

Speech by CE at Opening Session of "Think Global, Think Hong Kong" Symposium (English only)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the Opening Session of the "Think Global, Think Hong Kong" Symposium in Tokyo today (November 1):

Mr Yoshihiro Seki (Minister of Economy, Trade and Industry of Japan), Vincent (Chairman of the Hong Kong Trade Development Council, Mr Vincent Lo), distinguished guests, ladies and gentlemen,

Good morning. It gives me great pleasure to extend my warm welcome to you all to this "Think Global, Think Hong Kong" symposium organised by the Hong Kong Trade Development Council during my first official visit to Japan as the Chief Executive of the Hong Kong Special Administrative Region.

Of course this is by no means my first visit to Japan – I have been here many times in both official and private capacities. But this time, I am honoured to be the guest of the Japanese Government on the kind invitation of Mr Taro Kono, the Minister of Foreign Affairs, after his visit to Hong Kong earlier this year. I am pleased to see my official visit taking place shortly after Prime Minister Shinzo Abe's very successful visit to China. I am thrilled that I am going to participate in an extended week of events that our Hong Kong Economic and Trade Office in Tokyo has organised to showcase the great diversity of Hong Kong, leveraging on our already deep ties of commerce, cultural and educational exchange, creativity and mutual inspiration. I hope you would all have the chance to participate in some of the events, to find new insight, new friendships and new opportunities.

"Think Global, Think Hong Kong" is the mega promotional event organised by the Hong Kong Trade Development Council in major cities. I would like to thank the Council for bringing this event back to Japan this year. We were last in Tokyo and Osaka in 2012. Six years on, it is very timely to be back.

I say timely for at least three reasons. First, like many economies around the world, Hong Kong and Japan inevitably encounter uncertainties over the international trade agenda and economic prospects that have arisen over the past year, rendering trusting and reliable partnerships all the more important at this juncture, to help our trades weather the storm and conflicts.

Second, we both face the challenge set out in the report of the International Committee on Climate Change launched in Incheon earlier this month of how to reconfigure our energy, business and trading systems rapidly if we are to give our children a habitable and hopeful future. Japan has been hit by the horrific storms and unusual weather patterns earlier this year. Our hearts go to those who have suffered. Our minds must now be joined in our

best endeavours to transform our economies so that they would work more in tune with our planet and our people.

Third, both our communities face the demographic challenge of ageing population. Again, this demands innovation and creativity in our economies and social systems to provide to our elderly the dignity and support they need.

Any one of these three challenges alone would already be substantial. Together they represent a seriously daunting task that demands great determination, innovation and co-operation if we are to successfully conquer it. Happily, Hong Kong and Japan already have a strong basis to work together to rise to our common challenges. We have long enjoyed mature and stable relations in many areas including trade, business, tourism as well as cultural and academic exchanges. Japan was Hong Kong's 4th largest merchandise trading partner in 2017, with trade volume amounting to US\$49 billion. The trading of Japanese food is perhaps the most remarkable and noteworthy. Hong Kong has been Japan's largest export market for food and agricultural products for more than a decade now, accounting for about one-fourth of her total exports. Japan is also one of Hong Kong's major sources of inward direct investment, valued at about US\$28 billion in 2016.

Japanese corporates are one of the largest groups of foreign companies in Hong Kong. According to our latest survey, nearly 1 400 Japanese companies have set up their businesses in Hong Kong and around half of them are using Hong Kong as their regional headquarters or regional offices.

We treasure this partnership very much, and the "Think Global, Think Hong Kong" symposium in Tokyo is a testimony. Featuring over 70 high-profile speakers, the symposium and thematic sessions will showcase Hong Kong's role as an international service platform for bringing together business communities from Hong Kong and Japan to discuss how we can respond jointly to the changing dynamics of the global economy, environment and demographics.

Hong Kong continues to be an attractive place with tremendous potential for investors from all over the world, including Japan. With our unique advantages under "One Country, Two Systems", Hong Kong maintains an open and free market, underpinned by a robust common law system, an independent judiciary, a simple and competitive tax system, and a level-playing field for businesses from around the world. As a matter of fact, Hong Kong has been ranked the world's freest economy by the US-based Heritage Foundation for 24 consecutive years. We are also the world's second most competitive economy, according to International Institute for Management Development's World Competitiveness Report 2018.

Being strategically located at the doorstep of Mainland China, Hong Kong has long been the gateway for foreign investors seeking access to the Mainland market. Our gateway position has been strengthened by the Mainland and Hong Kong Closer Economic Partnership Arrangement, or CEPA in short, a free trade agreement concluded between Mainland China and Hong Kong back in 2003. It provides preferential treatment to Hong Kong service providers and suppliers, as well as tariff-free treatment for products of Hong Kong

origin. The beauty of CEPA is that it is nationality-neutral. Over the years, Japanese companies in Hong Kong have actively leveraged on the CEPA advantages to tap the opportunities in the Mainland market. We welcome more Japanese investors to establish their service businesses in Hong Kong or collaborate with Hong Kong companies to obtain preferential treatment offered by CEPA. As for trade in goods, they can set up manufacturing operations in Hong Kong to produce goods meeting CEPA origin rules to enjoy tariff free access into the Mainland market.

Meanwhile, we continue to expand our network of free trade agreements (FTAs), investment agreements, as well as comprehensive avoidance of double taxation agreements, in order to better enable enterprises and corporate treasury centres established in Hong Kong to leverage on the extraordinary opportunities in emerging markets. In the past 12 months, we forged FTAs with the 10 member nations of the Association of Southeast Asian Nations (ASEAN) and Georgia respectively. These FTAs will not only enhance and strengthen the trade between Hong Kong and the respective regions, but will also boost economic and trade activities and greatly enhance business opportunities for Hong Kong enterprises and service providers. Japanese companies could also enjoy the unimpeded trade flow and facilitation measures by these FTAs if they establish a presence in Hong Kong or partner with Hong Kong service providers.

Hong Kong enjoys unique opportunities under the Belt and Road Initiative. First announced by President Xi Jinping in 2013, the Belt and Road Initiative spreads across Asia, Europe and Africa, accounting for one-third of the world's GDP and the world's merchandise trade respectively. It has been designed to promote infrastructural connectivity and in doing so, boost trade and investment, deepen policy co-ordination and create stronger people-to-people bonds among participating countries.

To promote the Initiative, Hong Kong has so far organised three annual Belt and Road Summits. The third Belt and Road Summit was held in June this year, with the theme "From Vision to Action", and have attracted around 5 000 government and business leaders from some 50 countries and regions. The Summit has established itself as the largest and most important Belt and Road commerce, investment and business matching platform among project owners, investors and service providers. I would like to invite you all to join the fourth Summit to be held in September next year.

As one of the world's leading financial centres and the one at the heart of Asia, Hong Kong is determined to be the Belt and Road's financial engine room, drawing on our experience, expertise and international connections. With our deep liquidity, premier financial infrastructure and comprehensive channels for raising capital, Hong Kong can meet the financing needs of Belt and Road projects in both public and private markets. The Hong Kong Stock Exchange has been ranked among the top five globally in initial public offerings for the past eight years. In April last year, our Securities and Futures Commission also set out eligibility criteria for infrastructure project companies looking to Hong Kong for equity and debt financing.

Hong Kong is the world's largest offshore Renminbi centre and the

leading centre for offshore Renminbi asset management. Importers and exporters can settle their trade in Renminbi through our payment system, at over 200 banks from all over the world. Investors can tap our Renminbi liquidity through bank loans or "dim sum" bond issuance, or invest in a wide range of Renminbi products available in Hong Kong.

Hong Kong is the platform for finding the right partners, be them equity partners, or partners for the operation and management of infrastructure. We welcome Japanese companies interested in exploring new business opportunities to partner with Hong Kong in the search for success.

Our enterprises have a lot of experience working with international counterparts, including of course Japanese enterprises. We are blessed with a rich pool of multilingual and multicultural professionals who are experienced in various fields. In particular, legal services, which are indispensable for any businesses and development projects, is an aspect in which Hong Kong has a distinct advantage. The international community is familiar with Hong Kong's common law system, underpinned by an independent judiciary and a robust intellectual property rights protection regime. Arbitral awards made here are enforceable in over 150 jurisdictions, including Mainland China. Our more than 13 000 lawyers and many more legal professionals from around the world stand ready to provide efficient and reliable legal services, ranging from risk assessment and drafting contracts to dispute resolution for investment and commercial deals involving parties from Mainland China and other economies along the Belt and Road.

Another major initiative that offers very promising prospects for Hong Kong and overseas businesses is the Guangdong-Hong Kong-Macao Greater Bay Area development. The Greater Bay Area covers Hong Kong, Macao and nine Guangdong cities with a total population of nearly 70 million and a GDP of over US\$1.5 trillion. It accounts for only 5 per cent of Mainland China's total population but 12 per cent of total GDP. If we look beyond Mainland China, its GDP size is equivalent to that of Australia or the Republic of Korea. Air and cargo throughput of the Greater Bay Area also ranks first in the world.

The development of the Greater Bay Area will allow Hong Kong to give full play to her strengths. And one of the ambitions in the Greater Bay Area is to develop an international innovation and technology (I&T) centre, which has the personal endorsement of President Xi Jinping.

The Greater Bay Area possesses prominent resources and strengths in the field of I&T. Hong Kong has a number of world-class universities, tremendous strengths in scientific research, robust rule of law and a strong intellectual property rights protection system that allow value to be created out of innovation. Such advantages grow from Hong Kong's role as an international city, which allows resources for innovation from the Mainland and across the globe to converge. Hong Kong's highly international business environment can, on the one hand, attract international I&T enterprises to enter the Greater Bay Area, and on the other hand, help Mainland I&T enterprises go global. Indeed, technological co-operation occupies a key area in my itinerary over this five-day visit to Japan.

Hong Kong's connectivity with other parts of the Greater Bay Area has been significantly enhanced by the recent commissioning of two mega infrastructure projects within a month, namely the Hong Kong- Zhuhai-Macao Bridge across the Pearl River estuary, and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link that connects our city to Mainland China's extensive high-speed rail network. These contribute to the goal of making the Greater Bay Area an ideal place to live, study and work by linking together all the different cities with their complementary strengths.

For our friends from Japan, I would strongly recommend you to spend time to uncover the tremendous potential that the Greater Bay Area development may mean to your operations. I am sure you will find ample opportunities there.

Ladies and gentlemen, our unparalleled knowledge of the Mainland market and our deep economic connections with both the Mainland and the rest of the world continue to make Hong Kong your best trading partner. As we build our resolve and capabilities to meet the formidable challenges we face, I welcome the continued encouragement and partnership of all our friends in Japan. Together we can support and inspire each other to accomplish the great things that our times demand of us.

May I offer my thanks to the Hong Kong Trade Development Council for staging this memorable Hong Kong event in Tokyo today. I wish you all a very fruitful symposium. Thank you very much.