

Speech by Miss Sarah Wu,

Director-General of HKETO, London

Chinese New Year Reception in London, January 27, 2009

Your Worships, your Excellencies, Madam Fu Ying, My Lords,
Ladies and Gentlemen,

Kung Hei Fat Choy! It is a great pleasure to welcome you to the Banqueting House on this joyful occasion to welcome in the Year of the Ox.

The Ox is the sign of prosperity through fortitude and hard work. The typical Ox is a tolerant, patient, hard working and dependable person with strong character. I am sure we all need the qualities of the Ox to work hard with fortitude to achieve prosperity in the coming year!

New Year is always a time for reflection and forward planning. I think you will all agree that the Year of the Rat was a most eventful year. 2008 started with a generally positive economic outlook, but the ferocity and suddenness of the financial tsunami caught the world by surprise and has shaken

confidence in the whole financial system. Through the Year of the Ox we will all be living in the shadow of its aftermath.

In his Policy Address last October, Donald Tsang, our Chief Executive, announced a number of initiatives aimed at turning the crisis into opportunities, including creation of a special Task Force on Economic Challenges with responsibility for overseeing implementation. We have strengthened our regulatory system to ensure that financial institutions can afford the risks they are taking, and introduced a loans guarantee scheme for businesses, so that they can get funding. We are pressing forward with infrastructure projects including a £2 billion* cultural hub at West Kowloon. With the support of the Central Government, we are further expanding the Renminbi business, which would help to maintain Hong Kong's status as an international financial centre and expand trade transactions between Hong Kong and the Mainland. The Central Government has announced its own major stimulus package for the mainland economy in November. The International Monetary Fund has said that this package will not only influence

the Chinese economy, it will give a boost to the world economy by supporting demand.

Despite the grim global economic climate, we have benefited from Mainland China's economic growth. We were fortunate to maintain a solid GDP growth of 4.3% for the first three quarters of 2008. Over the same period our total trade exceeded £500 billion*, almost as much as for the whole of 2007.

Importantly, Hong Kong remains a great place to do business. Only this month, the Heritage Foundation ranked Hong Kong as the freest economy for the fifteenth consecutive year – and it's true that more than 6,600 overseas companies operate in Hong Kong. Although our stock market has taken a battering recently, it remains the seventh largest bourse in the world and the third largest in Asia.

We're still a hot destination for tourists, last year we welcomed over 29.5 million visitors, and I'm sure more will be attracted to Hong Kong for the gourmet experience now we have our own Michelin guide!

We are pressing ahead towards universal suffrage for the election of the Chief Executive in 2017 and Legislative Council in 2020. The most significant move this year will be the public consultation on methods for the 2012 elections, to be launched in the 4th quarter of the year.

We are pleased to see the continuing strong ties between Hong Kong and the UK. Last year, the Secretary of State for Foreign and Commonwealth Affairs David Miliband visited Hong Kong, while Donald Tsang visited the UK in November and met with the Prime Minister Gordon Brown and other political and business leaders. Our total trade with the UK for the first eleven months in 2008 reached £9.7billion*, already exceeding the total for 2007. InvestHK assisted 27 UK companies to set up in Hong Kong. Our British counterparts in UK Trade and Investment supported 15 trade missions to Hong Kong, and helped more than 500 British companies looking to develop their business there in 2008.

The high point of the year for Hong Kong was undoubtedly hosting the Olympic Equestrian Events, involving over 200 horses and 3,000 athletes and officials. We congratulate Team

GB's success in winning 47 medals in all with 19 gold – with two medals in the equestrian events. The legacy of the 2008 Beijing Olympic Games will stay with us forever, and we look forward to hosting the East Asian Games in December.

We need realism and hope to take us through turbulent times ahead. Things will get worse before they get better and we shall all be hard hit. But there is no place for despair. With commitment, concerted policies and leadership, we are hopeful that the world economy will come out of the crisis stronger with a new global financial architecture. The G20 meeting to be held in London in April under the UK's chairmanship is very important and Hong Kong hopes to contribute.

Hong Kong's economy may have dipped into negative growth in the fourth quarter of 2008 and a recession in 2009 seems to be inevitable. But with our sound fundamentals, resilient economy and "can do" spirit, we are confident that Hong Kong will recover swiftly once the global environment improves. My office in London will continue to work hard, like an ox, to further develop our bilateral relations with the UK and

launch new initiatives through music, culture, films and sports in addition to business events. We count on your support!

Finally I would like to conclude by wishing you health, happiness and a prosperous 2009. Thank you.

* Due to fluctuations in exchange rates, all figures in £ sterling are converted using the relevant exchange rate when written and therefore may not reflect current prices.