

Speech by Mrs Agnes Allcock,

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Chinese New Year Reception in London, 7 February 2011

Your Worships, Secretary of State, Ministers, your Excellencies, My Lords, Ladies and Gentlemen,

Kung Hei Fat Choy! It is a great pleasure to welcome you here to usher in the Year of the Rabbit.

Characteristics of the Chinese rabbit

In the Chinese zodiac, the characteristics of the rabbit are quite interesting. The Chinese rabbit symbolizes agility, kindness and gracefulness.

People born in the Year of the Rabbit are said to be quick-witted and have a natural intuition to detect dangers and take swift action to avert them.

They have an almost zen-like ability to maintain focus while all about them is chaos.

We can all do with more of such qualities to see us through challenging time in the 21st century.

Weathering the crisis

The last couple of years have seen the Chinese New Year taking place amid global economic turmoil.

Hong Kong, however, has weathered the crisis remarkably well, and we are forecasting that Hong Kong's GDP will have grown by 6.5 per cent over last year.

And Hong Kong's unemployment rate has fallen to just 4 per cent by the end of twenty ten. (2010)

How did we do this?

In Hong Kong, our main objectives have been to maintain a stable financial sector, preserve jobs and support businesses through the difficult times.

But Hong Kong does not stand in isolation. Asia's wonderful diversity has opened up new supply chains and new markets across the region.

Relationship with the Mainland

And very importantly, our close relationship with Mainland China, with its burgeoning economy, has brought many benefits.

In the thirteen years since Hong Kong rejoined China under the 'one country, two systems' principle, our economies have become increasingly interconnected – especially with the Pearl River Delta region, known to many as the world's factory.

This has benefited Hong Kong, Mainland China and our trading partners such as the UK.

Our role in helping to internationalise the Chinese economy is increasingly important. Hong Kong has become the preferred platform for Chinese companies to go global, and for international firms to enter the China market.

With Mainland's rapid growth, investment potential and increasing prominence in the global financial landscape, there has been a staggering increase in demand for the various Renminbi products. These include Renminbi banking, Renminbi trade settlement, Renminbi inter-bank lending and the so-called dim sum bonds, bonds which are Renminbi denominated.

And where do you go to take advantage of these banking products to enhance your business on the Mainland?

Hong Kong, of course. To illustrate this point, the amount of Renminbi deposits in Hong Kong surged from RMB 62.7 billion at the end of 2009 to RMB 314.9 billion at the end of 2010, a five-fold increase just within one year.

We are not rated as Asia's number one financial centre for nothing. With our free flow of capital, open market and international standards, Hong Kong is now firmly China's global financial centre.

'One Country, Two Systems'

The 'One Country, Two Systems' principle is crucial to Hong Kong's success.

We are an integral part of our country China – and very proud of it! However, the unique principle of maintaining two systems ensures that Hong Kong enjoys a high degree of autonomy.

We have kept our own lifestyle: like the rabbit we are quick-witted, flexible and playful.

Fundamental to this is the rule of law, guaranteed by the Basic Law, our mini-constitution.

We have simple to understand – and low – taxes, and free flow of capital, talent and information. We negotiate our own bilateral agreements on trade, investment, immigration, culture and many other areas.

We issue our own passports, which provide visa-free access to more than 140 countries.

We pride ourselves on our openness, and this was endorsed a couple of weeks ago when the Heritage Foundation and The Wall Street Journal declared Hong Kong once again as the freest economy in the world – for the 17th year running! The English newspaper “The Independent” attributed this achievement to the successful implementation of the ‘One Country Two Systems’ principle.

Some other endorsements emphasise our position in the world. Just a few days ago, the Globalisation Index compiled by Ernst & Young and the Economist Intelligence Unit reveals that Hong Kong embraces the highest level of globalisation among the 60 largest economies in the world.

Furthermore, the World Competitiveness Yearbook in 2010 ranked Hong Kong as the 2nd most competitive economy in the world, surpassing the United States for the first time.

And credit ratings analysts Standard & Poor’s recently upgraded Hong Kong’s rating to AAA – the highest it has ever been. This is clear evidence of the international recognition of Hong Kong's underlying economic strength and financial resilience.

What will we do next?

But like the rabbit, we are always on the alert and dare not be complacent.

What will we do next?

We are focusing on opening up even more opportunities for business in our region and promoting greater transparency in our financial markets.

We are pressing on with our multi-billion infrastructure projects including the 30-km long Hong Kong-Zhuhai-Macau Bridge, the West Kowloon Cultural District, the new cruise terminal and the Express Rail Link to Guangzhou. This will link with the national high speed network and when completed, will reduce the rail journey time to Beijing from the current 24 hours to less than ten hours.

All of these infrastructure projects offer opportunities to UK professionals such as architects, contractors, suppliers, lawyers etc.

Mainland China and, to a certain extent, Hong Kong are major consumers of high-end technologies to tackle climate change and to improve the environment. UK is a major supplier in such technologies. Chinese and Hong Kong shoppers also love the British brands in luxury products. The opportunities thus available to UK businessmen can be further optimised by using Hong Kong's sophisticated services platform.

And I'm sure our friends in the UK Trade and Investment are working tirelessly to help British companies to get involved in this way.

You may know that in 2008, Hong Kong abolished duties on wine. And since then, imports of wine into Hong Kong have increased significantly to meet the huge demand from the Mainland and across Asia.

You may have read about that last month, Andrew Lloyd Webber chose Sotheby's Hong Kong to auction his wine collection, which fetched £3.5 million. That's a lot of trips to the off-licence! So it's no wonder that

Hong Kong has recently become the world's second largest wine auction centre after New York.

We will continue to build on our unique position as Asia's trading hub for the wine industry.

Relationship with the UK

Let me now say something about our relationship with the UK. The relationship between Hong Kong and the UK is as strong as ever. Thanks to our long-standing historical links, we share the same core values, speak the same language, and share a host of personal ties – as I'm sure many of you here this evening can testify!

Our bilateral trade last year increased by nearly 5 per cent, good news indeed. There are more than 1,000 UK companies operating in Hong Kong, and last year InvestHK helped 39 more to set up there.

I'm pleased to see that the UK coalition government has been quick to develop further ties with China and Hong Kong, and we were honoured to welcome many senior figures to Hong Kong since the election, including Foreign Secretary William Hague, Chancellor George Osborne and Education Secretary Michael Gove.

We also had visits from the Lord Mayor of London and His Royal Highness Prince Andrew the Duke Of York.

In return, several of our senior officials from the Hong Kong Government visited the UK, including our Financial Secretary, Secretary for Financial Services and the Treasury, and Secretary for Development.

We took part in the Lord Mayor's Show for the sixth time, with a replica of the Hong Kong Wishing Tree. The London Hong Kong Dragon Boat Festival in the Docklands has become a signature event, a colourful part

of London's cultural life – I hope you will be able to join us for this year's festival on 19 June.

Hong Kong is a popular destination for tourists, and a major venue for big events, fairs, exhibitions and conferences too.

Last year we welcomed a record 36 million visitors, with over 500,000 from the UK.

Our cultural links also extend to many other areas including education. The UK is the most popular destination for Hong Kong's young people who study overseas. Each year, more than 16,000 Hong Kong students come to the UK to study.

The famous Harrow School, which has nurtured many British politicians and even Prime Ministers, will open an International School in Hong Kong in 2012.

We will look to the many world-class talents in the UK's creative industry for inspiration and support in our endeavour to develop Hong Kong as a cultural hub in Asia.

Meeting the challenges of the future

There is a Chinese saying, “ At home, one relies on one's parents for support, but when abroad, one relies on one's friends.” Judging from the large number of you here tonight, there can be no doubt that Hong Kong has no shortage of friends in the UK. I hope it is not too much to say that Hong Kong can rely on your support in the year ahead.

With support like that, I am sure that Hong Kong, like a rabbit, will continue to meet its challenges with energy, flexibility and grace.

Finally may I thank you all for joining us here this evening. I hope you will enjoy yourselves and I wish you health, happiness and a prosperous year of the rabbit.

Thank you.