

SCED speaks to the media

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session after attending a radio programme this morning (May 4):

Reporter: Secretary, Hong Kong recorded 0.5 per cent GDP growth in the first quarter, are we expecting the economy to rebound later in the year? Or are we expecting a more gloomy outlook? And what are the factors that are affecting our economy?

Secretary for Commerce and Economic Development: I think the first quarter figures revealed that we are at the crossroad, i.e. while sentiment towards the general economic situation has slightly improved with easing of tension between the US and China over the trade dispute, export figures remain negative, we are still in the negative trend. We are also in a rather stagnated situation as far as retail figures are concerned. Overall, the first quarter's 0.5 per cent (GDP) growth suggested that there are still a lot of uncertainties ahead. I think a lot will depend on whether and how far the US and China would come to an agreement on the trade dispute. Having said that, even if there is an agreement, whether that would bring a sharp return of economic performance would depend on (handling of) tariffs and on whether more fundamental issues between China and the US are being resolved by further trade negotiations or agreements.

I just came back from Beijing biennial Belt and Road summit, from what I heard among the countries taking part, and also after reading the speeches and the concluding remarks made by our nation (leader), a positive note is that there is a very strong and deep commitment for China to adopt a more open and liberalising rule-based system, and a lot of respect and regards to bilateral international agreements. They also went further to say China would certainly respect the protection of intellectual property rights, and will also curb corruptive moves. All these in aggregate represent a very firm and important commitment to the whole world that China will be a responsible trading partner. So, this is not just a response to the US issues, but a commitment to the wider world. And that fits very well with Hong Kong's agenda, because Hong Kong survives much better in a rule-based, barrier-free trading environment. And that's what Hong Kong has been advocating. We hope this will bring some positive signs beyond the US-China trade dispute.

Reporter: Do you see businesses confidence coming back?

Secretary for Commerce and Economic Development: Business sentiment will act on what sort of news and indications they see from the trade talks. In terms of survey, reference can be drawn to the Hong Kong Productivity Council's recently released index which measures the sentiment (on business confidence), there has been a rebound from the figure of 40 to 46. It is a clear rebound, meaning people are less pessimistic, but it is still below 50 mark, which means the overall situation remains cautious. I think that is quite an appropriate description of the sentiment now. We are also observing

a similar trend globally. The IMF has adjusted downward the projection of the global GDP growth from 3.6 per cent to 3.3 per cent, and saying that it could rebound to the original projection of 3.6 per cent in the years to come if the US-China trade dispute could be resolved satisfactorily.

I think the whole world, including Hong Kong, is facing similar situation. Currently we are still suffering from the impact of the trade dispute. We are also watching very carefully on the way forward. For Hong Kong in particular, I think there should be no sparing of efforts in reaching out and going out and reinforcing the need for a more liberalising trade community globally.

(Please also refer to the Chinese portion of the transcript.)