

Hong Kong–UK relationship: we are your best partner in doing business with China

The UK's special relationship with Hong Kong could be a crucial factor in boosting its trade relations with China, Mrs Agnes Allcock, Director General of the Hong Kong Economic and Trade Office, London told MPs in Westminster today.

Mrs Allcock was speaking at a reception organised jointly by the UK Parliament's All Party Parliamentary China Group and the Hong Kong Economic and Trade Office in London. She said that Hong Kong and the UK have a strong and enduring special relationship which can bring mutual benefits. She added: 'thanks to our long-standing historical links, we share the same core values, speak the same language, and share a host of personal ties.'

These links have remained and become stronger following Hong Kong's reunification with China in 1997, Mrs Allcock said: 'Yes, we are Chinese and proud of it. But under the **'One country, two systems' principle**, we are so much more. 13 years after the reunification with China, HK enjoys a high degree of autonomy. The rule of law persists, underpinned by the common law system, which is guaranteed by the Basic Law, our mini-constitution. And in 2012 at the London Olympics, as at previous Olympic games, we will be competing with our own Hong Kong team!'

Mrs Allcock highlighted the enormous business links between the UK and Hong Kong, with £6bn of Hong Kong investments in UK businesses and more than 1000 UK businesses operating in Hong Kong. She urged UK engineering and construction companies to take advantage of the opportunities offered by the major infrastructure projects being pushed forward by the Hong Kong Government, including the the Hong Kong-Zhuhai-Macao Bridge, the Guangzhou-Shenzhen-Hong Kong express rail link and the huge West Kowloon Cultural District project - which

promises to be one of Asia's largest cultural hubs when completed.

However, Mrs Allcock also stressed the role Hong Kong can play in helping the UK to meet Prime Minister David Cameron's pledge to double bilateral trade with China by 2015, made during his recent visit to Beijing. With Hong Kong's business friendly environment, simple, low tax system, common law and linguistic links to both the UK and Mainland China, Mrs Allcock said, Hong Kong 'can be your best partner in achieving this.'

'Through the Closer Economic Partnership Arrangement (CEPA) - a free trade agreement between Hong Kong and Mainland China, products of Hong Kong origin enjoy tariff-free treatment in Mainland China, and Hong Kong service suppliers enjoy preferential treatment in entering into the Mainland market in various service areas. UK companies can take advantage of this because the beauty of CEPA is that it is nationality-blind: by setting up an operation in Hong Kong, foreign enterprises can use the city as their platform to enter the vast Chinese market.'

She added: 'Hong Kong's unique role as the only offshore centre for trading in the Renminbi, Mainland China's currency, will only increase our importance as a financial partner for the UK. Just a few days ago, Russian bank VTB announced that it would raise money in China by issuing RMB bonds in Hong Kong, following the examples of American companies McDonalds and Caterpillar – I hope it won't be long before the first UK company takes this initiative!'

The complete text of Mrs Allcock's speech can be found at http://www.hketolondon.gov.hk/news/docs/20101214_why_does_Hong_Kong_still_matter_to_the_UK.pdf