

Hong Kong Review

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New government team sworn in



President Hu swears in the Principal Officials of the third term HKSAR Government

Donald Tsang outlines vision for next five years

Launching his second five-year term of office, Hong Kong Chief Executive Donald Tsang pledged to build a new Hong Kong based on "the spirit of professionalism shared amongst us". Mr Tsang and his newly-appointed government team were sworn in by Chinese President Hu Jintao, who was in Hong Kong for the 10-year anniversary celebrations.

In his speech, Mr Tsang expressed his gratitude to the Central People's Government and the people of Hong Kong for

their support. "I have always believed in this city and in the drive and diligence of our people to strive for excellence and to do their best. This spirit of 'getting the job done' is an innate quality of our community."

He said that he and his team would be committed to adhering to the principle of people-based governance and to delivering on his election pledges. "In the next five years we will build a government that is more open. The public will not only be the focus of our

policies, the public will be our partners in devising them."

He also pledged to develop a more democratic system – and a green paper was published 10 days later to enable everyone to work together to identify the most acceptable form of universal suffrage to best serve Hong Kong's interests. (See page 2).

Mr Tsang also spoke of his plans for economic development. "The financial sector will be expanded and investment

>> continued on page 2



Trade measures aid HK banks

3



Celebrations for 10 years of the SAR

4



Dragon boats make a splash

5



Bridge boosts mainland links

During his visit to Hong Kong, President Hu Jintao officially opened the Shenzhen Bay Bridge and Port. The six-lane, 5.5km bridge is expected to carry more than 60,000 vehicles between Hong Kong and the mainland by 2016, boosting economic development, logistics and tourism.

Asia's world city

HONG KONG



The new HKSAR Government team



Chief Executive,
Mr Donald Tsang



Secretary for Justice,
Mr Wong Yan Lung



Chief Secretary for Administration,
Mr Henry Tang Ying-yen



Financial Secretary,
Mr John Tsang Chun-wah



>> continued from page 1

in infrastructure will be increased to drive wage increases and create more job opportunities for grassroots workers."

Turning to living standards, he pledged to create a better quality of life in relation to clean food, clean air and the environment, and to promote a new caring culture. "There are many in society who are still unable to benefit from our strong economic revival and are facing tremendous pressure in their daily lives. The Government will invest more in community development projects to create jobs through social enterprises and bring hope to less advantaged groups," he added.



President Hu shakes hands with a young girl at the end of his Hong Kong visit

Public debate on voting underway

The HKSAR Government has launched a three-month public consultation on how to implement direct elections for the Chief Executive (CE) and forming the Legislative Council.

The Chief Secretary for Administration, Mr Henry Tang, announced on 11 July the publication of a consultation Green Paper on Constitutional Development relating to the options, roadmap and timetable for implementing universal suffrage.

The Green Paper marks a significant milestone in Hong Kong's constitutional

development and a key step towards the aim of universal suffrage. For the first time, the people will openly discuss the issue of universal suffrage.

The consultation paper follows 20 months of discussions between the Commission on Strategic Development and the community. It presents the most crucial elements of the different voting methods for electing the CE and forming the Legislative Council so that the public can vote on the options and on a timetable for implementing universal suffrage.

Mr Tang said: "The Government is as sincere as it is determined to implement universal suffrage. We hope that the issue of universal suffrage can be resolved in a satisfactory manner, which would be conducive to the progressive development of Hong Kong's political environment."

After the consultation period has ended, the Government will assess the views received and the Chief Executive will submit a report to the Central Authorities to reflect all the views expressed.

● www.cmab-gpcd.gov.hk

Renminbi bonds boost HK financial services

In June, the then Financial Secretary, Mr Henry Tang, welcomed plans to issue renminbi bonds in Hong Kong, saying it would strengthen its status as an international centre.

Mr Tang said the announcement by the People's Bank of China represented a breakthrough because Hong Kong would become the first place outside the Mainland that had a renminbi bond market. "It also marks the implementation of another specific recommendation in Action Agenda on China's '11th Five-Year Plan' after discussions at various levels between the Central Government and the SAR Government."



Banks in Hong Kong are now able to issue renminbi bonds and trade these bonds in a secondary market. Hong Kong residents will also have a new choice of renminbi assets for investment.

Former Financial Secretary, Mr Henry Tang (fourth from left), officiated at the launching ceremony of renminbi bond offering in Hong Kong

CEPA expansion deepens Mainland business links

Further liberalisation of service areas ranging from banking to public utilities between Hong Kong and Mainland China will come in January next year, following the deepening of the Closer Economic Partnership Arrangement (CEPA).

The Financial Secretary, Mr Henry Tang, and the Vice-Minister of Commerce, Mr Liao Xiaoji, signed the fourth supplement to the CEPA, which was agreed by the HKSAR and the Central People's Government.

Under the supplement, the Mainland will introduce 40 liberalisation measures in 28 services areas, including existing ones such as banking, tourism, convention and exhibition, and medical, plus 11 new ones that include elderly services, environmental services and public utilities. The two sides will also enhance co-operation in finance, convention and exhibition, and mutual recognition of professional qualifications.

As a result of the opening up of the

Mainland market in 11 new service areas, Hong Kong service providers will be allowed to operate elderly service agencies, establish wholly-owned enterprises to provide environmental services and to construct and operate networks of gas, heating, water supply and water drainage for medium-sized cities on the Mainland.

● <http://www.tid.gov.hk>

Agreement benefits economy

The Mainland and Hong Kong's CEPA has continued to bring benefits to both businesses and Hong Kong's economy as a whole, according to a Government study.

The study looked into the economic impact of CEPA liberalisation measures implemented between 2004 and 2006, and forecast the CEPA's impact on the Hong Kong economy in 2007 and beyond.

In relation to trade in goods, 89% of responding companies considered CEPA beneficial to the Hong Kong economy, and 77% considered the preferential trade arrangement beneficial to the manufacturing sector.

It was also found that CEPA induced additional capital investment in the manufacturing industry in Hong Kong, amounting to HK\$305 million in 2005 and 2006, and a planned investment of HK\$239 million in 2007 and beyond.

Hong Kong banks to profit



Hong Kong banks seeking to acquire shareholdings in Mainland banks will benefit from the measures being introduced under the fourth supplement to the CEPA.

The measures are being introduced with a view to further strengthening financial co-operation between the Mainland and Hong Kong. They include:

- the lowering of the minimum total asset requirement for a Hong Kong bank acquiring a shareholding in a Mainland bank from US\$10 billion to US\$6 billion;

- a fast track system for processing applications from Hong Kong banks to set up branches in the central western and north eastern areas and in Guangdong province of the Mainland;
- Hong Kong banks being encouraged to set up rural banks in rural areas on the Mainland.

The Hong Kong Monetary Authority welcomed the new measures for their significant benefits to Hong Kong's banking sector. They also represent a concrete response to Action Agenda on "China's 11th Five-Year Plan and The Development of Hong Kong".



The flag-raising ceremony at Golden Bauhinia Square

The 10th anniversary of the Hong Kong Region was celebrated in Hong Kong

Celebrations for a day



The people of Hong Kong joined in a host of cultural and community events on 1 July - the height of the anniversary celebrations.

President Hu Jintao was in Hong Kong for the celebrations, which marked the territory's return to China's sovereignty exactly 10 years ago. The festivities ranged from ceremonial events to parades for all the family, a variety show and parade, performances by the National Ballet of China and a spectacular light and sound show and fireworks display.

The day began with a flag raising ceremony at Golden Bauhinia Square attended by the Chief Executive, Mr Donald Tsang, Principal Officials and guests.

A variety show featuring performing troupes was held for 30,000 spectators at the Happy Valley Recreation Ground, followed by a colourful parade



State Councillor Mr Tang Jiaxuan visits the new Ying Ying

through the streets.

Two giant pandas which were an anniversary gift from the Central People's Government were also part of the celebrations.

State Councillor Mr Tang Jiaxuan officiated at a ceremony at Ocean Park to mark the presentation of the animals to Hong Kong before he and his guests visited the

How the milestone was celebrated in the UK



Raising a toast at a reception organised by HKETO London. From left: Duncan Pescod, Hong Kong's Special Representative to the European Communities; Her Excellency the Chinese Ambassador to the UK, Madam Fu Ying; Joseph W P Wong; Baroness Dunn, Chairman of the Hong Kong Association; Lord Howe of Aberavon and Sarah Wu, Director-General of HKETO London



Sir Peter Ricketts, Permanent Under-Secretary of State, Foreign and Commonwealth Office (FCO), Chinese Ambassador Madam Fu Ying, Mr John Prescott, former Deputy Prime Minister, and Miss Sarah Wu at a reception organised by the FCO at the British Museum

Mr Joseph Wong, then Secretary for Commerce, Industry and Technology, was the special guest at a reception held in London on 20 June as part of the 10th anniversary celebrations.

Over 300 business, political and Chinese community leaders attended the reception, which was among a

series of cultural and sporting events organised by the Hong Kong Economic and Trade Office (HKETO).

Mr Wong told them: "'One Country, Two Systems' has passed the most vigorous test. Hong Kong remains not only the freest economy but also the freest society in the world. Press

freedom, freedom of expression, freedom of assembly, and free and unfiltered flow of information continue to be a part of our daily lives."

More than 5,000 people flocked to London's Docklands on 1 July to watch 24 dragon boat teams compete in the

Hong Kong Special Administrative Region and in the UK.



Dynamic decade



new habitat of the two giant pandas Le Le and



The 'Dragon Jamboree' at the Hong Kong Coliseum on 30 June was one of the most spectacular celebration events in Hong Kong, featuring more than 10,000 youngsters from the Mainland, Macau, Taiwan and Hong Kong. Here 10 young pianists perform a 10-piano arrangement by Julie Kuok of 'Three Traditional Chinese Folk Tunes.' The pianists, from Hong Kong and Macau, are: Colleen Lee, Aristo Sham, Crystal Lam, Chau Lok-ping, Chau Lok-ting, Julie Kuok, Eric Fung, Rachel Cheung, Wong Wai-yin and Lio Kuok-wai

Lion dance image snaps up prize



Mr Yee Au's winning entry for the London Hong Kong Dragon Boat Festival photography competition, organised by Sing Tao Daily European Edition and sponsored by HKETO



Dragon Boat teams competing for the Hong Kong 10th Anniversary Cup held at London's Docklands, won by a team from the Yi-Ban restaurant in East London



Chinese Consul General Mr Jianzhong Gong and Mrs Gong (third and fourth from left), Miss Sarah Wu (sixth from left) and mayors from various districts in Manchester at the opening ceremony of a photo exhibition celebrating the 10th anniversary of the establishment of the HKSAR

10th Anniversary London Hong Kong Dragon Boat Festival.

The festival was organised by the London Chinatown Lions Club and London Chinatown Chinese Association and sponsored by the HKETO. The Hong Kong 10th Anniversary Cup was won by a team from the Yi-Ban Restaurant in East London.

A photographic competition was organised by Sing Tao Daily European Edition and sponsored by HKETO (see box above).

Events ranging from chess contests and golf tournaments to dinners and essay competitions have also been organised by the Chinese community in

the UK. Miss Sarah Wu, Director-General of HKETO, expressed to the community her deepest gratitude for their goodwill and unfailing support for Hong Kong,

An art exhibition and film festival, sponsored by the HKETO, have also been staged in Manchester as part of the celebrations.

Senior HK delegation visits new EU member states

Mr Stephen Ip, the then Secretary for Economic Development and Labour and Chairman of the Hong Kong Logistics Development Council, led a delegation to Central and Eastern Europe in April aimed at promoting the business strengths of Hong Kong. The core mission of the trip to Slovakia, Hungary and Estonia was to enhance communication and co-operation and to present Hong Kong as a strong logistics hub in Asia.



Mr Stephen Ip (rear right), and the State Secretary of Transportation, Posts and Communications, Mr Milan Mojs (rear left), witness the initialling of an Air Services Agreement by Director-General of Civil Aviation of the Slovak Republic, Mr Jan Breja, seated left, and HKSAR Principal Assistant Secretary for Economic Development, Mr Albert Tang (seated right)

In each country the delegation met with senior government officials and business leaders and held a seminar on investment opportunities in Hong Kong. In Slovakia they met State Secretary for Economy Ivan Rybarik and State Secretary for Transportation, Posts and Telecommunications Milan Mojs. In Hungary they met Minister for Economy and Transport Dr Janos Koka and State Secretary Geza Egyed. In Estonia they met Minister of Economic Affairs and Communications Juhan Parts and the Prime Minister Andrus Ansip.



Mr Stephen Ip is pictured signing a guest book watched by Estonian Prime Minister, Mr Ansip

The delegation members included: Legislative Councillor Ms Miriam Lau, Chairman of the Hong Kong Shippers' Council Mr Willy Lin, President of the Chartered Institute of Logistics and Transport in Hong Kong Mr Anthony Lau, Chief Executive Officer of the Airport Authority Hong Kong Mr Stanley Hu, and Executive Director of Hutchison Port Holdings Mr Eric Ip.

More airlines choose Terminal 2

Five more airlines are to operate from the new second terminal at Hong Kong's award-winning international airport. HKIA recently won three industry awards:

- World's Best Airport in the annual Skytrax Survey for the sixth time in seven years;
- Best International Airport in the 2007 TravelWeekly (Asia) Industry Awards;
- The 2007 Asia-Pacific Airport Efficiency Excellence Award from the Airport Transport Research Society. The airport has announced that Bangkok

Airways, Jetstar Asia Airways, Qatar Airways, Thai Airways and Siem Reap Airways International will start providing check-in services at Terminal 2 (pictured below), bringing to seven the number of passenger airlines using the new terminal.

Meanwhile, Hong Kong will host the world's largest civil aerospace show, the Asian Aerospace International Expo and Congress 2007, at the AsiaWorld-Expo from 3-6 September.
● www.asiaworld-expo.com



Fact-finding on food labelling and health

The HKSAR Government is seeking to learn from techniques developed in Europe in relation to food safety and healthcare service reform. This was evident when Mrs Carrie Yau and Miss Sandra Lee, both Permanent Secretaries for Health, Welfare and Food at the time, paid separate fact-finding visits to the UK in July.

Mrs Yau visited the Food Standards Agency to learn about food labelling requirements and food safety laws. She also met Helen Ghosh, Permanent Secretary for the Department for Environment, Food and Rural Affairs, and her team to discuss risk assessment for food of animal origin, live animal and food import controls and regulation of pesticide residues.

Miss Lee led a delegation to the UK and Denmark to gather information on how electronic patient record systems operate in the two countries' healthcare sectors. The HKSAR Government is considering developing a territory-wide electronic sharing platform between public and private healthcare sectors as part of its healthcare reforms. The visits' findings will help the Government's study on electronic health record systems.

Ten years on – economy in great shape

Ten years after the reunification, Hong Kong's economy continues to soar to new heights.

The region's per capita GDP has climbed to a new high of US\$27,700, trade has grown at a double digit rate during the last four years, employment is at an all-time high and the financial sector is as vibrant as ever.

The city is also consistently ranked as the world's freest economy and more than 3,800 foreign companies have chosen Hong Kong for their regional offices, a 50 per cent increase since 1997. Business has boomed over the last 10 years, with trade as a percentage of GDP at 400 per cent in 2006, up from 259 per cent in 1997.

During the last 10 years, the Hong Kong economy has gone through significant economic restructuring, mainly due to its response to the changing economic scene in Asia. Due to its economic integration with the Mainland it has made significant progress in financial, trade, logistics, tourism and professional services.

The strong partnership between China's manufacturing base with Hong Kong's services has enabled services in the economy to grow to 91 per cent of GDP, up from 86 per cent in 1997.

Financial forum

Reinforcing its status as one of the world's most vibrant international financial centres, Hong Kong hosts the Asian Financial Forum 2007: 'Leveraging New Opportunities, Advancing Regional Stability', on 21 September.

Co-organised by the HKSAR Government and the Hong Kong Trade Development Council, this forum will bring together central bankers, senior officials and top executives of international financial institutions, to discuss developments and trends in the dynamic Asian financial markets.

● www.asianfinancialforum.com

Factors behind HK's status as an international financial centre

	1997	2006
Economic indicators		
GDP (US\$ billion)	176	189
Per capita GDP	US\$27,170	US\$27,640
Ratio of total trade in goods and services to GDP	259%	400%
Value of total trade in goods and services (US\$ billion)	450	760
Port cargo throughput (million TEUs)	14.4	23.5
Number of regional HQs and offices	2,514	3,845
Financial services sector		
Hang Seng Index (period end)	10 723	19 965
Stock market capitalisation (US\$ billion, period end)	413.5	1,715.0
Capital raised in IPO (US\$ billion)	10.5	42.9
Average daily stock market turnover (US\$ billion)	2.0	4.4
Number of listed companies (period end)	658	1,173
Number of SFC Authorised unit trusts and mutual funds (end-March)	1,356	1,998
Foreign reserves (US\$ billion)	92.8	133.2
Share of financial services industry in GDP	10.3	12.7 (2005)
Employment in financial services industry (thousand)	170.6	183.0
Tourism		
Incoming visitors	11.3	25.3
Number of mainland visitors (million)	2.4	13.6
Average hotel room occupancy rate	76%	87%

HK rated in top five for business

Hong Kong was rated fifth in the MasterCard Worldwide Centres of Commerce Index, which ranked 50 cities according to their ability to connect markets and commerce globally. London, New York and Tokyo took the top three places and Hong Kong received good marks in terms of business centre and financial flow.

Moody's, a leading provider of credit ratings, research and analysis in the global capital markets, has upgraded Hong Kong's long-term foreign currency and local currency sovereign ratings to 'Aa2' from 'Aa3' with a 'stable' outlook. Similarly, Standard and Poor, a leading provider of independent credit ratings, has affirmed Hong Kong's credit ratings at 'AA' and raised its ratings outlook to 'positive' from 'stable'.

Both measures have been welcomed by Mr John C Tsang, the Financial Secretary, who said they reflected international recognition of Hong Kong's strong economic fundamentals. "Hong Kong has now achieved AA ratings for its foreign-currency and local-currency obligations by all major international credit rating agencies, the highest that has ever been assigned to Hong Kong," he said.



Photo: Hong Kong Tourist Board

Online help for tourists

The Hong Kong Tourism Board has launched an online Interactive Itinerary Planner and a Nature Kaleidoscope programme, providing an even greater variety of experiences for visitors. The Interactive Itinerary Planner combines recommendations on sightseeing, culture and heritage as well as local tours. The Nature Kaleidoscope programme includes a wide range of eco-oriented tours that allow visitors to appreciate Hong Kong's natural wonders.

● www.hktb.com



Russian dates for The Hong Kong Chinese Orchestra (above) and European recitals for Colleen Ka-ling Lee (right)

Hong Kong musicians on tour

Classical pianist Colleen Ka-ling Lee is among a number of Hong Kong musicians who are performing in various cities across Europe in the coming months. Colleen will give a recital in Budapest on 7 September followed by concerts in the UK and Finland. She will play at Cadogan Hall in London on 24 October, accompanied by clarinetist David Wong, followed



by performances in Glasgow on 29 October, in Gateshead on 31 October and in Helsinki on 27 October. The Hong Kong Chinese Orchestra will perform in Moscow on 25 September and in St Petersburg on 27 September.

Moscow style show launches HK Week in Russia

A series of cultural and business events will take place in Moscow and St Petersburg during Hong Kong Week in Russia in September. The 'Style Hong Kong in Moscow Exposition' will be the first large-scale trade show promoting lifestyle products from Hong Kong to be staged in the capital by the HKTDC, which has also organised a trade mission. Other events include performances by the Hong Kong Chinese Orchestra (see story above), a photographic exhibition, gala evening and a seminar entitled 'Hong Kong – Russia: Strategic Partners for a New Era of Business Opportunities'.

Forthcoming events

June - September 3: The Pivotal Decade, art exhibition by Hong Kong artists, Chinese Arts Centre, Manchester, UK

August 24: 10th anniversary seminar and reception, Stockholm, Sweden

August 27: 10th anniversary seminar and reception, Oslo, Norway

August 28: 10th anniversary seminar and reception, Copenhagen, Denmark

August 29: 10th anniversary seminar and reception, Helsinki, Finland

September 7: Piano recital by Colleen Lee, Palace of Arts, Budapest, Hungary

September 25-28: Hong Kong Week in Moscow and St Petersburg, Russia

September 25: Hong Kong Chinese Orchestra concert at International House of Music, Moscow, Russia

September 25-28: Style HK in Moscow Exposition, Manezh Exhibition Complex, Moscow, Russia

September 27: Hong Kong Chinese Orchestra concert at Academic Cappella Hall, St. Petersburg, Russia

October 16: Conference on Hong Kong, Chatham House, London, UK

October 24: Concert by pianist Colleen Lee and clarinetist David Wong, Cadogan Hall, London, UK

October 27: Piano recital by Colleen Lee, Sibelius Academy, Helsinki, Finland

October 29: Piano recital by Colleen Lee, Royal Concert Hall, Glasgow, UK

October 31: Piano recital by Colleen Lee, The Sage, Gateshead, UK

November 10: Hong Kong entry to the Lord Mayor's Show, London, UK

Visit www.hketolondon.gov.hk for updated information.