

Speech by FS at Leadership Insights Session (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at Leadership Insights Session – “Opportunities for Hong Kong and Hong Kong’s Role in the Greater Bay Area” this morning (January 13):

Melissa (the President of the Law Society of Hong Kong, Ms Melissa Pang), Philip (the Chairman of the Hong Kong Bar Association, Mr Philip Dykes, SC), distinguished guests, ladies and gentlemen,

Good morning.

It’s an honour to be here today, taking part for the first time in the Opening of the Legal Year in Hong Kong, and doing so through this morning’s “Leadership Insights Session.”

The Opening of the Legal Year is a vital annual occasion, as succinctly articulated by our first Chief Justice of the Court of Final Appeal, the Honourable Mr Andrew Li.

Speaking at the opening of the Legal Year in January 1998, Chief Justice Li said of Legal Year, and I quote, “It provides an opportunity for us to speak about the challenges which we face. Above all, it enables the Judiciary, together with government lawyers, the Bar and the Law Society, to demonstrate to the public that they are united and can work together in achieving their common goal of serving the community and maintaining the rule of law.”

Those words ring as true today as they did then, 22 years ago. The sanctity of the rule of law is absolutely essential to the stability, prosperity and future of Hong Kong.

That future, in today’s competitive global economic landscape, is very much connected to the Guangdong-Hong Kong-Macao Greater Bay Area, the theme of this morning’s Session.

The Greater Bay Area comprises Hong Kong, Macao and nine major cities in the Guangdong Province of the Mainland of China. Together, they count some 70 million people spread over more than 56 000 square kilometres, offering vast market potential. Indeed, the combined GDP of the cluster city development exceeds US\$1.6 trillion, comparable to that of Korea.

From a market and division of labour perspective in this integrated development, the Greater Bay Area presents a unique opportunity for Hong Kong because of the “One country, Two systems” arrangement, which is Hong Kong’s great institutional advantage. Our status as a special administrative region allows us to share in the long-term promise of the Greater Bay Area and other national policies and priorities, while maintaining a common law system

entirely distinct from the rest of China, and the capitalist system of free enterprise, and free flow of factors of production – capital, information, talents and goods. Our success as the world’s third international financial centre, just after New York and London, is a testimony of this unique institutional strength.

The Basic Law, our constitutional document, guarantees the “One country, Two systems” arrangement and ensures that Hong Kong exercises a high degree of autonomy, enjoying executive, legislative and independent judicial power. Under the Basic Law, the power of final adjudication is vested in the Court of Final Appeal of Hong Kong, with eminent judges from other common-law jurisdictions sitting as non-permanent judges.

Thanks to the Basic Law, the backbone of our legal infrastructure, Hong Kong enjoys a world-wide reputation for its rule of law, its strong legal fraternity and its independent judiciary.

In the World Bank’s latest Worldwide Governance Indicators, Hong Kong’s rule of law score rose from 69.85 in 1996 to 95.19 in 2018. That’s a leap from 70th place to top11 place in just over 20 years.

Since 2003, Hong Kong’s rule of law score has remained consistently above 90.

Our comprehensive body of legislation, case law, our tradition of respect for rule of law and our independent judiciary together, provides sound legal protection to businesses and other parties entering into transactions in the Greater Bay Area.

Alongside its independence and impartiality, our judiciary is renowned for its support of arbitration and mediation. Our legal and dispute resolution professionals are highly regarded, their wide-ranging legal expertise covering finance, international trade and investment, infrastructure, maritime matters, intellectual property and more.

That wealth of legal experience, and international cooperation, makes Hong Kong the natural hub for the provision of legal services to foreign investors in the Greater Bay Area.

And we are, rest assured, taking full advantage of that. The first Guangdong-Hong Kong-Macao Bay Area Legal Departments Joint Conference was held here in Hong Kong last September.

At the Joint Conference, the three parties, the Department of Justice of Guangdong Province, the Office of the Secretary for Administration and Justice of the Macao Special Administrative Region and our own Department of Justice, agreed to study the feasibility of a Greater Bay Area mediation platform. That will work towards ensuring a unified system for the accreditation of mediators and mediation rules – an essential step in promoting mediation in the Greater Bay Area.

Beyond that, the Department of Justice is in discussions with Mainland authorities on more promising indeed, pioneering – proposals.

In April 2019, the Hong Kong Special Administrative Region (HKSAR) and the Mainland signed an agreement concerning mutual assistance in interim measures in aid of arbitration. This arrangement allows parties in arbitration proceedings in Hong Kong to apply directly to Mainland court for interim relief, including property preservation, evidence preservation, and conduct preservation. This arrangement, which is unique to Hong Kong, further enhances our attractiveness as a forum for resolving disputes.

I can tell you that, just over two months ago, the Central People's Government announced a series of liberalisation measures to enable the development of legal services in the Greater Bay Area.

They include allowing eligible Hong Kong legal practitioners to obtain practice qualifications in the Greater Bay Area's nine cities. Hong Kong professionals will do so by passing an examination covering specific areas of Mainland law. This measure has been included in an amendment to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) Agreement on Trade in Services, signed in November. That, by the way, will be implemented in June this year.

The capital input ratio requirement for partnership associations formed by Hong Kong and Mainland law firms was also removed. These are ground-breaking measures. They enhance opportunities for Hong Kong legal professionals to participate in the Mainland market, particularly in the Greater Bay Area.

It is important that legal sector in the Greater Bay Area's three jurisdictions acquire a better understanding of their counterparts, so that they can maximise the wealth of opportunities the Greater Bay Area will present. In this regard, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Outline Development Plan) encourages the strengthening of judicial and legal cooperation among Guangdong, Hong Kong and Macao.

I'm pleased to say that we are doing just that. Last week, for example, the High People's Court of Guangdong Province organised moot courts in Guangzhou for judges and legal practitioners from the Mainland, Hong Kong and Macao. It proved a valuable opportunity to exchange views and deepen their understanding of the three legal systems.

That's imperative if the Greater Bay Area is to develop a legal framework that aligns with international standards. Doing so will greatly increase the Greater Bay Area's attractiveness to international business.

Hong Kong's legal and dispute-resolution services sector is certainly well positioned to contribute in this regard. And the Government will continue with its efforts to develop Hong Kong as the capacity-building centre for the Greater Bay Area, while promoting legal exchange among the

three jurisdictions.

We will also continue to enhance Hong Kong's development in international financial services, innovation and technology, transport, logistics and trade.

The Greater Bay Area's Outline Development Plan released last February, specified Hong Kong's leadership role in those sectors, together with our international legal and dispute-resolution services.

That, ladies and gentlemen, offers Hong Kong extraordinary opportunity deep into this 21st century of outsized promise and, of course, significant challenges.

Through it all, I look forward to the continuing support of the legal community, here in Hong Kong and around the world.

I wish you a rewarding Session today and a year blessed with society-wide respect and support for the rule of law. With that, I am confident that peace, harmony and prosperity will surely follow.

Thank you.