

Speech by Ms Erica Ng
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Hong Kong Special Administrative Region Government
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My Lord Mayor, Your Worships, your Excellencies, my Lords, Ladies and Gentlemen, Kung Hei Fat Choi!

Welcome and thank you all for joining us tonight to celebrate the start of the Year of the Ram! I am particularly delighted to see so many of you here, especially since the Prime Minister is also having a reception nearby. Congratulations on choosing the more interesting reception!

I hope you enjoyed the beautiful performance by our home-grown talented musicians of the Wuji Ensemble. Their innovative and modern approach to Chinese music is emblematic of what makes Hong Kong unique.

Another thing that is emblematic of Hong Kong is the noble Ram, the Year of which we're celebrating today. The Ram is gentle and thoughtful on the outside, but determined and focused when pursuing its goals. This thoughtful gentleness coupled with focused determination, describes Hong Kong's approach to many of the exciting developments which I want to share with you today.

The first of these is our ongoing constitutional reforms, which represent a historic milestone for Hong Kong. If they are supported by our local parliament, the Legislative Council, Hong Kong's five million eligible voters will for the first time, be able to choose our top leader, the Chief Executive, by "one person, one vote" in 2017. This universal suffrage is a major improvement over the current system, in which the Chief Executive is elected by a 1,200-person committee.

Such monumental changes naturally attract divergent views from across Hong Kong's political spectrum. This is why in 2014, you might have seen media reports of political protests in Hong Kong. These unlawful protests ended peacefully in mid-

December. First-hand observers of the protests commended the professionalism of our police force, and the overall civility of Hong Kong society.

We are now actively conducting the second round of public consultation to forge consensus on the way forward. Appropriate legislative proposals in line with our mini-constitution will be introduced in the second quarter of 2015. These significant reforms are just part of a continuing process, and will pave the way for further reforms, including returning all Legislative Council members by universal suffrage in 2020.

Like the gentle Ram, we will continue to pursue these reforms thoughtfully, recognizing the differences in views and building consensus as we move with focus towards the goal of a more inclusive, representative and modern political process.

Hong Kong's economy is also forging ahead like a particularly energetic Ram. This is largely due to our long-standing commitment to free and fair enterprise. The Heritage Foundation voted Hong Kong the freest economy in the world in its 2015 Index of Economic Freedom Report. We have proudly held this title for 21 consecutive years. We also have a balanced budget, low unemployment of only 3.3%, almost no public debt, and fiscal reserves equivalent to 35% of GDP or 20 months of public spending. In 2014, our economy is forecast to grow by a healthy 2.2% and our merchandise exports saw an increase of 3.2%. In fact, despite the aforementioned protests that went on for 79 days, our visitor numbers hit a record high in 2014. We expect this positive trend to continue this year.

The world's investors recognize the opportunity created by our economy. As a result, Hong Kong's Foreign Direct Investment (FDI) inflows reached a high level of US\$77 billion in 2013, and despite our small population, the city was ranked fourth in the world and second in Asia for FDI. Much of this investment comes from UK companies. Last year, our bilateral trade with the UK amounted to around 8.6 billion pounds. In total almost 1000 British firms have operations in Hong Kong, and more than half of these companies conduct their regional operations from our city.

Our economic growth is also linked to our heavy, consistent investment in infrastructure. For instance, we are pressing ahead with the construction of the Guangzhou-Shenzhen-Hong Kong Express Rail, the high-speed railway that will reduce the train journey time to Guangzhou by more than half, and connect Hong Kong to the

Mainland's 16,000-kilometre, high-speed rail network. The construction of the 29 km Hong Kong-Zhuhai-Macao Bridge which will connect to the Pearl River Delta, is also on track to be opened within two years.

We are also planning the single most important and expensive project after Reunification - a third runway for our International Airport. This will significantly boost both passenger and cargo volumes when commissioned in 2023. Also, five major railway projects are under construction right now, with plans for another seven. In addition, East Kowloon is being developed into Hong Kong's second major business district, with the potential to provide twice the amount of commercial office space that our Central business district now offers.

The brand new Kai Tak cruise terminal has the capacity to berth two large cruise vessels with more than 4,000 passengers each, enabling the city to capitalize on the rapid growth of the regional cruise industry. It is helping transform Kai Tak into a world-class tourism and entertainment hub.

In finance, Hong Kong remains one of the top three international financial centers in the world, and also China's global financial centre. At the end of 2013, the combined fund-management business in Hong Kong had grown to US\$2 trillion, up 27 per cent over the previous year. And we are working to make it even stronger by introducing legislative changes to extend profits tax exemptions for offshore funds to private equity funds.

Starting just three months ago, a groundbreaking new development called the Shanghai-Hong Kong Stock Connect allows international investors to invest in 568 stocks on the Shanghai Stock Exchange via Hong Kong. This links Mainland China's largest stock exchange to the international investors through Hong Kong, and represents a significant and unprecedented opening of China's capital markets to foreign investors. There are already plans to extend the scheme to include the Shenzhen stock exchange. Being the conduit for these funds enhances Hong Kong's role as an international financial hub, and promises to boost our own financial sector significantly as new funds pass through to and from the Mainland.

Hong Kong is also a thriving hub of vibrant Entrepreneurship. We are seeing rapid growth in the number of local and foreign entrepreneurs setting up shop in Hong

Kong, with a view to expanding globally and into the massive Mainland and Asian markets. For example, the number of co-work spaces and startup incubation labs soared from only three in 2010 to over 35 in 2014. Many factors are driving this explosion, including the city's advanced ICT infrastructure, large number of tourists, high net worth investors, our low tax regime, ease of setting up a business, and strong rule of law.

We are planning to further boost incentives for entrepreneurs in various ways. These include relaxing and simplifying our admission requirements for entrepreneurs who plan to start and develop their business in Hong Kong. There will also be new rules that make it even easier for the children of Hong Kong permanent residents who have emigrated overseas, to come to Hong Kong for business and work.

Our government also invests heavily in technology and design startup incubators, cutting-edge R&D and startup competitions. We will inject 416 million pounds into the Innovation and Technology Fund to provide sustained and comprehensive support for innovation and technology development in Hong Kong. We have also launched the StartMeUpHK competition. I'm very pleased to say that one of the winners in 2014 was a UK company.

Hong Kong is also a flourishing cultural city.. The embodiment of our cultural vision for the decade -the West Kowloon Cultural District- is now taking shape. Starting next year, a waterfront park will open in phases. A Chinese opera venue will be completed in 2017, followed a year later by M+, our 60,000 square-meter state-of-the-art visual culture museum. Also in the pipeline is a multi-purpose stadium for sports and cultural events, a cluster of luxury hotels, and shopping malls.

Our city is nurturing talents like the delightful Wuji ensemble musicians you saw tonight, and world-renowned movie director Wong Kar Wai who directed the blockbuster movie "Grandmaster". "Grandmaster" earned two Oscar nominations last year for cinematography and costume design, and was short listed for the best foreign language film. To further support the industry, we have recently decided to enhance contributions to our Film Development Fund to finance production and global distribution of Hong Kong films.

Grandmaster was particularly inspiring to me in the way its success epitomised the best of Hong Kong. Its creativity and innovativeness, globally admired by film lovers everywhere, was a beautiful analogy for Hong Kong's cultural and commercial success.

In closing, I'd like to share that on a personal note, I was actually born in the year of the Ram. I think I will leave out which year in particular. But for now, this gentle Ram is determined to enjoy our beautiful refreshments, so I want to say, Thank you all for joining this joyous Chinese New Year celebration this evening. I wish you good health, success and prosperity in the Year of the Ram!

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