

# SCED speaks on Free Trade Agreement between Hong Kong and Georgia

Following is the transcript of remarks by the Secretary for Commerce and Economic Development, Mr Edward Yau, at a media session on the Free Trade Agreement (FTA) signed between Hong Kong and Georgia at the third Belt and Road Summit today (June 28):

Secretary for Commerce and Economic Development: May I echo the Minister's (Deputy Minister of Economy and Sustainable Development of Georgia, Mr Genadi Arveladze) remarks that this is indeed a very useful, comprehensive and important Free Trade Agreement between Hong Kong and Georgia. One would ask as our two economies are some distance apart, in fact at the far ends of the big continent of Asia where we are in the East Asia and Georgia in the Eurasia region, what brings us together. I think it is the common commitment and belief that free trade will boost economic development, not just in our respective economy, but for the bigger world.

Hong Kong people may not necessarily know that much about Georgia. But I believe that this Free Trade Agreement will bring Hong Kong very much into the part of Eurasia because Georgia is there like Hong Kong in Asia. I have noted that an index, which is commonly known in Hong Kong, the Heritage Foundation's Economic Freedom Index, where Hong Kong is ranked number one, 24 years in a row, Georgia is ranked number 16 among the 180 countries that they have surveyed. It is one of the more open and pro-trade economies gaining tremendous economic growth in the last decade or so.

As the Minister mentioned, an FTA is never easy to be concluded as a trade document because it cuts across many sectors. But we have done this with a very smooth negotiation and swift conclusion in two rounds of discussion within eight months. I think that signifies how much importance we attached to this document and also how like-minded Hong Kong and Georgia are on the subject of free trade. As the Minister mentioned, it is comprehensive because it covers a wide spectrum of areas from trade in goods to trade in services. It is also of a very high standard – we are not just benchmarking WTO (World Trade Organization) rules, there are some areas that are beyond WTO requirements. That hopefully set the scene for future FTAs where we will benchmark a higher standard.

This is very important at this time of the global trading system seeing trade protection and trade disputes looming. The fact that we are able to strike the deal and set a very high standard by this Free Trade Agreement is a very strong testimony that we do not believe trade is a zero-sum game. This FTA has a very major strategic importance to Hong Kong because we are talking about spreading our markets, stretching and reaching out to the wider world as we continue to be the world's global trading centre.

I think Eurasia is an important region because it crosses two continents. It is also a very important location where we can tap into the

Eurasia market and all the way into East Europe and further. We believe this would open a new chapter for both of us. This also reinforces our continuous efforts in the last 12 months as we continue to use free trade agreements or investment agreements to build our trade connections. In the last 12 months, we have concluded an FTA with Macao and a very important one with ASEAN (the Association of Southeast Asian Nations). And the one with Georgia is also of strategic importance.

Reporter: The trade tensions around the regions, like between the United States and China, have been intensifying. Do you have confidence that Hong Kong could withstand the harm brought by the trade tensions?

Secretary for Commerce and Economic Development: I was exactly saying that it is saddening to see that after so many years of clear demonstration that free trade could bring economic prosperity for all, it is unfortunate we are still seeing a lot of trade disputes and conflicts looming in the world between players. What Hong Kong could do on one hand is to build defence, and to critically assess what impact that would be posed to Hong Kong, and also to take measures to safeguard our own interest. But a more positive move is to build more alliances of like-minded free traders, like Hong Kong and Georgia, through all the free trade agreements that we have been signing over the years with major partners, including with ASEAN last year and also this one with Georgia, a country strategically located in Eurasia. We believe these free trade agreements demonstrate a very strong case that trade is not a zero-sum game. Through taking down trade barriers, we are actually seeing more prospects of economic growth arising from trade.

(Please also refer to the Chinese portion of the transcript.)

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## **First round of FEHD anti-rodent operation in designated target areas concludes with positive results**

The Food and Environmental Hygiene Department (FEHD) concluded the first round of the anti-rodent operation in designated target areas in various districts on June 22. During the operation, the FEHD collected 630 dead rodents, caught 476 rodents in traps and took out 374 prosecutions. The operation effectively enhanced rodent prevention and control work at the district level.

An FEHD spokesman said today (June 28), "The FEHD launched the first round of the two-month anti-rodent operation in designated target areas on April 23 and adopted multi-pronged strategies, including improving environmental hygiene rodent disinfestation and enforcement actions, to

combat the rodent problem. In the past two months, the FEHD strengthened rodent disinfection work at problematic spots such as rear lanes, refuse collection points, markets, hawker bazaars, cooked food markets and construction sites. The department placed poisonous bait and traps at 5 350 and 8 459 locations respectively, and destroyed 343 rat holes, with 630 dead rodents collected and 476 rodents caught in traps.

"Apart from strengthening rodent elimination work, FEHD staff members also enhanced street cleaning services and cleaning of public markets and hawker bazaars in the target areas, including sweeping and cleaning of streets and rear lanes, and clearance of refuse and waste on the streets, in public markets and at hawker bazaars, so as to keep the environment clean.

"In addition, the FEHD stepped up inspections of food premises, markets, hawker bazaars and cooked food markets. Enforcement action against food premises causing poor environmental hygiene conditions, food preparation and scullery at rear lanes, and improper handling and disposal of rubbish was strengthened. The FEHD conducted 13 916 inspections, issued 3 830 health advisories, 2 069 verbal warnings and 25 warning letters, 52 statutory notices, 619 fixed penalty notices and took out 374 prosecutions."

To increase public awareness of rodent prevention, the FEHD stepped up public education and publicity during the operation. A total of 113 talks were arranged for building management offices of private buildings, persons-in-charge of food premises, and market and hawker stall operators to provide information and technical advice on rodent prevention and control.

The spokesman said that the FEHD will spare no efforts in the rodent prevention and control work. The second phase of the territory-wide anti-rodent campaign, lasting for 10 weeks, will soon commence on July 2. He called on all sectors of the community to continue to actively participate in the anti-rodent campaign and eliminate the three survival conditions of rodents in their daily life, namely food, harbourage and passages, meaning the elimination of the food sources and hiding places of rodents as well as blocking their dispersal routes, so as to work together for a clean and hygienic community.

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## **Effective Exchange Rate Index**

The effective exchange rate index for the Hong Kong dollar on Thursday, June 28, 2018 is 102.2 (up 0.3 against yesterday's index).

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# Speech by FS at Luncheon Plenary of Belt and Road Summit (English only) (with photo)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Luncheon Plenary of the Belt and Road Summit this afternoon (June 28):

Vincent (Chairman of the Hong Kong Trade Development Council (HKTDC), Mr Vincent Lo), Margaret (Executive Director of the HKTDC), Deputy Commissioner Yang (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 (HKSAR), Mr Yang Yirui), Mr Bi (Chief Executive Officer of China International Capital Corporation Limited, Mr Bi Mingjian), distinguished guests, ladies and gentlemen,

Good afternoon.

It's a great pleasure to join you today for the luncheon of the Belt and Road Summit, our annual flagship event on the far-reaching Belt and Road Initiative.

The theme of this year's summit is "Collaborate for Success". During the morning session, senior government officials from the Central Authorities have updated you on the latest thinking and direction of the Belt and Road Initiative.

You have also heard first-hand successful experience of some projects that are being implemented along the Belt and Road, the differences these projects are making to the economies, as well as the tangible benefits that these projects are bringing to the local community.

Before we proceed to the afternoon sessions, I would like to take this opportunity to share with you what Hong Kong can offer, for you to capitalise on the massive potential down the Belt and Road.

I was told that lunch will only be served when I have finished. So I promise I will keep my remarks brief.

For decades, Hong Kong has been the pivotal gateway connecting China and the world. We are strategically positioned to serve as multiple services platforms for the Belt and Road.

Firstly, as one of the world's leading financial centres and China's international financial capital, Hong Kong is the platform for capital formation and funding.

Hong Kong's strengths and expertise in financial services need no

introduction. Our deep liquidity, premier financial infrastructure and comprehensive options for raising capital, from the traditional IPOs and loan syndication to bonds and the more sophisticated Islamic sukuk, can meet the financing needs of any mega Belt and Road infrastructure project. In terms of IPOs, Hong Kong has been ranked number one globally for five years in the past nine years.

We have recently launched a new listing regime that permits the listing of pre-revenue biotech issuers as well as companies from emerging and innovative sectors with weighted voting right structures. This will certainly reinforce our status as a premier capital-formation centre.

I am sure many of you here are familiar with the good work being done by the Infrastructure Financing Facilitation Office, or IFFO, under the Hong Kong Monetary Authority. To date, IFFO has attracted more than 80 partners from around the world, including multilateral banks, financiers, pension funds, infrastructure developers and operators, as well as professional services firms, to work together to facilitate collaboration on infrastructure financing and investments.

Our Securities and Futures Commission is doing its part as well by setting out eligibility criteria for infrastructure project companies looking to list on our stock exchange. These criteria provide a clear pathway for companies reaching out to Hong Kong for equity and debt financing.

Meanwhile, we are also rolling out measures to develop Hong Kong into a hub for bond issuance and green finance.

Last month, we launched the Pilot Bond Grant Scheme, offering grants to eligible bond issuers to cover part of their issuance expenses in Hong Kong. We will also provide tax exemptions for interest income and trading profits from qualified debt instruments.

The HKSAR Government will soon be issuing green bonds with a borrowing ceiling of about US\$13 billion. We will also subsidise the costs issuers incurred in using our Green Finance Certification Scheme launched in January this year.

Secondly, Hong Kong is the platform for high-end professional services. Our world-class professionals in engineering, architecture, urban planning, surveying and consulting have the experience and knowledge to lead the Belt and Road projects, in ascertaining project feasibility, in implementing the project and in operating the infrastructure.

We know very well that legal, regulatory and political risks can undermine the feasibility of a project, and that risks in construction and cost overruns will negatively impact a project's profitability.

Hong Kong's deep pool of multicultural talent in law, accounting and finance can help manage these risks, by conducting legal due diligence, structuring the best deal through a combination of financial engineering as

well as insurance and reinsurance.

What's more, Hong Kong is the perfect hub for the Belt and Road's legal matters and for resolving business disputes. Under the unique "one country, two systems" arrangement, Hong Kong remains a common law jurisdiction. The international community is familiar with Hong Kong's common law system, underpinned by an independent judiciary as well as a very robust intellectual property rights protection regime. Arbitration awards made in Hong Kong are enforceable in over 150 jurisdictions including the Mainland of China.

Thirdly, Hong Kong is the platform for you to find the right partners, no matter if it is an equity partner, or a partner for the operation and management of infrastructure. For example, both the Hong Kong MTR Corporation, the operator of Hong Kong's efficient public railway system, and the Hong Kong Airport Authority, which runs one of the world's busiest airports, have vast experience in operating infrastructure assets outside Hong Kong.

Finally, Hong Kong can be the platform for enterprises to base their offshore operations. With an open and efficient market, the free flow of capital, information and talent, as well as the rule of law and a simple, low and territorial-based system of taxation, Hong Kong has long been regarded as one of the best places in the world to do business.

Companies expanding in the economies along the Belt and Road will be exposed to challenges of dealing with currency and interest-rate fluctuations. Hong Kong is an ideal choice for setting up a corporate treasury centre, for centralising a corporation's financing and liquidity management in the region. We provide tax concessions for corporate treasury centres. Their qualifying profits will be taxed at only 8.25 per cent.

At the same time, we will continue to expand our network of free trade agreements, trade promotion and protection agreements, as well as double taxation agreements, in order to better enable such headquarters and corporate treasury centres to be set up here to leverage the extraordinary opportunities in the emerging markets along the Belt and Road.

Before I conclude, I wish to highlight the exciting prospects for Hong Kong in the Guangdong-Hong Kong-Macao Bay Area development, a national development strategy of China.

Linking nine Guangdong cities, together with Macao and Hong Kong, the Bay Area counts a combined population of 68 million and a collective GDP worth US\$1.5 trillion, which is comparable to that of Australia or Korea. In light of the tremendous synergies of Hong Kong and the vibrant tech sector in Shenzhen and advanced manufacturing bases in other cities in the region, we believe the Bay Area possesses the combined advantages of the New York Bay Area and the San Francisco Bay Area. For our guests coming from overseas, I would strongly recommend you to spend time to uncover the tremendous potential that the Bay Area development may bring to you.

Ladies and gentlemen, I wish you all a rewarding Summit. And I encourage you to make good use of Hong Kong's multiple services platforms and many compelling advantages in realising the limitless Belt and Road possibilities. We always stand ready at your disposal.

I can see that your lunch is on the way, so thank you and bon appétit!



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## [“Stop-and-go” e-payment facilities available at Eastern Harbour Crossing from this Saturday](#)

The Transport Department (TD) today (June 28) reminded the public that "stop-and-go" e-payment facilities will be provided at the manual toll booths of the Eastern Harbour Crossing from Saturday (June 30).

Motorists will be able to pay tolls by Octopus or contactless credit cards (including Visa, Mastercard and UnionPay) issued by local banks, saving time otherwise spent on cash counting and receiving change.

Two sets of card reader panels will be installed at each manual toll booth to serve vehicles of different heights. The card reader on the left of each panel will accept Octopus card payment and the one on the right will accept contactless credit cards. Cash payment will still be accepted if motorists cannot pay the toll successfully by tapping their cards.

For enquiries on the operation of the "stop-and-go" e-payment system, motorists can call 1823.