18 of the Basic Law referred to the extension and application of Mainland China’s laws to the entire HKSAR territory and people; and that the case of this co-location arrangement clearly fell outside of that Article. When implementing co-location arrangement, the application of the Mainland China’s laws would be solely confined to the MPA at WKT, and mainly restricted to actual passengers of the XRL.

Then Secretary for Transport and Housing Professor Anthony Cheung Bing-leung was of the view that the co-location arrangement was not unconstitutional and did not violate the ‘one country, two systems’ principle. He argued that the Basic Law should be considered as a ‘living constitution’ with limited but sufficient flexibility to enable—rather than straitjacket—Hong Kong in dealing with various issues.25
The Co-operation Agreement expressly provided that, for the purposes of the application of the laws of Mainland China and the delineation of jurisdiction, the MPA at WKT would be regarded as “being situated in the Mainland.” Therefore, as a matter of law, Article 18 of the Basic Law no longer applied. A similar provision had been used for the co-location model at the SBP. Moreover, the NPCSC’s approval had provided the legal basis for the co-location arrangement.

Regarding the criticism of the lack of public consultation, then Secretary for Justice Rimsky Yuen expressed the view that the discussions in the legislature had already provided sufficient opportunities for public participation since the Legislative Council represented the public. Hence, further public consultation was not necessary. He said:

...thereafter on many different occasions including the occasions when application was made to the Finance Committee of LegCo for the relevant funding, the same issue was raised. So this question of co-location has been discussed and has been ventilated in the community for a considerable period of time. Therefore, there have been considerable opportunities for different sectors of people, including lawyers, including academics, including people who are interested in development or transport, to express their views. Also, ever since the Government announced the proposal on the 25th of last month, we have also been listening to the views of the people of Hong Kong. I think what we want to stress is that we all along place great importance on Hong Kong people's views. And that's the reason why we have been collecting views of Hong Kong people from different channels and that's something that we will continue to do because we still have a bit of time and we would like to know what people think about the proposal that we have put forward on the 25th of last month.26

Yuen also cited Article 20 of the Basic Law in support of the constitutionality of the government’s plan to seek the NPCSC’s endorsement of the joint checkpoint agreement that was signed between the HKSAR and Guangdong governments. However, Martin Lee, a former legislator and leading barrister in Hong Kong, countered that the purpose of Article 20 was to “to grant Hong Kong more powers in its autonomy”, not to “give it the power to castrate itself”, or to “surrender its autonomy in any part of the city.”27

Some suggested that amendment of the relevant provisions of the Basic Law by the State Council could authorize the establishment of the MPA at the request of the HKSAR Government. Such an amendment would stipulate that Mainland China’s laws applied to the MPA and that its courts would exercise jurisdiction there. Legislator Dennis Kwok, who represented the city’s legal sector in the legislature, said that amending the Basic Law was a better way forward. “It’s a pity they did not consider that in the end,” he remarked. “With amendments they would not need to twist the clauses as they do right now.”28
According to Article 159 of the Basic Law, the NPCSC, the State Council, and the Hong Kong government could propose bills for amendment. However, the governments of both Mainland China and Hong Kong were reluctant to invoke Article 159 because the Basic Law was a constitutional solemn document of the HKSAR, and amendments to it was not to be made lightly. The Vice-Chairperson of the Legislative Affairs Commission of the NPCSC Zhang Rongsun said, “Any amendment would be opening the floodgates for future changes. And that would affect its stability,” and that Beijing had considered and rejected the idea.29

With regard to Annex III of the Basic Law, both governments were again reluctant to amend it to add relevant laws from Mainland China to implement clearance procedures within the MPA. It was difficult to clearly identify the specific laws from Mainland China relevant to clearance procedures. These laws also did not align with the existing categories of national laws listed in Annex III. Moreover, the national laws listed in Annex III were meant to be applied to the entire HKSAR, not just a specific area.30

**Judicial Reviews Filed Against Government’s Decision**

Following the passage of the Co-location Bill in July 2018, several individuals filed a total of 5 judicial reviews which were granted leave by the court. Among the judicial review applicants were Leung Kwok-hung (famously known as ‘Long Hair’), Kwok Cheung-kin (a retired civil servant), Hendrick Lui Chi-hang (a social worker), and Sixtus Baggio Leung Chung-hang (convenor of the Youngspirations political party).

Tian Feilong, a mainland legal scholar and a member of the semi-official Chinese Association of Hong Kong and Macao Studies, warned that “if Hong Kong courts hear the judicial reviews and made unconstitutional decisions – outside of their power – the Standing Committee had the responsibility to take action, such as issuing an interpretation of the Basic Law to clarify the matter.”31

The courts decided to combine the 5 judicial reviews into the same hearing because of their similarity, with all 5 claiming that the co-location arrangement was unconstitutional (on different grounds) and that the NPCSC’s decision was not binding on Hong Kong.32

During the hearing, Senior Counsel Benjamin Yu, the lawyer representing the government, argued that the NPCSC’s Decision to endorse the joint checkpoint at WKT was consistent with the Basic Law and that it was just “scaremongering” to suggest that creating the mainland zone at the terminus had set a dangerous precedent, and that the set-up will be used again in other parts of the territory.33

Martin Lee, lawyer for the litigants, argued that “the co-location arrangement had, in effect,
created a mini SAR within the SAR, and it is now ‘one country, one system’ at the station”, and that “there's nothing in the Basic Law to allow Hong Kong's system to be switched off and the mainland's to be switched on instead.”

In December 2018, the High Court ruled in favour of the government and said that the joint checkpoint at WKT was constitutional. A least 3 of those who had filed judicial reviews said they would appeal the court’s ruling.

**Summary**

The Hong Kong Section of the XRL was a part of a national strategic infrastructure project, and would play an important role in the future of Hong Kong’s development.

Implementation of a co-location arrangement at the WKT was considered vital in realising the full transport, social, and economic benefits of the XRL. However, the plan caused public concern about the integrity of the Basic Law and the ‘one country, two systems’ principle. Some opposed the plan and expressed their discontent with the abruptness of the decision, and the seeming lack of transparency and public engagement by the government.

The Hong Kong government believed its ‘three-step process’ was the most suitable, practical, and effective way to implement the co-location arrangement, and that it was consistent with the Basic Law and the principle of ‘one country, two systems’.

However, academics, social activists, and lawmakers challenged the government's proposal and argued that the co-location arrangement was unconstitutional, procedurally unfair (with the lack of public consultation), and unnecessary (with the existence of viable alternative solutions).

The government submitted the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Co-location) Bill to the LegCo in early 2018. Once the bill was passed, the legislative process of the co-location arrangement was complete, allowing Mainland China’s authorities to exercise their jurisdiction within the MPA of WKT.

After the Co-location Bill was passed, several judicial reviews were filed by various individuals to challenge the government’s decision. The courts eventually ruled in favour of the government’s position on the constitutionality of the co-location arrangement at WKT.
Exhibit 1

<table>
<thead>
<tr>
<th></th>
<th>Forecast of 2018 conducted in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>XRL</td>
<td>109 200</td>
</tr>
<tr>
<td>Through train</td>
<td>7 300</td>
</tr>
<tr>
<td>Boundary train</td>
<td>315 800</td>
</tr>
<tr>
<td>Cross-boundary coach</td>
<td>275 100</td>
</tr>
<tr>
<td>Cross-boundary ferry</td>
<td>31 200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>738 600</strong></td>
</tr>
</tbody>
</table>

Distribution of Types and Trip Purposes for the XRL Passengers

<table>
<thead>
<tr>
<th>Passenger Type</th>
<th>Trip Purpose</th>
<th>Forecast of 2018 conducted in 2015 of distribution of overall cross-boundary passengers</th>
<th>Forecast of 2018 conducted in 2015 of distribution of XRL cross-boundary passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong residents</td>
<td>Business</td>
<td>18.3%</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>Non-business</td>
<td>40.1%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>58.4%</td>
<td>51%</td>
</tr>
<tr>
<td>Non-Hong Kong</td>
<td>Business</td>
<td>4.2%</td>
<td>18%</td>
</tr>
<tr>
<td>residents</td>
<td>Non-business</td>
<td>37.4%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>41.6%</td>
<td>49%</td>
</tr>
</tbody>
</table>
Data Input Assumptions of Transport Model for Updating Patronage Forecast in 2015 – Population (million)

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2021</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shenzhen</td>
<td>11.68</td>
<td>12.27</td>
<td>13.30</td>
</tr>
<tr>
<td>Dongguan</td>
<td>8.36</td>
<td>8.38</td>
<td>8.47</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>14.34</td>
<td>15.14</td>
<td>16.07</td>
</tr>
<tr>
<td>Guangdong Province</td>
<td>113.91</td>
<td>118.38</td>
<td>130.77</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>7.87</td>
<td>8.11</td>
<td>8.79</td>
</tr>
</tbody>
</table>

Data Input Assumptions of Transport Model for Updating Patronage Forecast in 2015 – Gross Domestic Product (GDP) Growth Rate Forecast

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP Growth Rate Forecast for Hong Kong and Guangdong Province (Annual Growth Rate)</th>
<th>2015</th>
<th>2016-2018</th>
<th>2019</th>
<th>2020</th>
<th>2021-2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shenzhen</td>
<td>8.5%</td>
<td>7.5%</td>
<td>6.5%</td>
<td>5.5%</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Dongguan</td>
<td>7.5%</td>
<td>6.5%</td>
<td>5.5%</td>
<td>4.5%</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Guangzhou</td>
<td>8.0%</td>
<td>7.0%</td>
<td>6.0%</td>
<td>5.0%</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Guangdong Province</td>
<td>8.0%</td>
<td>7.0%</td>
<td>6.0%</td>
<td>5.0%</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.0%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>2.0%</td>
<td>2.0%</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 2

West Kowloon Terminus Geographical Location

Source: South China Morning Post
Guangzhou-Shenzhen-Hong Kong Express Rail Link

Co-location Arrangement
One-stop Convenience

Under the co-location arrangement, clearance procedures that passengers need to undergo are essentially the same as those at other railway ports (e.g. Lo Wu and Lok Ma Chau Spur Line control points). Mainland arrival clearance is conducted immediately after departure from Hong Kong and vice versa.

West Kowloon Station

Ground Level

B1 Ticket Hall

Enter from ground level

Ticket purchase before passing through entry gates

B2 Arrival Level

Mainland arrival clearance

Ticket checking before passing through exit gates

Leave the station

B3 Departure Level

Mainland departure clearance

B4 Platform Level

Head to B2 arrival level

Head to B4 platform level

Mainland departure clearance

Hong Kong departure clearance

Hong Kong arrival clearance

Mainland arrival clearance

Exit gates

Departure passenger flow

Arrival passenger flow

"Mainland Port level"
### Exhibit 4

**Short-haul Services**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Estimated travelling time from Hong Kong (assuming no intermediate stops)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Futian</td>
<td>14 minutes</td>
</tr>
<tr>
<td>Shenzhen North</td>
<td>23 minutes</td>
</tr>
<tr>
<td>Humen</td>
<td>33 minutes</td>
</tr>
<tr>
<td>Guangzhou South</td>
<td>48 minutes</td>
</tr>
</tbody>
</table>

### Exhibit 5

**Long-haul Services**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Estimated travelling time (based on current fastest travelling time of Mainland high-speed rail on weekdays)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shantou (Chaoshan Station)</td>
<td>2 hours 15 minutes</td>
</tr>
<tr>
<td>Changsha</td>
<td>3 hours</td>
</tr>
<tr>
<td>Xiamen</td>
<td>4 hours</td>
</tr>
<tr>
<td>Wuhan</td>
<td>4 hours 30 minutes</td>
</tr>
<tr>
<td>Nanchang</td>
<td>4 hours 30 minutes</td>
</tr>
<tr>
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<td>5 hours 15 minutes</td>
</tr>
<tr>
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<tr>
<td>Shanghai</td>
<td>7 hours 45 minutes</td>
</tr>
<tr>
<td>Beijing</td>
<td>8 hours 45 minutes</td>
</tr>
</tbody>
</table>
Exhibit 6

“Three-step Process” to Implement Co-location Arrangement

Step One:
The Mainland and the HKSAR are to reach a Co-operation Arrangement in relation to the implementation of the co-location arrangement. “The contents of the Co-operation Arrangement include the establishment of port areas, the area and jurisdiction of the Mainland Port Area (MPA), immigration control on travelers, liaison and coordination mechanism and emergency handling mechanism, consultation on and resolution of disputes, as well as the arrangement for amending the Co-operation Arrangement and its effective date.”

Step Two:
The Standing Committee of the National People's Congress (NPCSC) approves and endorses the Co-operation Arrangement by making a Decision, after local public discussions. The HKSAR Government will continue to work with the relevant central authorities to take forward the subsequent tasks in implementing the co-location arrangement for the XRL, including jointly seeking a decision from the NPCSC approving and endorsing the Co-operation Arrangement after public discussions in Hong Kong and discussions at the LegCo. Apart from approving the proposal set out in the Co-operation Arrangement, the NPCSC would approve relevant Mainland authorities to implement the co-location arrangement in Hong Kong, as well as authorize the HKSAR to implement matters in relation to the co-location arrangement in accordance with Article 20 of the Basic Law.

Step Three:
Both sides implement the arrangement pursuant to their respective procedures. Local legislation will be necessary for the case of Hong Kong. As in the case of the Shenzhen Bay Port, after the NPCSC makes a decision to approve the Co-operation Arrangement, the HKSAR will introduce a legislative proposal to the Legislative Council (LegCo) and will aim to complete the domestic legislative exercise in the legislative session of 2017-18, with a view to providing the basis for the commissioning of the XRL in the third quarter of 2018 as intended.
Endnotes

1 The national network operates at maximum train speeds in the range of 250-350km/hr.
8 In 2014, another issue came to the surface when the MTR Corporation Limited announced that the completion of the XRL had to be postponed from 2015 to 2017, citing technical issues. By then, the estimated cost of the XRL project had already reached HK$68.4 billion, exceeding the original budget by $3.4 billion. As the delay would likely mean further cost overrun, many in society were angered, including some legislators who moved several motions to form a select committee to inquire into the causes of the delay. The motions were however negatived. The government instead set up an independent expert panel to look into possible negligence in project supervision. The panel’s report released in January 2015 put forward a number of recommendations, particularly regarding monitoring and reporting of construction works (“Legislative Council Panel on Transport, Subcommittee on Matters Relating to Railways – Progress and Financial Situation of the Construction of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link,” Transport and Housing Department and Highways Department, March 2015, https://www.legco.gov.hk/yr14-15/english/panels/tp/tp_rdp/papers/tp_rdp20150306cb4-576-6-e.pdf).
11 Department of Justice, Transport and Housing Bureau and Security Bureau, “Customs, Immigration and Quarantine,” 31-33.
14 [https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tpcb4-441-4-e.pdf](https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tpcb4-441-4-e.pdf)
16 See the “Cooperation Agreement” for more details.
21 Basic Law articles relevant to the co-location issue are: 2, 7, 8, 11, 18, 19, 20, 22, 82, 118, 119, 154, and 159; Annex III.
23 Department of Justice, Transport and Housing Bureau and Security Bureau, “Customs, Immigration and Quarantine Arrangements.”
29 Lum and Chung, “Amending Hong Kong’s mini-constitution.”


34 Sung, “Rail station hearing.”