

SCED speaks on MoU on Strengthening of Economic Relations between HKSAR and Thailand (English only) (with video)

Following is the transcript of remarks made by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session after attending the signing ceremony of the Memorandum of Understanding on the Strengthening of Economic Relations between the Hong Kong Special Administrative Region and Thailand in Bangkok, Thailand, today (November 29):

Secretary for Commerce and Economic Development: I think both leaders have mentioned the significance of this high-level meeting and the MoU (Memorandum of Understanding). I won't repeat. I think it is worth capturing two very important principles behind the signing of the MoU and also the high-level meeting.

The first one is that we are building a very strong relationship between Hong Kong and Thailand. This is not work just being done in recent time, it actually reflects the long relationship between Hong Kong and Thailand. In the past two years, the two governments have been working very closely, bringing up the relationship between Hong Kong and Thailand. This is also the contribution of the business community who works very hard in shaping these agreements. In entering into this MoU, we want to make the Hong Kong-Thailand relationship closer, more strategic and also of mutual benefit.

The second principle is that we are all here to serve the community of both economies, not just confined to business community but also the wider society. That is why the MoU covers not just the dollar-sign things, but also human resources, capacity building and education. The sole purpose in fact is to create a better environment, particularly for SMEs and professional services, where respective strengths of both sides can be fully demonstrated.

We have also talked about putting this arrangement to a formal institutional set-up, where both sides will convene high-level meetings on a regular basis. The composition like today is led by the governments, joined by major trade organisations, chambers and also relevant bodies. We are also taking certain immediate actions. For instance, we are talking about inviting the (Thailand) Board of Investment to come over to Hong Kong in the first quarter next year. They can tell us the various policies that could facilitate mutual investments, exchanges and business collaborations. We have also talked about enhancing capacity building, where experience could be shared, say from the Hong Kong side, on the management of the city and also collaboration and support in various areas, including I&T (innovation and technology), business promotion and also some new areas that the DPM (Deputy Prime Minister) mentioned, for example creative industries or films, which will provide a lot of opportunities for young talents. We have also talked about possible collaboration between the two sides. For instance, identifying

Thailand as our partner, say, for the Business of Design Week (BODW), which is an annual programme that Hong Kong promotes in connection with other countries and economies. So these are the strategic directions that we are talking about, and also concrete actions that will be launched in the next years and months ahead.

Reporter: Sir, as we know, the social unrest has taken a toll on the Hong Kong financial sector in one way or the other. How do you see these free trade agreements, MoU, will benefit Hong Kong? How long the term will you see the effects of social unrest on the economy of Hong Kong?

Secretary for Commerce and Economic Development: Thank you. Yes, Hong Kong has been suffering from the social unrest in the last couple of months. But we are also seeing some prospects of reconciliation and calming down of things. As evidenced by the smooth and peaceful completion of the District Councils election, the Government has been making every effort to bring the society back to normal. But as the Chief Executive mentioned, while we are having difficult time, our economic fundamentals remain the same. We are talking about Hong Kong remains a very law-abiding society: we respect the rule of law, we respect the rights of people, and we respect the right of expression. And Hong Kong remains a city where we welcome business. And the level playing field, the respect of commercial practices, the holding on of international standards, all these are the fundamentals that remain. While certain sectors of the economy, like retail and tourism, would obviously be hit harder than others, for general businesses, including professional services or financial services we mentioned, things are going normal and as evidenced by the recent listing of a major company in Hong Kong, which may put Hong Kong back to world number one this year in terms of IPO (initial public offering) arrangements. So, we are struggling, we are working very hard, we will keep business as normal as possible, and also try to make good from the difficulties that we are encountering. But while we are working on the social unrest back home, nothing should stop us from coming to build this relationship with Thailand. The fact that we have over 50 business leaders, joining me in the last three days, coming to Thailand. This is no coincidence. It is driven by the opportunities they see in Thailand. It is also driven by the possible collaborations, among businesses, both in the traditional area like the manufacturing industries, or in new areas, including I&T, start-up or creative industries.

So these are the new attractions which would open up opportunities on both sides on a longer term basis.

The reason why we try to start another negotiation with a view to entering into more agreement in trade and commerce with Thailand is in fact to bring greater certainty, stability and prospects for both sides because in the long term, businessmen would like to have a stable environment, and these G-to-G (government-to-government) binding agreements would provide a very good platform, not to mention the many agreements that we enter into are of high standard, and in compliance with WTO's (the World Trade Organization) requirements. I hope this will also send a very strong signal to the business world on both sides.

Reporter: Sir, are there any concerns about the economic sanctions after the passing by the US of the Hong Kong Human Rights and Democracy Act?

Secretary for Commerce and Economic Development: Hong Kong has the privilege of being a separate customs territory and also an independent trading entity, which gives us the membership of the WTO and APEC (Asia-Pacific Economic Cooperation). We remain a highly autonomous member and active member in these organisations. These are constitutional rights given to Hong Kong under the "one country, two systems", so this will remain.

Of course, different countries may take different policies and I am not here to comment on politics of other governments. Hong Kong's problem would be resolved by Hong Kong instead of some other people. But those constitutional rights which give Hong Kong this very unique advantage will remain, and we will of course have every interest to uphold this principle. I think human rights, democracy or economic interests are there to be protected by our own efforts and not by other governments.

Reporter: In both Thailand and Hong Kong, we both have political differences and also difficulties at the moment. What trade opportunities are we seeing in number, in products or in services?

Secretary of Commerce and Economic Development: As the DPM mentioned, I think Hong Kong-Thailand economic relationship would build a long and solid ground. In the past, it might be confined to trading of agricultural produce, but now, we are not only talking about premium products in the agricultural area. We are also seeing huge opportunities opening up, for instance, co-investments on major projects. In this region, you have the EEC (Eastern Economic Corridor) and also you have the economic hinterland of CLMVT (Cambodia, Laos, Myanmar, Vietnam and Thailand), which are far bigger than only the Thai market. And I think ASEAN (Association of Southeast Asian Nations) as a whole has enjoyed a very major growth collectively. A lot of these infrastructural investments not only require investments, but they also require a lot of professional services support, for instance, how to have syndicated loans, corporate financing and project financing. At the same time, there might be services demand for risk assessment and risk management, insurance and on how these business deals could be entered into through legal and consulting services. All these are easily available from Hong Kong.

At the same time, we are also looking at a two-way street. The Greater Bay Area, nine cities together with Macao and Hong Kong, form ourselves into a major cluster of growing market within the Mainland China. That's the most rapidly developing area. That also opens up a lot of opportunities for Thai investments through Hong Kong. So I see this as a mutual two-way street. Also I believe as we see from the Thai economy, you are emerging more into a services industry. You also enjoy a great potential, for instance, in the Thai design and creative industries. In fact, Thailand has a very strong foothold for post-production for films, where a lot of Hong Kong filmmakers come here for post-production operations. In the services industry, from traditional ones, (like) the high-end professionals, to the new ones, including film, advertisements and music, there will be a lot of collaborations. That's where young people and young talents could have many

ways to explore. That's why on top of the MoU, we also talk about having arrangement for working holiday for young people from both sides so that they can take advantage of the scheme and go to respective areas to make friends, explore opportunities and perhaps find a new career or collaborations.

Reporter: Secretary, can you elaborate more on the MoU being the gateway to the CLMVT countries and what are the significance of these countries to China and Hong Kong? What does that mean in the US-China trade war?

Secretary for Commerce and Economic Development: I think you have raised a very good question. When we look at the wider world, while we seem to be seeing a lot of free trade going beyond boundaries in the last few decades, we are at the same time seeing certain back paddling that protectionist measures and trade disputes between major trade entities are taking place. These affect not just Hong Kong, but also ASEAN. I'm seeing ASEAN as a whole, trade projection figures are on the drop. Global trade figures are also dropping. In order to counter all these, we must find opportunities for like-minded countries, particularly those which still support and practise free trade to act together, not to close the doors nor to build walls, but to enhance free flow of trade by removing barriers and improving market access. I think the free trade agreement is a very typical example where people on a bilateral or multilateral basis can reduce all these barriers. The Hong Kong-ASEAN Free Trade Agreement is the one to signify this ongoing process, and we have seen trade figures coming up since the signing of this agreement. There are still more to do within this framework. In fact, more mature economies can do better. For instance, after the signing of the Hong Kong-ASEAN Free Trade Agreement, we have another agreement which Hong Kong signed with Australia, focusing on services industries where we give each other inroads to services sector. No reason why all those more open policies could not be adopted by Hong Kong and Thailand, where we see similarities and complementary exchanges.

Thailand has a very major advantage where you have a big and emerging market, and you are at the centre of CLMVT, which is a focal point within ASEAN. We can take advantage of Thailand as a gateway, very much like Hong Kong as a gateway to the Greater Bay Area within the Mainland of China. Here we are talking about 250 million people in an emerging market. There in the Greater Bay Area, we are talking about 70 million people with a US\$1.5 trillion economy. So, there could be a lot of synergy by using the right conduit of these two hinterlands. We see this MoU bringing about this gateway between our respective economies and the hinterlands.

Reporter: With the social unrest that has been happening, why there is no concessions given by the Government, especially after last week's election? Does the Government have any messages for the protesters?

Secretary for Commerce and Economic Development: The Government has been trying very hard to restore law and order, which is of prime importance. I think no society could survive with that degree of violence. Irrespective of what political belief or stance people take, there is no reason to resort to violence, not to mention that is against the law. In particular, when we are seeing young people taking such drastic actions, they are putting their

future on the line. It's every intention of the Government to restore law and order.

At the same time, there are a lot of dialogues going on. These dialogues sometimes may not be necessarily taken in a very open manner, because of the limitations we might have. In the last six months, we have never stopped meeting different people. Even in my smaller area of trade and industry, we have met a lot of young people, say in the start-up industry and the creative industries. We try to find opportunities to talk to them and understand their wish. There are immediate problems that we need to resolve, how to bring peace back to our society. There are also longer term issues about finding opportunities for those who feel frustrated, and creating opportunities or ladder to bring back the social mobility which we all want our young people to have. We also need to tackle the economic setback that we have been suffering, both because of the wider picture of US-China trade war, and the social unrest that we have been encountering. All these are continuing efforts, and I believe society also expects the Government to do so. We will make our every endeavour to work towards that goal.