

Speech by CE at 2018 Colloquium on International Law (English only) (with photos)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the 2018 Colloquium on International Law today (July 6):

Commissioner Xie (Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region, Mr Xie Feng), Mr Hu (Counsellor of the Department of Treaty and Law of the Ministry of Foreign Affairs, Mr Hu Bin), Mr Chen (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (HKSAR) Mr Chen Dong), Henry (Founding Member of the Asian Academy of International Law Dr Henry Cheng), Judge Xue (Vice President of International Court of Justice, Ms Xue Hanqin), Anthony (Chairman of the Asian Academy of International Law, Dr Anthony Neoh), Professor Huang (President of the Chinese Society of International Law, Professor Huang Jin), ladies and gentlemen,

Good morning. I'm delighted to join you today for the second annual Colloquium on International Law, to have the privilege of speaking to such a distinguished group of leaders from the legal, business, academic and governmental sectors.

I still remember vividly the day when I addressed the 2017 Colloquium luncheon last year, which was just seven days into my job as the Chief Executive of the Hong Kong Special Administrative Region. Before I knew it I am already in my second year. Looking back, thankfully my first year was largely rewarding for me personally and, I trust, for Hong Kong. And I can assure you, ladies and gentlemen, we're just getting going. The best of Hong Kong is yet to come.

It helps enormously that we can count on the drive and purpose of organisations such as the Asian Academy of International Law and the Chinese Society of International Law, the organisers of today's Colloquium. The Colloquium has become an effective platform for in-depth exchanges on topical issues of international law, which are also issues that matter to Hong Kong. "Sustainable Connectivity: Go Green, Deal Clean and Talk Peace", the theme of this year's two-day Colloquium, certainly captures some of our most pressing concerns and promising opportunities.

It is clear that the world's interest in connectivity is rising. The APEC, the ASEAN, the G20 and the European Union have all placed connectivity on their agenda, and for good reason. Enhancing connectivity is a key to unlock many opportunities, as it smooths the flow of technology and ideas, enhances the mobility of labour and capital, lowers trade costs, and expands global access to resources. A 2013 report from the World Economic Forum,

"Enabling Trade, Valuing Growth Opportunities", suggested that global GDP could increase by US\$2.6 trillion if all economies managed to reduce border administration procedures and improve infrastructure just halfway to global best-practice levels.

The Belt and Road Initiative announced by President Xi Jinping five years ago is built exactly on connectivity. For the Belt and Road, connectivity is the innovative engine that will power sustainable progress on a multilateral and multilevel basis. At the 2017 Belt and Road Forum in Beijing, Secretary-General of the United Nations António Guterres highlighted the common roots of the Belt and Road Initiative and the 2030 Agenda for Sustainable Development of the United Nations. Mr Guterres said, and I quote, "While the Belt and Road Initiative and the 2030 Agenda are different in their nature and scope, both have sustainable development as the overarching objective. Both strive to create opportunities, global public goods and win-win co-operation. And both aim to deepen connectivity across countries and regions: connectivity in infrastructure, trade, finance, policies and, perhaps most important of all, among peoples."

Alongside the outsized rewards of connectivity, a more connected world also creates considerable challenges. Environmental pollution, loss of biological and cultural diversity, exploitation of workers, worsening inequality, systemic financial crises, to name but a few, have become facts of life in our increasingly connected world.

As the Chief Executive, I can assure you that Hong Kong is responding to those growing concerns. For the next few minutes, I'd like to focus on three areas: green finance, anti-corruption and dispute resolution.

The Paris Agreement, which comes into force in 2020, is spurring institutional investors to integrate environmental considerations into their investment portfolios. And green finance has gained fresh momentum thanks to the G20, which, under China's Presidency, established the Green Finance Study Group. Not surprisingly, global demand for green financial products is rising rapidly, with green bonds by far the most prevalent worldwide. In the first quarter, sovereign issuances in particular played a critical role in the green bond market, accounting for about one third of issuances in both developed and emerging markets.

The annual green bond issuance in 2017 alone grew well over 80 per cent, attracting many jurisdictions to the flourishing green finance market. My Government is no exception. We are fully committed to Hong Kong's rise as a green finance hub, with a keen interest in the markets within the Guangdong-Hong Kong-Macao Bay Area and the economies along the Belt and Road. We are also developing local expertise in green finance certification services.

Just last month, we launched a Green Bond Grant Scheme to stimulate the development of green finance. It subsidises eligible green bond issuers in obtaining certification under our local Green Finance Certification Scheme. We also plan to offer a Government Green Bond Programme with a borrowing ceiling of US\$12.8 billion (HK\$100 billion) to finance government projects

with environmental benefits. It would become one of the world's largest, if not the largest, sovereign green bond issuances. At the same time, we will explore other opportunities that position Hong Kong as a regional hub for green finance.

More than a green environment, we need a clean community if we are to remain a prosperous economy through this 21st century. Corruption stifles free and fair competition. It also leads to uncertainty regarding economic transactions, which only serves to dampen investment. Corruption, in short, is a major hurdle to sustainable development.

Few economies tackle corruption as comprehensively and as successfully as Hong Kong does. And you need not take my word for that. In the Heritage Foundation's 2018 Index of Economic Freedom, which Hong Kong has topped for the 24th year in a row, the Foundation had this to say about Hong Kong, and I quote, "A high-quality legal framework provides effective protection of property rights and strongly supports the rule of law. There is little tolerance for corruption, and a high degree of transparency enhances government integrity."

To be sure, this was not always the case. Indeed, Hong Kong was riddled with corruption until the establishment of the Independent Commission Against Corruption, or the ICAC, in 1974. The importance of the ICAC is underpinned by the Basic Law, Hong Kong's mini-constitution. The Basic Law states that the ICAC will function independently and be accountable to the Chief Executive of Hong Kong.

The ICAC's effectiveness is recognised internationally. Hong Kong, after all, is consistently ranked among the least-corrupt places in the world. In Transparency International's latest Corruption Perceptions Index, Hong Kong rose from 15th least-corrupt place in 2016 to 13th last year. That's on par with Australia and Iceland, and ahead of such advanced nations as Austria, Belgium, the United States and Japan.

The ICAC, which enjoys both structural and operational autonomy, has been cited as one of the world's "best-known specialised anti-corruption institutions" by the OECD. The OECD also reported that many countries, "inspired by the success story of Hong Kong's anti-corruption commission and its three-pronged approach to fighting corruption", have established their own specialised, anti-corruption bodies.

Hong Kong, I should add, is a member of the Anti-corruption Initiative for Asia and the Pacific, led by the Asian Development Bank and the OECD. We have endorsed the Initiative's Anti-Corruption Action Plan for Asia and the Pacific, and we will continue to work closely with its counterparts around the world.

In a more connected world, the flow of people and trade soars and with it the opportunities for cross-border business. That in turn increases the possibilities of disagreements, including disputes between the rights of a foreign investor and the freedom of a state to protect its environment.

Today, a multi-tier dispute-resolution clause is quite common in investment treaties, with mediation as an intermediate stage and arbitration as the last resort in resolving investor-state disputes. In such cases, both the foreign investor and the state prefer a neutral place of arbitration. That is because of the perceived bias if the proceedings are conducted either in the foreign investor's country or the host state.

To that, I say: Welcome to Hong Kong. We offer numerous advantages as a neutral venue for dispute resolution. Let me note several of these now.

To start with, our well-developed legal system is rooted in the common law, which has been practiced here for more than 150 years. It's familiar to the international community, providing sound legal protection for investments and property ownership, as well as a dispute-resolution regime of international standards.

Our judiciary is independent and well respected, ensuring that it is both mediation- and arbitration-friendly. Eminent jurists from other common law jurisdictions may be appointed to our Court of Final Appeal as non-permanent judges. Recent examples include the Right Honourable the Baroness Brenda Hale of Richmond, President of the United Kingdom's Supreme Court, and the Right Honourable Beverley McLachlin, former Chief Justice of Canada.

Then there's our substantive pool of independent local and overseas legal professionals. They bring us international perspective, multilingual capabilities and extensive experience in handling cross-border transactions of all kinds.

Our mediation regime strengthens people-to-people connectivity. We have dedicated mediation legislation and an industry-led accreditation body for mediators. Its disciplinary functions ensure the quality of mediators and consistency in training and accreditation standards. It also boosts public confidence in our mediation services.

And, given our location at the southern gateway of Mainland China, in the heart of Asia and within a five-hour flight radius of half the world's population, Hong Kong serves as a central bridge between the Mainland and the rest of the world. It helps, too, that our heritage and the culture influences that continue to shape us today are a welcome fusion of East and West.

Riding on the above advantages, Hong Kong is uniquely positioned as a deal maker and dispute resolver through the provision of our professional services, which are aligned with global best practices. To enhance our status as a leading centre of international legal and dispute resolution services in the Asia-Pacific region, my Government has formulated a steadfast policy to promote our services at the international level. In particular, to cater for the growth of commercial activities brought about by the Belt and Road Initiative which entails an increasing demand for a fair, effective and efficient international dispute resolution mechanism, the legal profession and the dispute resolution professional sector, with the policy support of

the Government, are actively establishing an online dispute resolution platform. This initiative seeks to make use of innovative technology to provide a safe, reliable and credible platform to provide enterprises in various economies along the Belt and Road with convenient and cost-effective online dispute resolution.

Let me add that, a year ago, Hong Kong signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area. Then, last December, we signed the Arrangement between the National Development and Reform Commission and the HKSAR Government for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative. Both agreements contain explicit reference to reinforcing Hong Kong's status as a regional hub for international legal and dispute-resolution services.

Ladies and gentlemen, the Belt and Road Initiative is an inclusive and truly global initiative. Some 80 countries and international organisations spanning Asia, Europe and Africa are committed to the ambitious plan. To date, more than 270 agreements or deliverables have been entered into among the economies along the Belt and Road corridors. These projects are transnational, huge in scale and complex in their needs and goals. They range from finance, infrastructure and trade and commerce, to information technology and digital development. They also embrace sectors ranging from agriculture and healthcare to environmental protection and conservation. To fully capitalise on the vast promise of the Belt and Road Initiative, we must ensure that its connectivity is wholly sustainable, built to last, and engineered to flourish. That, ladies and gentlemen, is one challenge I'm sure we all look forward to realising.

On that note, may I wish you all a rewarding Colloquium, and the best of business through this year and long down the sustainable road. Thank you very much.

