

Speech by FS at Think Business Think Hong Kong Symposium (English only) (with photos)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Think Business Think Hong Kong Symposium in Paris, France, today (September 19, Paris time):

Minister Becht (Minister for Foreign Trade, Economic Attractiveness and French Nationals Abroad, Mr Olivier Becht), Peter (Chairman of the Hong Kong Trade Development Council, Dr Peter Lam), Mesdames et Messieurs, ladies and gentlemen, friends of Hong Kong all,

Bonjour! Welcome to "Think Business, Think Hong Kong" in Paris.

This is my first official visit to France, and I'm delighted to be here. Thrilled, too, to be within walking distance of the Louvre, the Tuileries Garden and the River Seine. And I do hope to be back for the 2024 Paris Summer Olympics – and a swim in the Seine, as well.

For now, I'm pleased to be part of a Hong Kong delegation counting some 130 senior government officials, regulatory heads and high-profile business leaders and professionals from a variety of sectors and industries, including design and creative industries, financial services, healthcare and technology.

Each and every one of us looks forward to talking business with you – here in Paris and long down the road.

Some of us, I am sure, are also keen to talk rugby with you, too.

For the moment, let's start with business. For Hong Kong and France, for the global economy as a whole, it has been a challenging few years. Pandemics can do that.

Even so, our relationship with France remains strong. We maintained a trade volume of EUR9 billion last year. Six French banking groups operate in our city, not to mention the very popular brands of Hermes, Louis Vuitton and Chanel, or wine from Bordeaux or Burgundy. Indeed, last year, despite the pandemic, Hong Kong still imported 13 to 14 million bottles of French wine!

Hong Kong is back

Let me tell you that we have now recovered, as an economy and as a community. Yes, Hong Kong is back, open, re-connecting with a world of business. Our streets and shops, restaurants and bars, galleries, museums, theme parks and country parks are again filled with people and the many

pleasures of life in a world city at the creative crossroads of East and West.

"One country, two systems" and Hong Kong's unique advantages

Underpinning the continued vibrancy of our city is the singular advantages of the "one country, two systems" principle. Under "one country", we have the unflinching support of our motherland, China, with priority access to the Mainland market; and under "two systems", Hong Kong continues to maintain the many unique edges, including market economy, common law system, a low and simple tax regime, balanced regulation that aligns with the best international standards, and free flow of goods, capital, information and people.

The "one country, two systems" principle, let me add, is with us for the long haul, as President Xi Jinping has reaffirmed on several occasions over the past year, and that was reiterated in high-level state and party meetings in Beijing.

After all, maintaining two systems alive and thriving is in our country's compelling interest, too. It ensures our continuing status as an international trade, shipping and financial centre and a critical gateway for trade, investment, travel, talent and more, between the Mainland and the rest of the world.

These fundamental strengths, together with our unparalleled connectivity, have made Hong Kong the prime springboard for French businesses to find and realise their opportunities in our part of the world.

Connectivity advantage

As Peter has mentioned, we are a key part of the Greater Bay Area (Guangdong-Hong Kong-Macao Greater Bay Area), a cluster-city development counting Hong Kong, Macao and nine neighbouring cities in the Pearl River Delta in Guangdong Province. The region boasts a population of more than 86 million and an aggregate GDP (gross domestic product) at EUR1.8 trillion, which is about the same as Italy's.

But more than the gateway to China, Hong Kong is also your fast road to Asia. This includes of course the ASEAN (Association of Southeast Asian Nations) countries with which we have strong ties.

Consider Hong Kong's international connectivity: from Hong Kong, you can reach half the world's population by flight in just five hours. Before the pandemic, around 120 airlines operated some 1 100 flights on a daily basis to 220 destinations in the globe. And now our air passenger traffic is expected to reach 80 per cent of the pre-COVID level by the end of this year, and full recovery by 2024. We are also home to the world's busiest international cargo airport, even during the pandemic, with 4.2 million tonnes of cargo handled last year. We ranked No. 1 globally again for nine out of the past 10 years.

New frontiers

And Hong Kong's potential – and the opportunities it offers global business – are greater than ever. In the interest of time, I would focus on four areas this morning.

First, as an international financial centre, our securities market is deep and wide, with a market capitalisation of EUR4.3 trillion, which is 13 times our GDP. Our bond markets are massive as well. Last year, some EUR190 billion in bonds were issued in Hong Kong, topping Asia in terms of international bonds arranged by Asian entities. Unique to our financial market is that Hong Kong has established Connect Schemes with the Mainland, where Mainland investors may, through what we call the Southbound Connect, invest in the shares and bonds listed in Hong Kong, and vice versa for international investors. Eligible international companies listed in Hong Kong are also covered. As such, Hong Kong is simply the best platform in Asia for businesses to raise capital since they could access both Mainland and international capital here.

We are the largest offshore RMB (Renminbi) hub. We have around 1 trillion yuan of RMB deposits, and handle 75 per cent of the world's offshore trade settlements. We offer a multitude of Renminbi-denominated investment and risk-management products to suit your needs.

Second, innovation and technology. Hong Kong has excellent scientific research capabilities, where five of the universities in Hong Kong are among the global top 100. Our sister cities in the Greater Bay Area are strong in commercialisation and advanced manufacturing, and offer a huge consumer market.

Indeed, the Global Innovation Index has ranked Shenzhen, Hong Kong and Guangzhou second globally, as a science and technology cluster, for three consecutive years. And we are deepening collaboration with Shenzhen. For example, Mainland data will be made available for use in Hong Kong in the joint science park straddling the border in the Northern Metropolis.

I'd say that's good news for French companies in the health science and AI (artificial intelligence) sector.

What's more, Hong Kong has rolled out bold measures to attract strategic innovation and technology enterprises, in the areas of life and health science, AI and big data, financial technology, advanced manufacturing, and new materials and new energy. We offer special facilitation measures, covering land, financing, tax concessions and co-investment – for the right companies.

Our commitment to harnessing the potential of Web3 is equally promising. We issued a policy statement last October, signifying our open and inclusive attitude towards VA (virtual asset) businesses, and our support for the sector's sustainable and responsible development. As a first step, we have put in place a licensing regime for VA exchanges, welcoming innovators from

all over the world.

Cyberport, our Web3 hub, is now home to more than 180 Web3 companies, in areas ranging from financial technology to smart living and digital entertainment. A number of founders of these companies are French.

Third, green development. Hong Kong is Asia's leader in green and sustainable finance. The green and sustainable debts issued in Hong Kong totalled over EUR75 billion in 2022, and green bonds issued accounted for one-third of the Asian market. And we are working to align Hong Kong's green project classification with the common ground taxonomy between the EU (European Union) and China.

Our green tech base is also strong, with more than 100 companies in Science Park and Cyberport offering environmental engineering, carbon sequestration, environmentally friendly products and more. Many of them are selling on global markets and attracting foreign investment.

Leveraging the synergy with our high-tech sister cities in the Greater Bay Area, Hong Kong is committed to becoming a leading international green tech and green finance centre, featuring a complete industry chain to drive global green transition.

Finally, on arts and culture. Arts and culture are thriving in Hong Kong, too. We are a vibrant city in design and fashion, and our West Kowloon Cultural District is rising as one of the world's largest arts and cultural landmark. You'll hear more about Hong Kong's creative industries in a special session this afternoon.

Cosmopolitan lifestyle

Business aside, our city is a cosmopolitan city unlike any other in the world. Asia's global city has long been shaped, and reshaped, by the unabated flow of cultures and peoples, East and West. Today Hong Kong remains a surpassing city in which to work, live, and raise a family.

Hong Kong is no stranger to France. We are a place where more than 10 000 French citizens call home – or their second home – and over 360 French companies operate in Hong Kong and employ more than 25 000 people. Among the more than 50 international schools in Hong Kong, one is French.

Our arms are wide open to talent from France, from everywhere. In December last year, we rolled out new talent admission schemes and updated existing ones, inviting people to come to help drive and share our city's progress and future. Our schemes include, for example, welcoming graduates from the top 100 universities – altogether some 160 of them because there are different lists – whether they have work experience or otherwise. The response to these schemes is overwhelming, with over 90 000 applications approved by the end of August this year.

So, yes, Hong Kong is back in business, back to offer more opportunities

to business in France, with you. We have what you have always counted on from Hong Kong.

And who, I ask you, does a rugby sevens weekend better than Hong Kong?

My thanks to the Hong Kong Trade Development Council for organising the Think Business Think Hong Kong Symposium in Paris.

I know you will enjoy it all. And we look forward to talking with you today and the next few days in Paris – and soon, very soon, in Hong Kong.

Thank you. Merci beaucoup.

