

Speech by CE at AsiaGlobal Dialogue 2018 (English only) (with photo/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the AsiaGlobal Dialogue 2018 held at the University of Hong Kong today (November 15):

Victor (Co-chair of the Advisory Board of the Asia Global Institute, Dr Victor Fung), Professor Zhang (President and Vice-Chancellor of the University of Hong Kong, Professor Zhang Xiang), Professor Spence (Co-Chair of the Advisory Board of the Asia Global Institute, and recipient of the Nobel Memorial Prize in Economic Sciences (2001), Professor Michael Spence), ladies and gentlemen,

Good morning. I'm honoured to join you today for the University of Hong Kong's annual AsiaGlobal Dialogue, and for the second year in a row.

It is a testing time for globalisation and multilateralism. This year's theme – "Redefining Multilateralism for a Global Economy" – is sure to stimulate considered and spirited discussion. That is in keeping with the Asia Global Institute and its welcome mission, which is to generate innovative thinking and business-relevant research on global issues from Asian perspectives, in order to inform global policy and actions towards a prosperous and sustainable future for all.

When we talk about multilateralism, the World Trade Organization (WTO) immediately comes to mind. The establishment of the WTO in 1995 was a landmark development, a giant step towards a rule-based multilateral trading system, which is the foundation for the liberalisation of global trade and investment. Indeed, trade volume in goods and services has tripled since then. Global foreign direct investment flow is up more than four-fold over the past 22 years. Developing economies, in particular, rose almost six-fold.

The results are clear and compelling: the flow of goods and capital has unleashed immense productivity growth worldwide. In doing so, it has raised incomes and the living standards of billions of people. World GDP has grown an average 3.8 per cent a year in real terms over the past 22 years, with per capita GDP also doubling.

For developing economies, globalisation through multilateralism has helped them integrate into the global value chain, in the process lifting a great many people out of poverty. Indeed, nearly 1.1 billion people have moved out of extreme poverty since 1990, according to the World Bank.

That's not to say that globalisation is problem-free. Some of the world's poorest economies have been left behind; their paucity of resources, skills, equipment and infrastructure leave them unable to seize the opportunities. As for advanced economies, there is the real challenge of job

losses, in part because of widespread outsourcing and the relocation of lower-skilled, labour-intensive production to developing economies.

At the same time, efforts to expand multilateralism have foundered in recent years because of profound differences among WTO members. The global financial crisis in 2008 has also had an unsettling impact, from protests against free trade to calls for de-globalisation in some advanced economies. In short, the multilateral trading system set in motion by the WTO has encountered fierce opposition, and that resistance has only swelled in recent years.

As I noted in my speech here last year, the fundamental solution lies in making economic development more inclusive, in boosting the benefits we create for our people. I outlined a number of measures essential to building an inclusive community, and I won't repeat those this morning.

Rather, let me say that I am very concerned about global trade developments over this past year. Last year at this occasion, I said that I saw worrying signs of rising protectionism. I am afraid that now we see more than signs, with the United States introducing unilateral trade measures against other economies. The unilateral actions taken by the United States and inevitable retaliatory actions by other economies will surely raise the barriers to trade and investment, risking a widespread economic slowdown or even a global recession.

I'm pleased to note that the second largest economy in the world, that is Mainland China, is providing the much needed support for the multilateral system. This year marks the 40th anniversary of China's reform and opening up. By the way, many of you in Hong Kong would know that I just came back to Hong Kong on Monday after leading a delegation of over 160 members from various sectors of the community to visit Shenzhen and Beijing to celebrate this anniversary. In this milestone year, the inaugural China International Import Expo was held in Shanghai last week. Victor and I were there. Actually, Hong Kong actively participated in the Expo. We set up a Hong Kong Exhibition Area, and over 160 enterprises joined the Enterprise and Business Exhibition, showcasing our unique role as a strategic gateway and important hub for the opening up of the country.

The Expo is the world's first import expo held at the national level. Some of you may have picked up the figures about the achievements in this Expo. This reaffirms my belief that sometimes the Chinese people approach the subject of trade in a way very different from the American people, that we emphasise deeds rather than rhetoric. At the opening ceremony of the Expo, President Xi Jinping delivered a keynote address entitled "Work Together for an Open Global Economy that is Innovative and Inclusive". He said that the Expo "demonstrates China's consistent position of supporting the multilateral trading system and promoting free trade", and "it is a concrete action by China to advance an open world economy and support economic globalisation". President Xi emphasised that "openness and co-operation will remain essential for continued human progress". He named five concrete aspects that China will step up efforts to broaden its opening up,

one of which is to promote international co-operation at the multilateral and bilateral levels. In particular, he said that China will continue to advance the Belt and Road Initiative through international co-operation in the spirit of consultation and collaboration for shared benefits.

Hong Kong is determined to play an active part in the country's noble efforts to build a community with a shared future and usher in an even better tomorrow for mankind. First of all, we will continue to promote free trade, both by supporting the rule-based multilateral trading system, which is the most effective safeguard against protectionism, and by expanding our network of free trade agreements. Let me make it clear: whatever the changes to the global economic landscape, we are committed to keeping Hong Kong markets free and unfettered, our economy open wide to global business and investment.

And we will promote international co-operation through our participation in the Belt and Road Initiative. Hong Kong is prepared to offer our expertise in professional services for countries and enterprises seeking to participate in the Initiative. Our expertise covers infrastructure development, financial services, engineering, consultancy, accounting, law, etc. These services will be in considerable demand for infrastructure and other projects arising from the Belt and Road Initiative.

Let me add that we will leverage our unique advantages under "one country, two systems" to promote multilateralism and people-to-people bonds in the global environment, which is one of the key objectives of the Belt and Road Initiative. One area that Hong Kong can contribute, which we are doing, is capacity building. We have huge experience in many areas of city management, including town planning, flood prevention, slope stabilisation, railway operation, aviation safety and emergency services. We have also built institutions to fight against corruption, promote equal opportunities and deal with administrative complaints. We are willing to share our experience in those aspects with emerging economies and help build their capacity. In fact, many of our departments and institutions, such as the Independent Commission Against Corruption and the Fire and Ambulance Services Academy, are already offering training or experience sharing with their counterparts from emerging economies, including those along the Belt and Road. We believe that such capacity building efforts will help promote inclusive growth, which in turn will strengthen the confidence in the multilateral system.

Ladies and gentlemen, economic globalisation is an irreversible trend. The rule-based multilateral trading system is one of the pillars that enable freer flows of trade and investment across economies that provide the very impetus to global economic development. At the moment, it is being tested, threatened by a wall of protectionist rhetoric and lamentable action. Through dialogue, through gatherings such as today's, I'm hopeful that we will surmount those obstructions, that we will find our way to an open and inclusive global economy.

I wish you all a very rewarding day. Thank you very much.

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