

Speech by CE at International Forum on Guangdong-Hong Kong-Macao Greater Bay Area (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the International Forum on the Guangdong-Hong Kong-Macao Greater Bay Area this morning (October 24):

Vice-Chairman Leung (Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Mr C Y Leung), Deputy Prime Minister Somkid (Deputy Prime Minister of Thailand, Dr Somkid Jatusripitak), Governor Ma (Governor of Guangdong Province, Mr Ma Xingrui), Commissioner Xie (Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region (HKSAR), Mr Xie Feng), Deputy Director Qiu (Deputy Director of the Liaison Office of the Central People's Government in the HKSAR Ms Qiu Hong), Vice Chairman Luo (Vice Chairman of the National Development and Reform Commission Mr Luo Wen), Secretary Leong (Secretary for Economy and Finance of the Macao Special Administrative Region (SAR), Mr Lionel Leong), distinguished guests, ladies and gentlemen,

Good morning. It gives me great pleasure to join you all in Hong Kong for this International Forum on the Guangdong-Hong Kong-Macao Greater Bay Area.

I would first like to express my sincere gratitude to the Office of the Commissioner of the Ministry of Foreign Affairs (OCMFA) for co-organising with the Hong Kong Special Administrative Region Government this meaningful forum in Hong Kong, particularly at a rather difficult time. This once again manifests the Central Government's recognition of Hong Kong as a well-established platform to promote the exchange of expert views and cultivate international collaboration.

As a co-host of this forum, I would like to extend a very warm welcome to all political leaders, business elites, distinguished scholars and heads of think tanks who have come to join this forum and share your valuable insights, especially those friends who have flown across the globe to Hong Kong to show their support. My special thanks also goes to Governor Ma and Secretary Leong, who have respectively led their delegations of Guangdong and Macao to Hong Kong to participate in this forum.

Last time when I was here in this same venue, actually with many of the guests in the audience, also on the topic of the Greater Bay Area, was the promulgation of the Outline Development Plan in February this year. Since then, we have a lot of advancement in the Greater Bay Area development, the

most significant being the new policies announced after the second plenary meeting of the Leading Group chaired by Vice Premier Han Zheng, attended by me and Chief Executive Chui of Macao SAR, Guangdong Party Secretary Li and Governor Ma, as well as the representatives of over 20 central ministries and commissions. To name a few, these policies include providing tax relief by Guangdong municipal governments for non-Mainland, including Hong Kong, high-end talents and talents in short supply who work in the Greater Bay Area, encouraging innovation and entrepreneurship amongst the youth of Hong Kong and Macao in the nine Mainland cities of the Greater Bay Area, facilitating vehicles from Hong Kong and Macao entering and exiting Mainland ports, and expanding the implementation scope of the connection with the Speedy Customs Clearance between Customs administrations. The Guangdong Provincial Government and the Hong Kong and Macao SAR Governments are working closely to ensure that new policy measures are smoothly and successfully implemented to further enhance the flow of people, goods and information within the Greater Bay Area. Since the promulgation of the Outline Development Plan, promotional events conducted by the three governments have taken place at the China Development Forum held in Beijing and a major Greater Bay Area Conference in Tokyo.

Hong Kong's Roles in Greater Bay Area Development

Let me now turn to Hong Kong's roles in the Greater Bay Area development. Various external and domestic headwinds Hong Kong has been facing this year have reinforced my belief that the Greater Bay Area provides new impetus to our economy and creates development opportunities for our people. With the promulgation of the Outline Development Plan, a perfect niche for Hong Kong has been scoped. We remain committed to the plan we had and we would build for the long-term future of Hong Kong. Our city is well positioned and has solid institutional strengths which enable us to take a more proactive role in the Greater Bay Area. Hong Kong is well recognised as the most international city in Asia, as well as an international financial, transportation and trade centre. By our last count, over 9 000 overseas and Mainland companies have set up offices in Hong Kong, with over 1 500 using Hong Kong as their regional headquarters. Hong Kong also enjoys considerable strengths in professional services. Leveraging on these strengths, Hong Kong can help bring in foreign investments and know-how to the Greater Bay Area, and join hands with Mainland enterprises to develop markets and explore opportunities overseas, cementing our indispensable role as the bi-directional gateway between the country and the rest of the world.

Financial Services

I would like to elaborate a bit on how Hong Kong can make use of its competitive advantage to contribute towards the development of the Greater Bay Area. First of all, Hong Kong's status as the world's premier international financial centre is well recognised. We are ranked third in the Global Financial Centres Index and number one in Asia. Apart from our strategic geographic location and efficient links to other major markets, Hong Kong has a financial regulatory and supervisory framework that is in line with international standards. We have the world's sixth largest stock

market by market capitalisation as at end-June 2019, while funds raised here through IPO topped the world in six out of the past 10 years. Our securities, bond and insurance markets are growing to serve the needs of local, Mainland and overseas companies and their connectivity with the Mainland capital market is continually being enhanced. Definitely, Hong Kong's financial sector can leverage on these strengths to promote the efficient flow of factors of production, particularly capital, to serve the real economy.

To name a few concrete examples, we will seek to further expand the scale and scope of cross-boundary use of Renminbi and enhance the connectivity among the financial markets in the Greater Bay Area, including considering measures to facilitate cross-boundary wealth management. As an international asset management centre, we already have an open-ended fund company regime in operation since end-July 2018, and starting from April 1 this year, different types of onshore and offshore privately offered funds can enjoy profits tax exemption under our tax law. We also entered into mutual recognition of funds arrangements with six economies including the Mainland, Switzerland, France, the United Kingdom, Luxembourg and the Netherlands. These are the new capacities we built to strengthen our role as the world's premier off-shore Renminbi and wealth management centre. We also strive to develop Hong Kong as a green finance centre in the Greater Bay Area. In May 2019, the inaugural green bond under the Government Green Bond Programme was issued, while in June 2018, a Green Bond Grant Scheme was launched to subsidise eligible green bond issuers in obtaining certification under the Green Finance Certification Scheme. Total green bonds issued in Hong Kong amounted to US\$11 billion last year.

Aviation Hub

The second role which we will strive to strengthen and play in the Greater Bay Area is our international aviation hub. Last year, the Hong Kong International Airport served 74 million passengers, which made us the world's number three. In terms of air cargo, Hong Kong ranked number one last year, handling over 5 million tonnes of air cargo and airmail. The three-runway system of our international airport, which is now under construction, will help strengthen our role as the gateway between the Greater Bay Area and over 200 destinations around the world. Following our agreement with the Civil Aviation Administration of China in February 2019 which enables inter-modal code-sharing, both parties have agreed to expand the scope of flight destinations to be served by cross-boundary helicopter services to and from Hong Kong to cover the whole Guangdong Province as envisaged in the Outline Development Plan.

Professional Services

The third area which I would like to mention is our professional services. Hong Kong is a professional services hub. Our pool of talent is deep and diverse, covering various disciplines like legal, financial, accountancy, higher education and construction-related services, and benchmarked against the international standards and practices. The Greater Bay Area, comprising some 71 million people, a territory of 56 000 square

kilometres and with a rising middle class, provides Hong Kong professional sectors with a huge market. The city cluster also has increasing demands for quality services such as higher education and medical services, etc. Hong Kong professional service sectors can grasp the opportunities to meet these demands.

Take legal services as an example. The Department of Justice of Guangdong Province implemented a series of trial measures in August which will last for three years. The notable measures include the removal of the minimum capital injection ratio of 30 per cent by Hong Kong partner firms in the partnership associations set up in Guangdong Province; legal practitioners from Hong Kong, Macao and the Mainland can be employed in the name of the partnership associations; partnership associations may handle and undertake administrative procedure legal work and years of establishment; and work performance and other qualifications of both the Hong Kong and Mainland partner law firms can be counted towards the qualification of the Mainland business of the partnership associations. These measures provide flexibility in the setting up of and employment by partnership associations. This year, we plan to consult the public on a mechanism with the Mainland for mutual recognition of and assistance in corporate insolvency matters, so as to offer better legal protection to stakeholders in Hong Kong and on the Mainland and further optimise the business and investment environments of both places. On higher education, in addition to institutions already operated by the Chinese University of Hong Kong and the Baptist University in Shenzhen and Zhuhai respectively, I took part together with Governor Ma in the ground breaking of Hong Kong University of Science and Technology's new campus at Nansha last month.

Innovation and Technology

The fourth area I want to highlight, which is particularly exciting, is innovation and technology (I&T). Developing an international I&T hub in the Greater Bay Area is one main task under the Outline Development Plan. With top-notch universities, a robust intellectual property regime, and extensive international connection, Hong Kong can pool together the innovation resources from around the world to support innovation-driven development.

Hong Kong is well positioned for driving innovation and technology creation. Three of our universities are among the world's top 50. To further build our innovation capacity, we are going to establish two key research clusters at the Hong Kong Science and Technology Park, namely the Health@InnoHK, which focuses on healthcare technologies, and the AIR@InnoHK on artificial intelligence and robotics technologies. These platforms enable top-tier technology enterprises and R&D institutions from around the world to set up their units in Hong Kong to carry out R&D projects.

Apart from the InnoHK initiative, we are working together with Shenzhen to develop the Hong Kong-Shenzhen Innovation and Technology Park at the Hong Kong-Shenzhen border. Together with the Shenzhen Innovation and Technology Zone being developed across the border by Shenzhen, this Park will become an ideal place for I&T companies around the world to establish their presence to

leverage on the strengths of both Hong Kong and Shenzhen. The Chinese Academy of Sciences will also establish a Greater Bay Area academician alliance in Hong Kong to promote exchange and co-operation amongst the scientists of both the Chinese Academy of Sciences and the Chinese Academy of Engineering, bringing prominent scientists in the region to advise on technological development in the Greater Bay Area.

Opportunities of Greater Bay Area Development to Young People in Hong Kong

Ladies and gentlemen, young people are our future and I firmly believe that in the Greater Bay Area development process, enormous opportunities will be brought about to Hong Kong young people. The Hong Kong SAR Government will do our utmost to help them tap these opportunities. For example, through a Youth Development Fund, we are engaging and providing subsidies for non-governmental organisations (NGOs) to assist young people in starting up their businesses in various Greater Bay Area cities with grants, support, counselling, guidance and incubation services. In May this year, Governor Ma and I launched a batch of 10 entrepreneurial bases to further promote youth innovation and entrepreneurship in the Greater Bay Area. More are expected to come and to ensure that they are providing holistic support, we are going to establish an Alliance of Hong Kong Youth Innovative and Entrepreneurial Bases in the Greater Bay Area. Organisations from Guangdong and Hong Kong with strength and proven track records, such as innovative and entrepreneurial bases, universities, NGOs, scientific research institutes, professional bodies and venture funds, will be invited to join the Alliance and jointly set up a one-stop information, publicity and exchange platform.

"One Country, Two Systems" and Greater Bay Area Development

As the Chief Executive of the Hong Kong SAR, I must emphasise that the above visions could only be realised under the premise of "One Country, Two Systems". Under "One Country, Two Systems", Hong Kong has and will continue to maintain an economic and legal system different from that on the Mainland. We have a very facilitating and highly internationalised business environment, free flow of capital, a trusted common law system and an independent judiciary. We also enjoy a high degree of autonomy in conducting our affairs and have established extensive and strong overseas connections. With the unique advantage of "One Country, Two Systems" integrally preserved, Hong Kong can continue to perform its gateway function for the internationalisation of the Greater Bay Area and further opening up of our country.

In the discussions on the possible ways to take forward the Greater Bay Area development, there are views that Hong Kong is part of the Greater Bay Area and, therefore, our people can contribute to its development no matter whether they choose to move to other Greater Bay Area cities to explore the opportunities or just to stay in Hong Kong to continue their trade and profession. I fully agree with these views. For example, the realisation of cross-boundary remittance of science and technology funding of the Central Government and the Guangdong Government to Hong Kong can strengthen the resources and capacities for R&D in our local universities right here in Hong

Kong. And exciting research projects have already been funded under this framework.

Hong Kong Will Ride Out the Storm

In recent months, what started as peaceful protests to oppose a piece of local legislation has turned into violence devastating our city. People's daily living has been seriously affected and the economy has taken a dip. While our foremost priority is to end violence and restore law and order, we have not lost sight of the opportunities that Hong Kong should seize in order to bring our city to new heights. Therefore, in riding out this unprecedented political storm, we are holding steadfast to the principles that have given Hong Kong her unique strengths, and they are the "One Country, Two Systems" principle, the rule of law and our institutional strengths.

Concluding Remarks

Ladies and gentlemen, ever since the promulgation of the Outline Development Plan for the Guangdong, Hong Kong and Macao Greater Bay Area, the world has turned its eyes on this part of the world, eager to explore and reap the opportunities arising from this important initiative. At today's forum, our distinguished guests will share very valuable insights on how the Greater Bay Area development will act as a further step in enriching the practice of "One Country, Two Systems", and provide a new international platform for win-win co-operation.

Finally, let me thank OCMFA and Commissioner Xie, who have made this forum a success, and all the distinguished speakers for coming to Hong Kong.

Thank you very much.

