

Speech by FS at Europe Day Reception (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Europe Day Reception this evening (May 9):

Ms Cano (Head of the European Union Office to Hong Kong and Macao, Ms Carmen Cano), Commissioner Song (Deputy Commissioner of the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region, Mr Song Ru'an), consuls general, your excellencies, distinguished guests, ladies and gentlemen,

Good evening.

It is a pleasure to be with you today, in honour of Europe Day – and in recognition of the bounty that peace has brought to the continent.

We celebrate, as well, the deep-rooted ties that bind Hong Kong and the European Union (EU) – 28 nations, each with a voice, an ear and a heart for the people, and the future, of Hong Kong. Indeed, 17 EU countries maintain an official representation here.

That, I'd say, is remarkable testimony to the importance we place on ensuring the continuity of those ties.

There is also a compelling financial incentive for both sides of course.

I'm pleased to note that last year, bilateral merchandise trade between Hong Kong and the EU totalled about €77 billion, up nearly 10 per cent, year on year. Indeed, the EU, as a single entity, is Hong Kong's largest trading partner, in both goods and services, after only the Mainland of China.

Our bilateral investment also speaks of the healthy relations we enjoy. Hong Kong's stock of outward direct investment in the EU totalled about €63 billion at the end of 2017.

At the same time, the EU accounted for 8.8 per cent of the inward direct investment (IDI) into Hong Kong, with an IDI stock in excess of €151 billion.

Where there is capital, companies will follow. Hong Kong, I'm pleased to report, is home to more than 2 200 EU companies. About half of them use Hong Kong as their regional headquarters or regional office.

They're here, and you're here, because Hong Kong proudly flies the flag of free trade. Earlier this year, the Heritage Foundation named Hong Kong the world's freest economy for the 25th year in a row.

You take confidence, as well, in the rule of law and our independent

judiciary, in our level playing field for businesses and the low and simple tax regime we present.

It helps, too, that Hong Kong continues to create outsized business opportunities, thanks to our "one country, two systems" unique arrangement and the singular advantages it gives us.

In February, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area was announced. It promises much for Hong Kong and the companies that partner with us.

The Plan, which emphasises complimentary development among the 11 member cities covering Hong Kong, Macao, and nine cities in the Guangdong province, calls for Hong Kong to lead the way in several sectors, including financial services and trade and transport. It also supports Hong Kong's role in innovation and technology – in helping in the Greater Bay Area's rise as an international hub in this aspect.

With a population of some 70 million people, the Greater Bay Area is larger than the Tokyo and San Francisco Bay Areas combined. Its collective GDP is about €1.4 trillion, similar to that of Korea.

By 2030, the Greater Bay Area's GDP is forecast to reach €4.1 trillion, close to that of Japan in 2017.

First, of course, we must harness the region's boundless promise. It's a challenge Hong Kong has eagerly accepted. And I invite the countries, and the companies, of the EU to join us in building the Greater Bay Area into a global economic powerhouse.

Hong Kong is also the financing, risk management and professional services hub for infrastructure projects under the Belt and Road Initiative. You can learn more about this at the fourth Belt and Road Summit, which will take place here in Hong Kong on September 11 and 12. I would like to invite you all to join us.

There are other good reasons for Hong Kong and the EU to come together, and culture is high among them.

We are blessed, year-round, with an enviable variety of arts and cultural events from all over the EU. Le French May Festival, for example, opened just a few days ago and continues right through June, packed full of art, film, theatre, dance, and of course fabulous food and wine.

Before we turn to the joy of sweets and drinks here, ladies and gentlemen, please join me in a toast: "To the people of the European Union."