

Speech by CS at International Institute of Management 33rd Anniversary Dinner (English only)

Following is the speech by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, at the International Institute of Management (IIM) 33rd Anniversary Dinner today (October 19):

David (President of the IIM, Professor David Lan), Professor Teo (Chairman of the IIM, Professor Maurice Teo), distinguished guests, ladies and gentlemen,

Good evening. It is my pleasure to join you tonight at the International Institute of Management's 33rd Anniversary Celebration Dinner.

2018 is a special year. Not only does it mark the 33rd anniversary of the IIM, it is also the 40th anniversary of the reform and opening up of our motherland. Under the theme of "Joint Development, Shared Prosperity", the Hong Kong Special Administrative Region (HKSAR) Government is organising activities for the public to look back on how Hong Kong has actively taken part in the country's reform and opening up over the past 40 years, and to look ahead on how Hong Kong and Mainland China can work together to expand the scope of co-operation and explore more opportunities under the country's further reform and opening up.

Over the past 40 years, our motherland has transformed into a modern economy. During the process, Hong Kong has played an active role and contributed to the development by serving as a key platform and super-connector in attracting and ushering in foreign investment into the motherland whilst assisting Mainland enterprises to go global.

Hong Kong's economy has flourished at the same time. We have grown 4 per cent in real terms in the first half of 2018. Unemployment is at 2.8 per cent, or the lowest in 20 years. Investors have cast their vote of confidence in Hong Kong, as an increasing number of companies establish a presence in the city. There are over 8 700 companies setting up their regional or local offices in Hong Kong, representing an increase of 6.4 per cent year-on-year. Many members and corporate partners of the IIM have participated in the thriving economic development of Hong Kong.

However, Hong Kong cannot just sit back and rest on its laurels. Looking ahead, the future is full of challenges. Multilateral trade is experiencing the most severe setback since the establishment of the World Trade Organisation. The rise of unilateralism and intensifying trade friction initiated by the United States of America against Mainland China is causing great uncertainties in the global economic outlook. As a key link between these two mega economies and other overseas markets, Hong Kong will not be and cannot be immune from this global trade dispute.

As always, Hong Kong remains committed to upholding free trade principles. To cope with the rough seas ahead of us, we have been working on both the defensive and proactive fronts.

On the defensive side, we need to ensure that small and medium enterprises (SMEs) which constitute over 98 per cent of companies in Hong Kong have a safety net to fall back on. Since earlier this month, the HKSAR Government has introduced a series of measures to enhance the SME Financing Guarantee Scheme to help SMEs and non-listed enterprises to obtain financing from lenders. In view of the external economic development, we have extended the offer of 80 per cent loan guarantee services under the Scheme to mid-2019. In addition, the maximum loan amount has been raised to \$15 million and the maximum loan guarantee period has been lengthened from five to seven years in order to lower the monthly repayment amount.

On the proactive front, we have been taking concrete action in seizing the enormous opportunities arising from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area). These two national development strategies will have a direct bearing on the future of Hong Kong's economy and drive us to achieve new heights.

The Belt and Road Initiative is a mammoth national strategy, promoting land, sea, energy, financial and cultural links among more than 60 countries in Asia, Africa and Europe. These countries account for about 31 per cent of global GDP and 33 per cent of global merchandise trade. By the first half of 2018, trade volume between Mainland China and Belt and Road countries exceeded US\$600 billion. Chinese firms have built more than 80 overseas economic and trade co-operation zones, with a total investment of more than US\$25 billion, creating over 244 000 local jobs.

Hong Kong is well positioned to provide professional service support that is critical to building and construction, risk management and financing. In so doing, we will have new opportunities to export our standards and systems, creating greater access to foreign markets for Hong Kong business, while making a positive contribution to the development of emerging markets. Professional service providers will be among the first to benefit, but other kinds of business will reap as Hong Kong exports a higher value of professional service. The Professional Services Advancement Support Scheme administered by the CEDB will continue to provide funding support for projects to enhance external promotion for our professional services and to better equip the professional services sector in seizing the opportunities and meeting the challenges brought by the Belt and Road Initiative.

The HKSAR Government is firmly committed to establishing Hong Kong as the prime platform and a key link for the Belt and Road Initiative. We are determined to conduct more government-to-government dialogues and establish more bilateral and multilateral ties with the Mainland and overseas economies.

To promote government-to-government links, we have set up the Infrastructure Financing Facilitation Office under the Hong Kong Monetary Authority to provide a platform for infrastructure financing as

infrastructure development is at the heart of the Belt and Road Initiative. The Department of Justice, led by the Secretary for Justice, is taking the lead to promote Hong Kong's legal services and bolster Hong Kong's position as an international arbitration centre including developing an online dispute resolution platform. In parallel, the Insurance Authority is building a Belt and Road Insurance Exchange Facilitation (BRIEF) Platform to bring together key insurance and reinsurance stakeholders to help Mainland companies find suitable insurance services in Hong Kong.

On enhancement of bilateral and multilateral relationships, in the past 12 months, we have concluded a Free Trade Agreement (FTA) with Macao, another with Georgia which is of strategic importance and a very notable FTA with ASEAN (Association of Southeast Asian Nations).

We have just concluded FTA negotiations with the Maldives, while bilateral negotiations with Australia are ongoing. We are also exploring ways to forge closer economic ties with the United Kingdom by way of an FTA on the basis of the foundation laid by the Strategic Dialogue on Trade Partnership between the two sides. Meanwhile, we are initiating FTA dialogue with the Pacific Alliance which consists of Chile, Colombia, Mexico and Peru, and planning to seek accession to the Regional Comprehensive Economic Partnership when the time is ripe.

On a more regional front, the Greater Bay Area is a key link to the far-reaching Belt and Road Initiative, serving as a converging point for flows of trade, investment and talent between Mainland China, Southeast Asia and all the way to Europe.

In July last year, President Xi Jinping visited Hong Kong and witnessed the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area between the National Development and Reform Commission and the governments of Guangdong, Hong Kong and Macao. In the past year, relevant Central Authorities and the governments of Guangdong, Hong Kong and Macao continued to proactively take forward work relating to the development of the Greater Bay Area.

The development of the Greater Bay Area will bring Hong Kong new areas of economic growth and the opportunity to enlarge the living environment of Hong Kong residents. With the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the new land boundary control point at Liantang/Heung Yuen Wai, a one-hour living circle encompassing Guangdong, Hong Kong and Macao is basically formed.

Since last year, the Central Government has introduced a series of measures to provide facilitation for Hong Kong people living, working and studying on the Mainland, in particular the measure introduced by the State Council in August this year to allow Hong Kong, Macao and Taiwan residents to apply for residence permits which has substantially enriched this living circle.

Our Chief Executive, Mrs Carrie Lam, is a member of the leading group to

explore and identify the economic, social and livelihood opportunities brought to Hong Kong by the development of the Greater Bay Area. Within the HKSAR Government, a high-level Steering Committee for the Development of the Greater Bay Area will be established to oversee the overall co-ordination of matters relating to the HKSAR's participation in the development of the Greater Bay Area. The Constitutional and Mainland Affairs Bureau will set up a Greater Bay Area Development Office and appoint a Commissioner for the Development of the Greater Bay Area to implement the relevant work. These underline the importance of the Greater Bay Area.

Ladies and gentlemen, the Chief Executive just announced the second Policy Address of the current-term Government last week. It sets out 244 new initiatives and 470 ongoing initiatives to propel Hong Kong forward. We will continue to perform the roles as "facilitator" and "promoter" to proactively foster Hong Kong's long-term economic and social development, provide more land for housing and future economic activities, reinforce Hong Kong's advantages by stepping up investment in education, as well as innovation and technology, scale up our established industries, improve people's livelihood and promote quality living. Our aim is for the Government to join hands with the whole community including the IIM to strive ahead and build a future full of hope and opportunities.

Tonight in this hall, the International Institute of Management has brought together players who have contributed significantly to Hong Kong's achievements and Mainland China's economic reform, as well as development in overseas markets. I would like to extend my warmest gratitude to you all for your sterling contribution over the years, and look forward to your continuous support and wise counsel as vibrant Hong Kong seizes new opportunities, overcomes challenges and forges ahead with vigour. Thank you.