

Speech by Acting SCED at Prime Source Forum 2019 (English only)

Following is the speech by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, at the Prime Source Forum 2019 today (April 2):

Martin (Managing Director of Yeh Shen Limited, Mr Martin Keil), Secretary Singh (Secretary of Ministry of Textiles of India, Mr Raghvendra Singh), distinguished speakers, ladies and gentlemen,

Good morning. It gives me great pleasure to join you all today at the Prime Source Forum 2019. My warmest welcome to everyone, especially to those who have travelled afar to be here with us today.

Since its launch in 2006, the Prime Source Forum today is already its 14th edition. The fact that the Forum has chosen to meet here in Hong Kong for 14 consecutive years reflects not only the attractiveness of the city as a preferred destination for international conferences, it is also a testament to Hong Kong's position as a major international fashion design centre and a renowned global sourcing hub.

Hong Kong thrives because of a host of advantages. Our strategic location right at the heart of Asia and at the doorstep of Mainland China is one of them. At the same time, our efficient logistics network, our strong connectivity, our ability to reach half of the world's population within five hours' flight time, as well as our free port status make Hong Kong an ideal sourcing hub in Asia.

Hong Kong enjoys unique status and advantages under "one country, two systems". Hong Kong is a highly open and international city, with a business environment that is open and facilitating, as well as professional services that are of excellent quality. Added with our fundamental strengths, including the rule of law, free flow of capital and information, a business-friendly environment, a diverse and international talent pool, and a low and simple tax regime, Hong Kong is named the world's freest economy by the Heritage Foundation 25 years in a row, the second most competitive economy by the International Institute for Management Development, and the fourth easiest place to do business by the World Bank.

It is no wonder that more and more international companies have chosen to establish a presence in Hong Kong. Compared to 2017, there is a 6.4 per cent increase in the number of overseas and Mainland companies setting up in Hong Kong – the total number now exceeds 8 700. The growth is even more prominent in the number of companies using Hong Kong as their regional headquarters, which now reaches 1 530, up 8.3 per cent.

At the same time, Hong Kong's start-up ecosystem skyrocketed in the last few years. The latest survey shows that there are over 2 600 start-ups in

Hong Kong, representing an increase of 18 per cent over 2017. Hong Kong's start-up community is highly international, with 35 per cent of the founders coming from outside Hong Kong. This high proportion is rather unique, and it highlights the attractiveness of Hong Kong to the international business community, and the key role we play for businesses globally.

To help Hong Kong enterprises and investors expand their markets, further reinforce Hong Kong's status as an international trade and investment hub and establish our worldwide network of economic and trade connections, Hong Kong has also been actively seeking to forge free trade agreements (FTAs) and investment agreements with our trading partners.

Last week, we signed a FTA and an investment agreement with Australia, which are modern, of high standard and comprehensive in scope. This FTA is the fourth one signed by this term of Government. Altogether we have signed eight FTAs and they bring better market access for trade in goods and services as well as investment protection to Hong Kong investors. They also reduce restrictions in doing business and offer more business opportunities for Hong Kong enterprises and service providers. But these benefits are not confined to Hong Kong enterprises. Overseas companies which satisfy the relevant criteria and irrespective of their origin, can also enjoy the preferential treatments under the agreements. We welcome companies around the world to set up business in Hong Kong or to partner with Hong Kong companies to explore the vast opportunities that the FTAs offer.

Our deepening integration with Mainland China allows Hong Kong to play a strategic and vital role in two national development initiatives, namely the development of the Guangdong-Hong Kong- Macao Greater Bay Area (Greater Bay Area) and the Belt and Road Initiative.

The Greater Bay Area encompasses a total area of 56 000 square kilometres, with a population of 69 million and a total GDP of US\$1.5 trillion. Its population and area are much larger than those of the New York, San Francisco or Tokyo bay areas. The Greater Bay Area is also the most affluent region in China with a growing middle class.

Through further deepening co-operation amongst Guangdong, Hong Kong and Macao, the development of the Greater Bay Area is aimed at promoting the co-ordinated economic development in the Area, leveraging the complementary advantages of the three places, and developing into an international first-class bay area for living, working and travelling.

Hong Kong's role in the development of the Greater Bay Area is very clear. We will consolidate and enhance our status as an international aviation hub and a global offshore Renminbi business hub. We will strengthen our role as an international asset management centre and a risk management centre, promote the development of high-end and high value-added services, and the development of innovation and technology industries, nurture emerging industries, and establish Hong Kong as the centre for international legal and dispute resolution services in the Asia-Pacific region. These areas of work are all conducive to maintaining Hong Kong as an international metropolis

with enhanced competitiveness.

Hong Kong is also a key link for the Belt and Road Initiative. With the unique advantages and strengths I have mentioned just now, Hong Kong will provide strong support to Mainland and foreign companies in their participation in the Initiative by providing a platform for raising capital and a host of professional services.

The textiles and apparel industry has long been a cornerstone of Hong Kong's economy. Over the years, Hong Kong has evolved into a production controlling hub, an international sourcing centre for textiles and apparel products, as well as a fashion design hub. In addition to our excellent infrastructure and connectivity, we have top-notch fashion designers and professionals who can provide you with all the required services. We are experienced in fabric procurement, sales and marketing, quality control, logistic arrangements, as well as international and domestic rules and regulations. Being resourceful and versatile, they cater for diverse customer needs and fast orders.

The Hong Kong Special Administrative Region Government has spared no efforts in furthering the development of the fashion design industry, including promoting local fashion designers and brands, and nurturing fashion design start-ups. Our dedicated funding schemes have continued to support projects to nurture young fashion designers and fashion design start-ups, and provide local and overseas platforms to showcase local fashion designs and brands and explore business opportunities. The Hong Kong Trade Development Council organises CENTRESTAGE, the Hong Kong Fashion Week and delegations of Hong Kong fashion designers to London, New York, Tokyo and many other international fashion weeks. Construction works for the Sham Shui Po Design and Fashion Project are under way. Upon its commissioning scheduled for 2023, the Project will become a design and fashion hub for grooming budding designers and start-ups and enabling design start-ups to realise and commercialise their designs.

Ladies and gentlemen, ample opportunities are available both here in Hong Kong and beyond. We stand ready to join hands with our friends from around the world to seize these opportunities ahead.

I wish you all a fruitful discussion at the ensuing forum and an enjoyable stay in Hong Kong.