

Hong Kong Review

Hong Kong Economic and Trade Office, London

December 2009

Breaking new ground

Hong Kong Chief Executive Donald Tsang's annual policy address sets out strategies for Hong Kong's continued economic development

New measures will help to preserve Central's unique character



Maintaining Hong Kong's status as a global financial centre during the downturn and promoting stronger regional co-operation, particularly with Taiwan and Guangdong, were just some of the challenges outlined by Mr Tsang when he delivered the annual policy

address, titled 'Breaking New Ground Together', on 14 October.

Economic development and sustainable growth were outlined as the top priorities for 2010. Mr Tsang laid out his vision to improve the quality of life in Hong Kong,

including major projects to expand Central's appeal as a business and entertainment district, while maintaining its rich culture and heritage. New measures included reducing development along the waterfront and improving air quality.

Further new measures were unveiled to promote family values and help the elderly and other vulnerable groups.

"Only by providing a diverse and dynamic cultural life and a quality living environment can we attract talent from around the world to build a career in Hong Kong," Mr Tsang said.

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Chief Secretary visits London's cultural venues

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Hong Kong's skyline features in Lord Mayor's Show

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Steps towards universal suffrage

The Hong Kong Government has launched a public consultation on the methods for electing the Chief Executive (CE) and for forming the Legislative Council (LegCo) in 2012. This process is intended to pave the way for universal suffrage elections of the CE in 2017 and the entire LegCo in 2020.

The proposals include:

- Enlarging the Election Committee for electing the CE and increasing the number of LegCo seats.

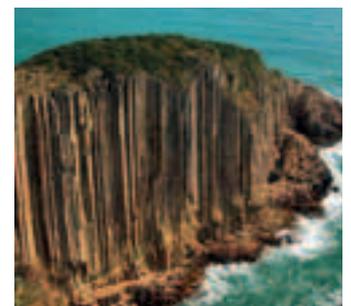


LegCo in session

- All District Council (DC) seats in the Election Committee and LegCo will be elected from among elected DC members.
 - Maintaining the current nomination threshold for the CE election.
- These proposals should

broaden the scope of political participation and help foster consensus in the community. The public can comment on the proposals until February 2010.

The Consultation Document can be downloaded from www.cmab-cd2012.gov.hk



Hong Kong Geopark opens to promote earth science

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Merry Christmas and a Happy New Year

Asia's world city



London culture tour

Chief Secretary for Administration Henry Tang visited the capital's arts and culture centres in November to learn from their experiences

Chief Secretary for Administration and Chairman of the West Kowloon Cultural District (WKCD) Authority Henry Tang was in London from 2-5 November to learn more about London's cultural centres and share experiences.

At the Southbank Centre, Mr Tang was briefed on the measures used to make sure the public has access to arts and culture. At the Victoria and Albert Museum and Royal Opera House, he learnt about facility management and how these institutions bring arts education to the community.

Mr Tang also visited the Barbican Centre; he was briefed on how the centre has evolved over the past 25 years, as well as its mode of governance. Later at the Tate Modern, Mr Tang heard about the art gallery's expansion plans.

Between these visits, Mr Tang attended the Hong Kong Trade Development Council (HKTDC) Annual Dinner, where he addressed over 300 guests, including

political and business leaders, UK government officials and diplomats.

Speaking about Hong Kong's desire to grow its cultural and creative industries, and the potential of the WKCD, Mr Tang said: "We will certainly be looking to tap London's expertise in managing facilities, designing programmes and enticing the best acts around the world to the WKCD as the project develops."

During his visit, Mr Tang met with Lord Mandelson, First Secretary of State, Secretary of State for Business, Innovation and Skills, and Lord President of the Privy Council; UK Minister for Culture and Tourism Margaret Hodge; and Shadow Business Secretary Kenneth Clarke.



Mr Tang is shown the new Medieval and Renaissance Gallery at the V&A by Director Mark Jones (left)



Mr Tang meets the Southbank Centre's Chief Executive Alan Bishop (middle) and Mike McCart, Director of Partnership and Policy (left)



Mr Tang meets with Lord Mandelson, Secretary of State for Business, Innovation and Skills



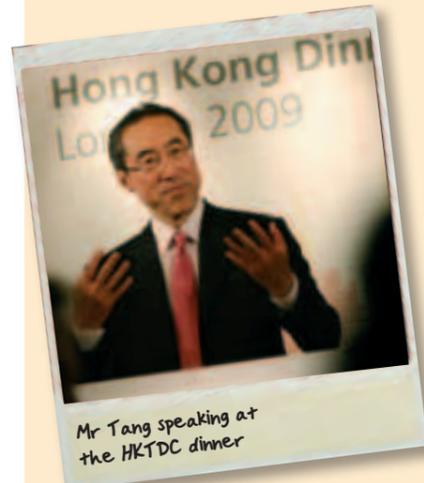
Mr Tang discussing ways of cooperating on cultural issues with Minister for Culture and Tourism Margaret Hodge



Updating Shadow Business Secretary Kenneth Clarke on the latest economic developments in Hong Kong



Mr Tang meets administrative officers from the HKSAR government studying at the London School of Economics



Mr Tang speaking at the HKTDC dinner



A number of developments, across various industries, have shown Hong Kong's significant economic progress

Many steps forward have shown the strength of the Hong Kong economy in the past few months – along with being the world's seventh largest foreign direct investment (FDI) recipient, Hong Kong has overtaken London and New York as a wine hub, with Sotheby's selling US\$8 million (HK\$61m) of fine wine in HK auctions in just one weekend. A number of advances have also been made in the areas of precious metals, rail improvements and sovereign bonds.

Bullion store opens



The recently opened Precious Metals Depository at Hong Kong International Airport will boost bullion trade and provide gold storage and physical settlement services. www.hkmerc.com

FDI increases

HK's status as one of the world's and Asia Pacific's leading destination for FDI was reaffirmed by the World Investment Report 2009. Released by the United Nations Conference on Trade and Development (UNCTAD) in September, the report stated HK had attracted US\$63 billion (HK\$488bn) inward investment in 2008. The figure was a 15.9% increase year-on-year; in other economies FDI inflows were halved.

IMF praises HK

The Government's effort to tackle the global financial crisis was welcomed by the International Monetary Fund (IMF) in early November. An IMF staff mission projected the Hong Kong economy will contract 2% in 2009, with growth strengthening to 5% in 2010. Financial Secretary John C Tsang said: "We will continue to pursue the strategy of 'stabilising the financial system, supporting enterprises and preserving employment' until the recovery is firmly in place."

Moody upgrade

On 9 November, credit rating agency Moody's upgraded Hong Kong's long-term foreign currency and local currency rating to 'Positive' from 'Stable', with ratings at Aa2.

Renminbi Bonds

The Central Government issued RMB6 billion (HK\$6.8bn) in sovereign bonds in September; a milestone for developing Renminbi business in Hong Kong. This also illustrates co-operation between the Mainland and Hong Kong financial systems.

HK: Asia's wine hub



Hong Kong took top slot among the world's major wine markets at auctions in October, with sales 28% above the pre-sale

high estimate. Hong Kong abolished wine duties in February 2008 and auction houses have watched Hong Kong become a very successful wine centre.

November's Hong Kong International Wine and Spirits Fair also helped cement HK's position as Asia's wine trading hub, along with the Wine and Dine Festival (left), which celebrated Hong Kong's gastronomic delights.

Hong Kong has reached agreement with the Mainland Customs to provide customs facilitation measures for wine exported from Hong Kong to the Mainland. Co-operation agreements have been signed with seven countries. <http://hkwinefair.hktdc.com>

Rail link approved

The HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project was approved by the Chief Executive in Council in October, following February's signing of a memorandum of understanding on connecting the XRL's Mainland and HK sections. This will reduce travel time between HK and Guangzhou to 48 minutes and cut journey time to Shanghai and Beijing to eight and 10 hours respectively.

HK move for HSBC CEO

HSBC will relocate the principal office of the Group Chief Executive Michael Geoghegan from London to Hong Kong. Hong Kong Chief Executive Donald Tsang said: "HSBC's decision is a clear and timely 'thumbs up' for Hong Kong as a stable, reliable and vibrant base for the banking industry in the wake of the global financial tsunami."

And finally...

There's still time to register for the Asian Financial Forum 2010 'Asia in the New Economic Order'. The event takes place from 20-21 January – speakers include Chairman of Morgan Stanley Asia Stephen Roach; International Monetary Fund Managing Director Dominique Strauss-Kahn; and Managing Director Goldman Sachs E. Gerald Corrigan. www.asianfinancialforum.com

City skyline wows London

Despite record-breaking stormy weather, Hong Kong charmed the crowds at London's Lord Mayor's Show for the fifth year running with a display featuring its distinctive skyline

As crowds at the City of London Lord Mayor's Show welcomed the new Lord Mayor on 14 November, they were once again delighted by Hong Kong's lively and colourful display – its biggest yet.

Hong Kong's skyline was chosen to represent the 'daily life' theme of this year's entry. Six iconic buildings, including HSBC and the Bank of China, were recreated using three-dimensional flags, reaching up to six metres high.

Alongside the flags, drummers and a dragon dance team joined Hong Kong's float – the 38th float in the show, a number that signifies 'luck' and 'prosperity' in Cantonese.

Despite gale force winds and driving rain, the flag bearers and musicians from the Medway Dragon and Lion Dance Association charmed the crowds. Skaters dressed up as Hong Kong's famous trams and banners that were based on colourful, neon Hong Kong shop

Three-dimensional flags represented Hong Kong's iconic buildings

advertisements also formed part of the display.

The highlight of Hong Kong's entry was the presentation to the Lord Mayor of a silk gift representing a Chinese cabbage or 'choi' (in Cantonese this also means 'wealth') using 16-foot long chopsticks.

Sarah Wu, Director General Hong Kong Economic and Trade Office London, which devised and organised the display, said: "We welcome the new Lord Mayor of London, Alderman Nick Anstee, and look forward to working with him."

"This year's Lord Mayor's Show entry demonstrates the vibrant and colourful life of Hong Kong, which is renowned for its world-class infrastructure and efficient transportation system that underpins our role as an international financial centre. We invite people from around the world to visit Hong Kong, enjoy the sights and travel for themselves on the real trams and ferries of Hong Kong."

In a procession extending more than three miles, around 6,000 participants from London and further afield came together to celebrate the city's proud heritage. This was the fifth time that Hong Kong has

been represented at the Lord Mayor's Show, which has been held in the city annually since 1215.

A new Lord Mayor is appointed every year – Alderman Anstee is the 682nd person to hold this position. Following in the footsteps of his predecessors, the Mayor's first duty is to embark on a procession from Mansion House to St Paul's Cathedral to swear an oath of allegiance to the reigning monarch.

Hong Kong has a long tradition of working with the City of London and the Lord Mayor, who always makes a point of visiting Hong Kong during his tenure.

"This year's Lord Mayor's Show entry demonstrates the vibrant and colourful life of Hong Kong."

Sarah Wu, Director General HKETO London

Sadly, the firework display that traditionally finishes the Lord Mayor's Show was cancelled due to strong winds on the day. Despite the conditions, more than half a million people lined London's streets to see the displays and the show was broadcast live by the BBC to approximately two million people.

www.lordmayorsshow.org



Despite gale force winds and rain, Hong Kong enchants the crowds. Top right: the highlight of Hong Kong's entry was the presentation to the Lord Mayor of a silk gift representing a Chinese cabbage using 16-foot long chopsticks

5 years at the show

Our displays since 2005



2005

The display included a dragon dance, a replica Star Ferry decorated in Brand Hong

Kong livery, kung fu performers and eight carp kites.



2006

A full-size replica of a Cheung Chau Bun Tower complete with bun-pickers and 5,600 buns was

erected; 10 acrobats scrambled up the tower.



2007

The event featured a dragon boat and a Star Ferry carrying musicians. The mysterious 'floating children' of Cheung

Chau appeared alongside Olympic equestrian contestants.



2008

HK's float included the famous 'flying lions', a dragon dance, flags and roller skaters representing Hong

Kong's well-known street tram, peak tram and Star Ferry.



2009

A replication of HK's stunning skyline along with flag bearers, musicians and

skaters dressed up as Hong Kong's famous trams.

Preventing corruption

As a keynote speaker at the 27th International Symposium on Economic Crime, the Commissioner of the Independent Commission Against Corruption, Hong Kong, Mr Timothy Tong, spoke about the internal threats to the stability of financial institutions, sharing the organisation's experiences. The symposium was held at the University of Cambridge. On his UK trip, the Commissioner also went to London, visiting the Metropolitan Police, New Scotland Yard and the Serious Organised Crime Agency.

MyCar is charged up

The launch of the MyCar electric vehicle, developed by Hong Kong Polytechnic University (PolyU) and EuAuto Technology Limited (EuAuto), was attended by Financial Secretary John C Tsang.

MyCar is the first Hong Kong-developed vehicle that is fully compliant with European standards and the first home-grown vehicle to hit the international market. It has received HK\$2 million (US\$258,000) funding from the Hong Kong Innovation and Technology Commission.

"We have the capability in research and production, and have an automobile design, so the potential is huge."

John C Tsang, Financial Secretary

Mr Tsang, who set up the steering committee on electric vehicles, said: "We have the capability in research and production, and have an automobile design, so the potential is huge."

The Government's initiative

Breaking new ground

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Mr Tsang's policy address announced a range of initiatives to achieve economic development, including new measures to strengthen Hong Kong's six key industries identified earlier this year: education services; medical services; testing and certification services; environmental industries; innovation and technology; and cultural and creative industries. These included making the best use of land by releasing over 1,000 old industrial buildings and a HK\$200 million (US\$2.58 million) R&D Cash Rebate Scheme.

"Hong Kong must constantly enhance its competitiveness and continue to evolve into a high value-added, knowledge-based economy to maintain its leading edge over global competitors and create more quality jobs," Mr Tsang said.

He then revealed measures for promoting family values, youth development helping vulnerable groups and improving the quality of life in Hong Kong.

Among these were plans for major revitalisation projects to expand Central's appeal as a vibrant district for business, entertainment and culture. There will also be more public space along the waterfront.

Other measures include promoting the use of



The policy address includes (clockwise from above): additional support for youth organisations; further development of professional testing and certification services; steps to promote Chinese medicine



"Hong Kong must continue to evolve into a high value-added, knowledge-based economy to maintain its leading edge."

Donald Tsang, Hong Kong Chief Executive

electric vehicles to improve air quality and reduce pollution levels (see left) and increasing healthcare spending from 15% of the Government's recurrent expenditure to 17% by 2012.

Mr Tsang went on to say Hong Kong's most vulnerable groups would receive extra help with more residential care places for elderly people and human swine influenza vaccinations. He said: "The progress of a society is measured not just by its affluence, but also by its core values, which include kindness, care for others,

mutual support, civic mindedness and respect for traditional values."

On democratic reform, Mr Tsang unveiled plans to consult the public on electoral arrangements for electing the Chief Executive and forming the Legislative Council in 2012 (see p1).

He concluded: "We are entering a new era, but we need not worry about the new competitive landscape. With an open mind, pioneering spirit, and full preparation, we can break new ground together." www.policyaddress.gov.hk

to promote widespread adoption of electric vehicles (EV) is complemented by the launch of 21 EV charging stations, run by CLP. These will all open by the end of the year in locations such as car parks. www.euauto.com.hk



Mr Tsang travels in MyCar

Hiking highlights



A new campaign 'Great Outdoors Hong Kong!', has been launched by the Hong Kong Tourism Board (HKTB). Featuring HK's longest hiking trail, the MacLehose Trail, the promotion encourages visitors to experience Hong Kong's hiking and dining, as many are unaware that around 40% of the city's land area is country park. Chairman of HKTB James Tien said: "Hong Kong is much more than a bustling cosmopolitan city, offering stunning natural sceneries." www.discoverhongkong.com



Mr Tsang (third left), opens the Geopark with Vice Minister of Land and Resources Wang Min (fourth left)

Gateway to geology

Hong Kong National Geopark opened on 3 November; Hong Kong can now gain and share experience of preserving valuable geological resources and promote

earth science and eco-tourism. Hong Kong Chief Executive Donald Tsang said: "This status confirms Hong Kong's geological resources are unique and world-class. "I hope that when

people think about Hong Kong, they will not only admire our skyscrapers, but also the unique geological formations and natural beauty." www.geopark.gov.hk

EAG opens in HK



Left: fireworks at the spectacular ceremony. Below: Steven Patrick Marie Josee Wong (centre) wins the first gold



The East Asian Games in Hong Kong started spectacularly on 5 December. Making use of Hong Kong's iconic harbour area, the opening ceremony took place on a giant floating stage with the 2,300 athletes, plus officials, pop stars, dancers and choirs. Floats representing the nine participating countries – China, the Democratic People's Republic of Korea, Mongolia, Japan, Korea, Chinese Taipei, Macau, Guam and Hong Kong – sailed past. Joining CE Donald Tsang in officiating at the opening ceremony were China's State Councillor Madam Liu Yandong and the President

of the International Olympic Committee Count Jacques Rogge. After Madam Liu declared the games open there was a spectacular firework display. Count Rogge was impressed by the quality and imagination of the event. "I have seen many opening ceremonies in my long career with the Olympics," he said, "and this deserves a gold medal."

Hong Kong also celebrated as one of its athletes won the first gold medal of the games: Steven Patrick Marie Josee Wong came first in the BMX cycling event.

Expo pavilion structure completed

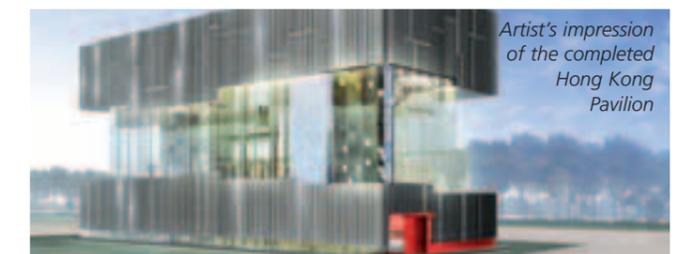
The Hong Kong Pavilion structure for the World Exposition 2010 Shanghai China (Shanghai Expo) was completed in October; the occasion was marked with a tree planting ceremony.

Chief Secretary for Administration Henry Tang and Executive Vice Mayor of Shanghai City Yang Xiong went to the site. Mr Tang described the structure's completion as a major milestone and said: "We aim to complete all works before the end of March 2010. We attach great importance to this invaluable opportunity to showcase Hong Kong as Asia's world city."



Mr Tang and Mr Yang take part in a tree-planting ceremony at the Shanghai Expo's Hong Kong Pavilion

The key theme for the expo is 'Hong Kong – A City with Unlimited Potential'. The pavilion and exhibition will be on show during the Shanghai Expo period from 1 May to 31 October. www.hkexpo2010.gov.hk



Artist's impression of the completed Hong Kong Pavilion

Hong Kong professor wins Nobel Prize

The Nobel Prize in Physics has been awarded to Professor Charles Kao, who was Vice-Chancellor of the Chinese University of Hong Kong from 1987 until 1996.

The award was given for Professor Kao's groundbreaking achievements in fibre



Photo courtesy of the Chinese University of Hong Kong

optic communication; he was also recognised for his relentless enthusiasm and contribution to Hong Kong's higher education.

To commemorate the award, the Leisure and Cultural Services Department launched a stamp sheetlet. <http://hk.science.museum>



Celebrating HK arts and culture

Chief Secretary for Administration Henry Tang (left) at the European premiere of *Claustrophobia* with the film's screenwriter/director Ivy Ho (right), pictured with English screenwriter/director Richard Curtis (centre)

Hong Kong's vibrant arts and film culture will continue to be celebrated across the UK until early 2010, with exhibitions in key cities, along with a film festival.

Supported by HKETO London, the Chinese Arts Centre, Manchester, is hosting *One Degree of Separation*, featuring the work of five young Hong Kong artists. London's Rossi & Rossi Gallery is debuting more HK talent in its exhibition, *Urban Spirituality: Contemporary Hong Kong Art*.

Sarah Wu, Director General of HKETO London, said: "Hong Kong-based artists are rapidly making a name for themselves in Hong Kong and internationally and are great examples of the vibrancy of Hong Kong's creative community."

The HKETO is also supporting *Visible Secrets: Hong Kong's Women Filmmakers*. The film festival, hosted by Manchester's Cornerhouse arts centre, is the first of its kind to showcase films made by female Hong Kong directors, including Ann Hui and Yan Yan Mak, in the UK's biggest cities.

The opening gala on 9 October

featured a Q&A session with Angie Chen and a screening of her film, *This Darling Life*. On 2 November, the visiting Chief Secretary for Administration Henry Tang officiated at a reception to celebrate the European premiere of Ivy Ho's film *Claustrophobia*.

www.chinese-arts-centre.org
www.cornerhouse.org/visiblesecrets

Lions Club honour



HKETO London Director General Sarah Wu was awarded the Melvin Jones Fellowship by the London Chinatown Lions Club in recognition of the strong bond she has developed with Chinatown Lions Clubs around the UK, including London and Birmingham.



Kung Hei Fat Choi

Forthcoming events

October 2009 – February 2010:
HK Film Festival *Visible Secrets* in London, Manchester, Nottingham, Chichester, Inverness, Belfast, Bristol, Cardiff, Newcastle, Leicester, Sheffield and Edinburgh

20-12 January: Asian Financial Forum, Hong Kong

February – March 2010: Chinese New Year receptions in London (16 February), Cardiff (17 February), Belfast (18 February), Copenhagen (25 February), Stockholm (26 February), Helsinki (2 March), Oslo (3 March), Moscow (4 March), St Petersburg (5 March), Edinburgh (10 March), Riga (26 March)

21 February: Hong Kong in London Chinatown – London Chinese New Year Celebration

27 June: London Hong Kong Dragon Boat Festival

Visit www.hketolondon.gov.hk for updates



Christmas and New Year greetings from all the team at the Hong Kong Economic and Trade Office, London!