

Speech: Hong Kong Trade Development Council Dinner: Chancellor's speech

Chief Executive, distinguished guests, Lords, Ladies and Gentlemen.

It is an honour to be here this evening.

As everyone in this room knows, this year's annual dinner marks a very special anniversary.

On 1st July 1997, Prince Charles and Lord Patten sailed away on the Royal Yacht Britannia...

...having marked the transfer of Hong Kong's sovereignty to China.

And 20 years later, I am delighted, on behalf of the British Government, to warmly welcome Mrs Carrie Lam, the first female Chief Executive of Hong Kong, for her first official visit to London in that role.

A lot of predictions were made two decades ago about Hong Kong's future...

...and the future of British-Hong Kong relations.

Some predicted Hong Kong's economic downfall...

...that under Chinese sovereignty, it would become a highly regulated and stifled economy and society.

But those people got it wrong.

Because during the past two decades, Hong Kong has prospered...

...and today stands as one of the most thriving, exciting, dynamic cities in the world...

...serving as an international gateway to one of the biggest and fastest-growing markets in the world.

And that has not happened by accident.

Hong Kong's success is underpinned by its high degree of autonomy...

...its stable government, and its strong legal system...

...and by its rights and freedoms as underpinned by the Joint Declaration made twenty years ago...

...which was designed to protect Hong Kong's strengths, security and prosperity.

'One Country, Two Systems', has protected Hong Kong's success...

...and, going forward, must continue to do so.

A success that has been marked by another feature.

The enduring, deep and strong relationship between Britain and Hong Kong.

This is based on much more than just our historic ties.

It's about our shared values.

It's about the influence Hong Kong culture has had on British life...

...and that British culture has had in Hong Kong.

It is based on the tens of thousands of Hong Kongers who study in Britain...

...and the tens of thousands of alumni from British institutions who live and work in Hong Kong.

And of course, it is also about our inextricably intertwined economies.

Which are two of the most open, free-trading, financially connected places on the planet.

But there is, even more, we can do together...

...in trade and investment, finance, and cultural exchange...

...because as Chancellor of the Exchequer, I am clear that to succeed in a fast-paced, ever-changing world...

...particularly as we transition out of the European Union...

...Britain must build ever stronger connections to the fast-growing economies of the east...

...and go out and win more business, and attract more investment...

...because that is the only way that we'll stay ahead, and sustain prosperity, jobs, and living standards for people up and down this country.

The deep historical, economic, and cultural ties between our people and societies, mean the UK and Hong Kong are natural partners.

Take trade and investment.

Hong Kong is already the UK's second largest export market for goods in the Asia-Pacific...

...investment from Hong Kong into the UK has increased by 35% since 2010...

...and Hong Kong serves as a base for 630 British companies, and over a third of all British investment in Asia...

This relationship brings jobs and prosperity to both our economies.

Companies like CK Hutchinson, who have become the single largest investor in the UK since they first invested here over 30 years ago...

...are responsible for around 40,000 jobs here in the UK;

And just this year we've seen new investments, such as Far East Consortium's flbn investment this year into the Northern Gateway site in Manchester;

In Hong Kong, British firms are working to deliver Hong Kong's ambitious infrastructure plans...

...from Atkins and Mott MacDonald's design of Hong Kong Airport's third runway (something I wish I could say we were collaborating on in London)...

...to the new West Kowloon Cultural District.

And there are many opportunities for further collaboration to come as China drives forward plans for the Belt and Road initiative...

...plans which I heard first-hand when I attended the Belt and Road Forum in Beijing earlier this year.

But it is not just about large global players, in traditional areas such as housing and infrastructure.

It's in tech and start-ups too.

From artificial intelligence company – like Kami Intelligence – who have recently set-up offices in London and Belfast.

And just today – the TNG FinTech Group have announced a £20m investment to launch their e-wallet platform in the UK.

When these companies chose to expand, they chose to come to the UK, because we have the best environment for start-ups, one of the most open and competitive economies in the world, and a world-class financial centre.

And I want to see more of this two-way flow of investment.

Because where London has experience that Hong Kong can learn from, we want to share it.

And where Hong Kong has the know-how, we want to listen.

And that brings me onto the second aspect of our collaboration.

London and Hong Kong are two of the world's leading financial centres.

And we are two of the most connected financial markets in the world.

But we're not in competition. We're in collaboration.

While London sleeps, Hong Kong traders are responsible for over \$400bn of daily forex trading.

And when Hong Kong slumbers, the City of London and Canary Wharf fire into life and take over the mantle of world-leading forex markets.

And over the past few years London and Hong Kong have collaborated on one of the most important developments in financial markets:

The increasing international use of China's currency, the Renminbi.

Hong Kong is the largest offshore centre for RMB in the world.

This is not a position that London feels competitive about – it is a position we actively support.

As the Western Hub for RMB trading, London has gone from next to no trading five years ago...

...to almost 50 billion RMB trading a day...

...over 20% of all UK-China goods trade was settled in RMB in the first half of this year...

...and there are now over 100 RMB-denominated bonds listed on the LSE.

This is a development that has been actively supported by this government...

...because, as the RMB is used more and more as a currency of choice around the world...

...we want London to be the natural western partner for Hong Kong and China in supporting this development.

This is just one example of the growing links between our financial sectors.

This evening the Chief Executive and I witnessed a new and very exciting initiative...

...the landmark UK-Hong Kong FinTech Bridge...

...that will pool British and Hong Kong expertise to collaborate in the financial industry's most innovative sectors...

...allowing our firms to access the capital, talent, accelerators, and start-up facilities needed to succeed in both the UK and in Hong Kong.

These developments will bring Britain and Hong Kong closer together and will promote jobs and prosperity in both.

But I also want to promote further the exchange of ideas, culture, and people.

We start from a very strong base.

I mentioned the thousands of our people who study, live and work in our respective societies.

Of course there is an economic benefit to that...

...the 22,000 students from Hong Kong in the UK contribute more than £540m to the British economy every year. But the benefit is broader than that.

And from the Royal Shakespeare Company's tour of Hong Kong last year, to mark the 400th anniversary of Shakespeare's death...

...to Sir Antony Gormley's 31 life-size figures that recently graced Hong Kong's skyline...

...or the University of Sunderland opening its first overseas campus in Hong Kong later this year...

...our shared interest in each other's people and culture adds unique depth to our relationship.

And these things are important, because the relationship between Britain and Hong Kong has, and will always be, about more than just economics and trade.

It is about our shared view of the world, and our shared outlook on the challenges and opportunities ahead.

There are still some who view the rise of China, the growth of emerging markets, as a challenge to the West.

They see globalisation as a threat to job security, and even national security.

Britain has benefitted over the centuries from being a proud, open, free-trading nation.

We have benefitted in the last twenty years from our relationship with Hong Kong and from our openness to investment from countries like China...

...and our willingness to seize the potential of investment in countries like China.

And it is only by harnessing the markets that look to shape the world in the next twenty years that Britain can go on succeeding.

I am clear that we should view the rise of China, and the fast-growing economies in Asia, as an opportunity, not a threat.

If we seize it, then it means more, better jobs with higher living standards here in Britain.

If we shut ourselves off from the world, pull up the drawbridge, then we'll miss out, and we'll fall behind as a country and as an economy.

The people in this room understand that.

We must seize the opportunity;

Harness the potential;

And in this anniversary year...

... re-commit to deepen our ties in trade, in finance, in culture...

...and to work together to create jobs, and security for all of our citizens...

...in Britain, in Hong Kong, and around the world.

Thank you.