

**Speech by Ms Sarah Wu, Director General
Hong Kong Economic and Trade Office, London
at the Annual Meeting of the Hong Kong Society on 16 October 2008**

Caroline and Members of the Hong Kong Society,

It always gives me great pleasure to join your AGM and to see many old friends. I am also delighted to take this opportunity to give a brief update on Hong Kong.

2. We are living in a most extraordinary time. We have witnessed the unfolding of the 'credit crunch' last year, gasped at the black Monday on 15 September, and were shocked by the meltdown of many iconic financial institutions. Governments across the world have had to intervene with rescue packages running into billions and trillions of US dollars to restore confidence in the financial system. Following the black Friday last week, the fear of recession and lack of confidence led to a further slide yesterday of 5 to 10% in Asian and world markets are expecting another hefty fall today. The global financial crisis is fast turning into a global economic crisis.

3. No economy in a global village can escape unscathed from the financial tsunami. Hong Kong is affected too and our own Hang Seng index closed at 15,230 today. Of course we have been through similar problems in the past with the many ups and downs, the Asian financial crisis and the 68 months of deflation – but we came out of these with a stronger, more vibrant and resilient economy. The question we all face now is how the economy will be affected, what needs to be done internationally and locally to restore confidence and to build up a creditable and workable regulatory system and how to avert a global economic crisis. Hong Kong is prepared for a difficult time ahead.

4. This was reflected in the Policy Address - titled "Embracing New Challenges" - delivered yesterday by Chief Executive Donald Tsang. He recognized the severe external economic environment as a major challenge for Hong Kong and presented some clear initiatives to work out a way forward. Mr Tsang announced a task force – chaired by him - that will assess the impact of the financial crisis and propose specific options to address the challenges. Given Hong Kong's strong foundation as an international financial centre, we shall turn the current crises into opportunities by vigorously pursuing economic development in areas such as financial services, cross-boundary integration, creative industries and scientific research. Measures will be taken to reinforce Hong Kong's position as a global financial centre by means of enhanced banking supervision, tightened regulation of fund managers, the establishment of an independent Insurance Authority, and increased efforts to broaden the scope of stock exchange listings.

5. On economic and trade development and regional economic integration, the Government will take the lead in building a Hong Kong - Shenzhen metropolis as well as strengthening co-operation with Guangdong. Exchanges and co-operation with Taiwan will also be strengthened with new immigration procedures to make it easier for frequent business visitors and tourists from Taiwan to come to Hong Kong. The Hong Kong Trade Development Council will establish an office in Taipei. A new Creative Industry Office will

be set up to promote the further development of creative industries in Hong Kong. The steady economic growth in China and other economies will continue to provide our savvy businessmen with many business opportunities.

6. Mr Tsang has also highlighted three other major challenges, namely: balancing social interests and upholding social justice; meeting public demands for a quality life, and ensuring strong governance to achieve a pragmatic, credible and accountable government. A series of key Government initiatives will be taken and I would like to mention just a few:

* In view of the recent food safety concerns, the Administration will speed up work on the Food Safety Bill, with priority given to enabling the authorities to promptly ban the import and sale, and order the recall, of problem food when necessary.

* A Bill on a statutory minimum wage will be introduced in the 2008-09 legislative session.

* Further public consultation on healthcare reform will be launched in first half of 2009 to work out the long-term healthcare financing arrangements.

* Measures that would help reduce greenhouse gas emissions, improve air quality and encourage recycling in Hong Kong will be introduced.

* The government will work with Guangdong to transform the Pearl River Delta Region into a green and quality living area by promoting environmental protection and sustainable development.

7. Hong Kong will continue to uphold principle of “Big Market, Small Government”. Mr Tsang has emphasized Hong Kong’s core values including our belief in justice, equality and liberty. He is fully aware of the public’s concerns particularly over the financial crisis, food safety and environmental pollution, the rising public expectations as well as the importance of social harmony. On the constitutional development, the public will be consulted on the methods for electing the Chief Executive and for forming the Legislative Council on 2012. Under the concept of “Strong Governance”, we endeavour to achieve a pragmatic, credible and accountable government.

8. In conclusion, I am glad to say that Hong Kong is on the right track with its development. All these years, we have worked miracles in times of difficulty, turning crises into opportunities and making continuous improvements and progress. We believe our resilience will help our city emerge stronger from the current global financial tsunami.

9. Thank you.