

Speech by CE at business seminar on Thailand-Hong Kong Strategic Partnership (English only)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the business seminar on Thailand-Hong Kong Strategic Partnership in Bangkok today (February 28):

Deputy Prime Minister Somkid (Deputy Prime Minister of Thailand, Dr Somkid Jatusripitak), distinguished guests, ladies and gentlemen,

Good morning. I am delighted to be here once again in Thailand, and its capital Bangkok, a global city steeped in business and finance, in culture, bright lights and the world's friendliest people. It's no wonder that the City of Angels has been named the top international travel destination for the past three years in the annual Global Destination Cities Index. And the people of Hong Kong certainly think likewise with over 1 million visits made to Thailand last year via the 256 passenger flights every week to seven destinations here.

I'm pleased to say this is my third visit to Bangkok since becoming the Chief Executive of the Hong Kong SAR in July 2017. During my previous visits, I had the opportunities to meet with Prime Minister Prayut and Deputy Prime Minister Somkid. On top of those meetings, I also met with the Prime Minister during the APEC meetings in Vietnam in 2017 and in Papua New Guinea in 2018, and the Deputy Prime Minister in June 2018 when he visited Hong Kong. On all those occasions, we exchanged views on how Hong Kong and Thailand could build on the strong ties between our two economies and our two peoples.

It gives me great pleasure to say that our talks were fruitful. My presence here today underlines that. I have long held the belief that in building connections, whether between economies, companies or individuals, you create opportunities – the critical means to mutual success, to excelling.

Hong Kong and Thailand have been connecting and excelling for many years now. You can see the results in our trade numbers. Last year, our bilateral merchandise trade rose to US\$19.6 billion. That was up 6.3 per cent over 2017. Last year, we were each other's ninth-largest trading partner. Thailand, I might add, was our third-largest trading partner in goods among ASEAN member states.

Hong Kong also plays a notable role as the business bridge between Mainland China and Thailand. In 2018, US\$13 billion worth of trade between Thailand and Mainland China was routed through Hong Kong. That represented 14 per cent of the total trade between Thailand and the Mainland last year. That's a significant total, particularly given that China is Thailand's

largest trading partner, and Thailand is the Mainland's third largest trading partner in ASEAN.

Despite protectionism, trade conflicts and regional instability continuing to disrupt the global economy, I remain optimistic and very confident that our collaboration with ASEAN, and with Thailand in trade, investment and other aspects, will continue to expand. My confidence stems not only from the fundamental strengths that Hong Kong and Thailand share, but also because of opportunities created by the signing of the Free Trade Agreement (FTA) and related Investment Agreement between Hong Kong and ASEAN, as well as our respective exciting national strategies. I'm speaking here about the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development on our side and Thailand's ambitious Eastern Economic Corridor (EEC).

Regarding the ASEAN-Hong Kong FTA, which was signed in November 2017, I'm pleased to note that Thailand and Singapore have deposited their rectification instruments earlier this year. The majority of the remaining member states are expected to complete their internal procedures over the next few months. With the FTA in place, I expect to see more bilateral trade and more investment flow between Hong Kong and Thailand.

As for the Belt and Road Initiative, Hong Kong is a key link in the visionary international co-operation initiative. That's thanks to the manifold advantages we offer, including our strategic location at the centre of Asia and our deep and ever-growing economic connections with both the Mainland and the rest of the world. That's only half of it – Hong Kong is also blessed with superlative infrastructure, well-connected communications and transport networks as well as world-class financial and professional services expertise. Our services sector brings expertise to bear in everything from project design and planning to construction, operation and management. It includes bankers and lawyers, accountants, risk managers, marketing and communications specialists and many more. No less important, they are well versed in cross-border business, experienced in both Mainland and international transactions.

With our clear strengths, we are well positioned to partner with Thai companies, whether on Belt and Road projects or in helping Thai companies access the China market or in creating connections with other economies, in Asia and around the world.

The relationship between Hong Kong and Thailand goes beyond business. We are, for example, expanding academic and youth exchanges, as well as offering Belt and Road Scholarships to outstanding Thai students wishing to study in Hong Kong universities. Such people-to-people bonds will, I'm confident, create further collaboration between us in the years to come.

Then there's the Greater Bay Area, another far-reaching Mainland development, one that will serve as a powerful connection point for the Belt and Road. As you may know, the Outline Development Plan for the Greater Bay Area was announced just 10 days ago. It brings together Hong Kong, Macao and

nine flourishing cities in Guangdong Province. Collectively, they represent a population of nearly 70 million people, which is about the same as Thailand, and a combined GDP of some US\$1.5 trillion. That's roughly equivalent to the combined GDP of Thailand and Indonesia, the two largest economies in ASEAN.

Each of the Bay Area cities offers distinct and complementary advantages. Hong Kong's strengths are clear and compelling. We will bring to the Bay Area our international expertise in finance and trade, as well as our global aviation leadership. We will also contribute to the Bay Area's rise as an international innovation and technology hub.

Innovation and technology development is a policy priority of my Government. And I look forward, later this morning, to witnessing Hong Kong's Cyberport, as well as our Trade Development Council and Ho & Partners Architects Engineers & Development Consultants, as they sign four MOUs with the Office of the Board of Investment and Innospace Thailand. These MOUs will set in motion a Thai-Hong Kong community of entrepreneurs and start-ups, as well as incubation services. They will also accelerate the growth of high-potential start-ups through investment and venture capital injection.

Since becoming the Chief Executive, I have committed some US\$10 billion towards a wide spectrum of innovation and technology initiatives, from expanding our infrastructure, to pooling technology talent and boosting R&D funding. The latter includes a new super-tax deduction of up to 300 per cent on the R&D expenditure of private enterprises. Through the concerted efforts of my Government and other partners such as Cyberport and Hong Kong Trade Development Council, a vivid atmosphere and a healthy ecosystem for innovation and technology development in Hong Kong have been taking shape. We are ready to go hand-in-hand with Thailand to spur innovations, and nurture start-ups to turn ideas and research into results in both places. By the way, the US\$10 billion commitment I have just mentioned has not included the additional funding announced by my Financial Secretary yesterday. For example, Cyberport will get an extra HK\$5.5 billion for its phase 5 development.

As for Thailand's EEC, I am sure our Thai business friends are very familiar with it and will welcome collaboration with Hong Kong investors and entrepreneurs.

In order to take full advantage of these exciting developments between the two places, it is necessary for Hong Kong to further enhance her presence in Thailand. In that regard, I am delighted that, later today, Hong Kong will officially open her Economic and Trade Office (ETO) right here in Bangkok. The new office, our 13th overseas Economic and Trade Office globally and third in ASEAN, is the first ETO to open in my term of Government. I hope that reflects the importance I attach to our relationship with Thailand. If I may add, that also reflects my personal friendship with DPM Somkid. This office will work to expand economic and trade ties and beyond economic and trade ties between us. It will also help boost the flourishing business between Hong Kong and ASEAN, creating opportunities for all concerned.

I'm grateful to Deputy Prime Minister Somkid and his colleagues for their concerted efforts in bringing the Bangkok Economic and Trade Office to life. The new office is a timely and visible symbol of our commitment to work, to connect and to excel together. I look forward to building even stronger ties with you in business and trade, in culture, in innovation and technology, education, travel and so much more. I look forward to coming back to Bangkok in my capacity as the Chief Executive a fourth time, a fifth time and so on.

Ladies and gentlemen, I wish you all a very rewarding seminar, and health, happiness and continuing success in this promising new Year of the Pig. Thank you very much.