

Speech by FS at International Finance Forum 20th Anniversary and Annual Meeting 2023 (English only)

Following is the pre-recorded video speech by the Financial Secretary, Mr Paul Chan, at the International Finance Forum (IFF) Annual Meeting 2023 in celebration of IFF's 20th Anniversary today (October 29):

Distinguished speakers and guests, ladies and gentlemen,

Good morning. I am pleased to speak once again at the International Finance Forum, particularly on this auspicious occasion, its 20th anniversary. I regret only that I am not able to join you in person today.

The theme of today's forum, "The rise of Asia and Emerging Economies driving global growth", smartly encapsulates the reality of the global economy, and the immense significance of Asia in shaping it, today and tomorrow.

Global economic outlook

At the beginning of the year, many of us, I'm sure, believed that the world was finally righting itself after three daunting pandemic years. That economic activities and supply chains would rebound and rapidly return to normal. Results, to date, unfortunately, have not met most expectations.

With inflation in advanced economies a continuing concern, monetary policies and higher interest rates are likely to stay tight longer than we thought.

Earlier this month, the IMF (International Monetary Fund) forecast that global economic growth would slow – from 3.5 per cent last year to 3.0 per cent this year – and continue to slacken in 2024, to a 2.9 per cent forecast growth.

The IMF also warned of downside risks, including commodity-price volatility, persistent underlying inflation, geo-economic fragmentation, increasing sovereign debt distress and the distress, too, of geopolitics, now including the incendiary situation in the Middle East.

Clearly, protectionism, decoupling or delinking through so-called "de-risking" are not in the common interest of the global community.

Asia as the source of growth

But still, Asia's growth prospects remain promising, offering some hope to the world's economy. Economic growth of emerging and developing Asia is

forecast to climb from 4.5 per cent last year to 5.2 per cent in 2023, and is expected to achieve a solid 4.8 per cent in the coming year.

The Mainland's economy will continue to be an important driver of this process, contributing to about one-third of global economic growth this year and next.

Despite the pessimism and the negative narrative that surrounds it, the Mainland's economy picked up speed and beat expectations in the third quarter of 2023, bringing the combined growth of the first three quarters to 5.2 per cent. It is firmly on track to accomplish the target annual growth of 5 per cent this year.

And the Mainland's firm commitment to high-quality development, including its pursuit of technological innovation, green transition, high-level two-way opening up, and support for the private-sector economy, has charted a clear and visible trajectory of sustainable economic growth in the medium to long term.

Equally encouraging is the burgeoning development of ASEAN (Association of Southeast Asian Nations), which is on its way to being the fourth largest economy in the world. With its expanding market size, growing middle class and youthful population, ASEAN is set to further enhance the region's economic status.

Hong Kong's connector role

As for Hong Kong, thanks to the staunch support of the country, and the "one country, two systems" framework, we are in the unique position to connect the Mainland, Asia and the rest of the world.

And we have what it takes to capitalise on our singular connectivity. I'm talking about our common law system, a judiciary exercising its powers independently, the free flow of capital, talent and information, a simple and low tax regime, a deep pool of international capital, a well-educated workforce and world-class infrastructure and logistics services.

In finance, and in innovation and technology; in trade, shipping, aviation, and much more, Hong Kong is determined to connect the region and support its growth and prosperity.

Consider Hong Kong's status as an international financial centre, for example, where we have deep and sophisticated stock and bond markets, as well as a vibrant ecosystem of venture capital, private equity and asset management firms. They are here to serve the funding needs of enterprises and governments ranging from business expansion, infrastructure development to green transition.

Earlier this month, our Chief Executive led a 70-strong Hong Kong business and professional delegation to attend the Third Belt and Road Forum for International Cooperation in Beijing. During the Forum, Hong Kong signed

co-operation agreements for three Belt and Road projects worth, collectively, more than US\$450 million.

And the Hong Kong Monetary Authority also signed a Cooperation Framework Agreement with the Silk Road Fund. The two institutions will contribute up to RMB15 billion or equivalent to form an investment platform to invest in energy transition, infrastructure, ESG (Environmental, Social and Governance) and other projects along the Belt and Road.

In his annual Policy Address released just a few days ago, our Chief Executive, Mr John Lee, underlined regional co-operation as a policy priority of this Government. We are keen and determined to further expand our strong ties with ASEAN countries, the Middle East and the Belt and Road countries. We are committed to enhancing connectivity and collaboration with them, working for mutual benefit and common prosperity for all.

This will all the more be bolstered by the many high-profile international events in Hong Kong in the coming months.

Tomorrow, our annual FinTech Week opens, welcoming an international audience of finance and fintech professionals. On November 7 and 8, the Global Financial Leaders' Investment Summit returns to Hong Kong, to be attended by chairmen, CEOs and senior executives of top-notch global financial institutions. In December, Hong Kong will host the inaugural Priority Asia Summit, organised by the Saudi Arabia-based Future Investment Initiative Institute. In January next year, the annual Asian Financial Forum will be gathering global financial and business leaders, investors and entrepreneurs for dialogues and discussions.

Ladies and gentlemen, you are all welcome to visit Hong Kong, to experience the energy and vibrancy, and seize the opportunities offered by our great city.

Finally, I wish you all a rewarding day ahead. And my congratulations, once again, to the International Finance Forum on its 20th anniversary. I wish you the best of business and health in the years to come. Thank you.