

Speech by FS at 21st Hong Kong Forum (English only) (with photo)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the 21st Hong Kong Forum today (December 1):

Peter (Chairman of the Hong Kong Trade Development Council (HKTDC), Dr Peter Lam), Dennis (Chairman of the Federation of Hong Kong Business Associations Worldwide, Mr Dennis Chiu), Margaret (Executive Director of the HKTDC, Ms Margaret Fong), distinguished guests, ladies and gentlemen,

Good afternoon.

Welcome to the 2020 Hong Kong Forum, a virtual event for the first time in the Forum's distinguished, 21-year history.

I am delighted that Federation members are taking part in this annual, two-day gathering from all over the world. And what a world the Federation of Hong Kong Business Associations Worldwide is: 46 Hong Kong business associations from 35 countries and regions on five continents.

For bringing us together, despite the COVID-19 pandemic, and its daunting challenges, my thanks to the Federation and the Hong Kong Trade Development Council.

Your timing is excellent. Certainly, it's an eventful time for Hong Kong, with about a dozen high-profile business events taking place, virtually, between now and mid-December.

Business of Design Week opened yesterday, as did the two-day Belt and Road Summit – and I'll have more to say about that in a few minutes. SmartBiz Expo starts its innovative, three-day showcase for SMEs tomorrow. And, this Thursday, the 10th anniversary edition of the Business of Intellectual Property Asia Forum gets going.

But allow me, now, to turn to another highlight – the Chief Executive's annual Policy Address, which was delivered just last Wednesday. The initiatives and policy measures announced have much to offer business and the community.

The Policy Address was unveiled amid a struggling local economy and a beleaguered international economy, though impressive growth in China has buoyed third-quarter results globally.

As for Hong Kong, we forecast a 6.1 per cent contraction in 2020. While there was some encouraging improvement in our third-quarter results, the labour market remains under significant pressure.

The Government's response has been decisive and broadly accommodating. We had rolled out relief measures totalling nearly US\$40 billion through my Budget and three rounds of the Anti-epidemic Fund. That's equivalent to about 11 per cent of our GDP. The money was allocated to keep businesses running and employees working, while helping those in need in our community.

As of mid-November, some 100 measures had been approved through the Anti-epidemic Fund alone. Close to 500 000 applications from businesses for various supporting schemes have been approved and more than 4.6 million people have benefited.

The Government's work in the coming year will focus on creating business opportunities, and doing so through smart integration with national development strategies.

That means taking full advantage of Hong Kong's "one country, two systems" framework. Doing so will allow us to more effectively capture the opportunities in two of our Country's high-profile national strategies: the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development.

I spoke, yesterday, at the opening of the fifth Belt and Road Summit here in Hong Kong. In my address, I emphasised that co-operation, on a global scale, was the key to vanquishing the pandemic.

Similarly, the Belt and Road Initiative can help the world's economies find their way forward in the post-pandemic economy. The Belt and Road, after all, is predicated on connectivity, created to bring economies, and peoples, together.

Hong Kong, as an international financial centre with world-class professional services, has what the Belt and Road Initiative needs to finance and service its infrastructure projects.

To realise that far-reaching promise, Hong Kong must enhance its position as the "prime platform and a key link" for the Belt and Road Initiative.

The Government, let me add, is working to bring the soft power of our professional services into play in Belt and Road projects. We are supporting capacity-building collaboration and, in the coming year, plan to roll out a Mainland Enterprises Partnership Exchange and Interface Programme. It's designed to help Hong Kong professionals seize the opportunities of the Belt and Road Initiative – long down that bountiful road.

The Greater Bay Area is equally outsized in the promise it offers Hong Kong – and the companies that work with Hong Kong.

A huge region with enormous market potential, the GBA is a cluster city development. Collectively, it boasts 72 million consumers and a per capita GDP of more than US\$23,000 last year. Hong Kong, one of the GBA's 11 cities,

will play a central role in powering its future.

For good reason. Under Hong Kong's "one country, two systems" framework, we have much to offer the GBA. Hong Kong is blessed with a long-established international business environment. Our financial and professional services is world-class. Our tax regime is low and simple. Capital, goods and talent flow freely in and out of Hong Kong. And we enjoy the rule of law and judicial independence.

Some have expressed concern that the National Security Law may curtail Hong Kong's freedoms. But it is the turning point for Hong Kong to find a way out of the difficulties and to restore order from chaos. Indeed, following the enactment of the law, violence has significantly subsided and Hong Kong people could once again enjoy their basic rights and freedoms.

Going forward, the GBA development is even more important for Hong Kong under the National 14th Five-Year Plan. With the new economic development pattern of "dual circulation" announced earlier this year, China is entering a new phase of development which aims to "take the domestic market as the mainstay while letting internal and external markets to interact and to boost each other". The GBA will be the natural conduit for Hong Kong to participate in and benefit from Mainland's domestic circulation. Let me touch on a few of the many initiatives now in the works.

In financial services, our earlier change to the listing regime to allow secondary listing of Mainland innovative companies on the Hong Kong Stock Exchange proves to be very successful. So far, there were altogether 10 such companies listed, raising a total of over HK\$220 billion. The number of such applications in the pipeline is very strong. As to the cross-boundary wealth-management connect scheme, it will be expedited. And the Central Government has also agreed to expand the scope of Shanghai and Shenzhen Connect to include Hong Kong-listed, pre-profit biotechnology companies and Mainland companies on the Sci-Tech Innovation Board.

Hong Kong's insurance industry will be allowed to establish after-sales service centres in GBA cities under CEPA. That's the Mainland and Hong Kong Closer Economic Partnership Arrangement, our long-standing free trade pact with the Mainland.

Hong Kong-registered drugs and medical devices may soon be used at the University of Hong Kong-Shenzhen Hospital on a pilot basis. And that may be extended to cover other healthcare institutions, drugs and medical devices.

A recent article in The New York Times looked at Hong Kong's growing business presence in the GBA. It spotlighted healthcare companies, including an eye care company which has four eye hospitals in the GBA and expansion plans in the works. In the article, the company's Chairman, Dennis Lam, summarised Hong Kong's in-demand advantages: "What we can offer is high-end services. This is what they want, what they need."

The Chinese University of Hong Kong, let me add, is collaborating with

the Shenzhen Government to establish and run a 3 000-bed public hospital in Shenzhen.

There's support, too, for Hong Kong universities to expand their world-class educational services in the GBA.

Cross-boundary traffic is also moving ahead, including allowing Hong Kong private cars to travel, quota-free, to Guangdong via the Hong Kong-Zhuhai-Macao Bridge.

And with the business sector's support, the Hong Kong SAR Government is launching youth employment and entrepreneurship schemes in the GBA.

Then there's innovation and technology (I&T), a policy priority of the Hong Kong SAR Government. In pursuing I&T initiatives, we can count on our world-class research and development capabilities and sound legal system. That includes internationally recognised protection for intellectual property rights.

I&T is also at the heart of the GBA, whose ambitious goal is to become an international hub for innovation and technology.

That goal is on the fast-track, thanks to Hong Kong's growing I&T co-operation with Shenzhen. Central to that is the development of the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone, which will include the Hong Kong-Shenzhen Innovation and Technology Park. Advance works are underway at the Park. And the first building is scheduled for completion by 2024.

Good for Hong Kong. Good, too, for companies, and investors, throughout the Federation of Hong Kong Business Associations Worldwide.

There's much more in the works, but the essential takeaway here is that Hong Kong's economic development will be given new impetus in the GBA.

If the GBA, and broader national economic integration, is the future for Hong Kong, well, that's only part of the advantages from Hong Kong's "one country, two systems" arrangement. The other essential prong is the world at large. And, rest assured, we will continue to reach out to the world. To each and every one of you.

ASEAN (Association of Southeast Asian Nations) is our second-biggest trading partner in goods, fourth-largest in services. And our Free Trade Agreement (FTA) and related Investment Agreement with ASEAN will boost business and investment opportunities throughout the huge, and fast-emerging, trade bloc.

ASEAN is one of the four free trade agreements which the present Government has signed since taking office in July 2017. Our FTA with Australia entered into force in January, taking Hong Kong's free trade agreements to eight. And you can count on more down the free trade way.

On our horizon is the Regional Comprehensive Economic Partnership, which was signed just two weeks ago. To take our regional economic integration to yet another level, we hope to join the Partnership as soon as possible.

We are, in short, busy pursuing business and investment opportunities wherever we can find them. And we count on you, our longstanding friends and business partners, to work with us in building a flourishing, sustainable and welcoming future for all concerned.

I wish you the best of health, and business, in 2021. And I look forward to seeing you this time next year. Preferably, without the help of a screen.

Thank you. And now I welcome your questions.

