

**Annual Reception
To mark the 15th anniversary of the establishment of
Hong Kong Special Administrative Region
Bern, Switzerland
7 June 2012
Welcome Remarks by Ivan K B Lee
Director,
Hong Kong Economic and Trade Affairs,
The Government of the Hong Kong Special Administrative Region**

Ambassador Nobs, Ambassador Martin, Mr Zuppiger, Ambassador Wu (Wu Ken, 吴恳), Distinguished Guests, Ladies and Gentlemen,

In just over three weeks' time, we will be celebrating **the 15th anniversary** of the establishment of the **Hong Kong Special Administrative Region**. Since I came to Europe about five months ago, I was often asked, "Has Hong Kong changed since our reunification with China?" Of course Hong Kong has evolved over the past 15 years. No society will remain static, particularly not for a place as dynamic as Hong Kong. That said, under the "One Country, Two Systems" framework and our Basic Law, Hong Kong has maintained its existing way of life, including with regard to social and economic developments, the rights and duties of Hong Kong people, and the rule of law.

2. At the same time, we have continued to build on our strengths and decades of experience as Asia's business capital. Indeed, Hong Kong has taken advantage of its unique geopolitical position and special relationship with Mainland China to build on its role as the gateway to China. Hong Kong's economy has continued to flourish,

consolidating the city's position as an international financial, trade and maritime centre. Hong Kong **remains the world's freest economy** and offers one of the most vibrant and friendly business environment in the region. Our economy is highly competitive. In the IMD's World Competitiveness Yearbook 2012 published last week, Hong Kong has been ranked the "World's Most Competitive Economy" for the second consecutive year. I am happy to say that we are in good company. Switzerland is also in the top five, ranking third, highest among European economies.

3. At the political front, **democracy is moving forward steadily and progressively.** The Central People's Government approved in 2007 a timeline in that by 2017, the Chief Executive and by 2020, the Legislative Council will be elected by universal suffrage.

4. In March this year, Hong Kong elected a **new Chief Executive**, Mr C Y Leung. Mr Leung will assume office on 1 July. He has pledged that he will safeguard the rule of law, advance democracy and foster social harmony, and build a more prosperous, just and progressive Hong Kong.

5. On the bilateral front, I am pleased to report that Hong Kong continues to enjoy very strong bilateral economic and trade relations with Switzerland. **The past year has been an especially fruitful one for the Swiss-Hong Kong relations.** Our Chief Executive Mr Donald Tsang visited Switzerland in January this year to participate at

the Annual Meeting of the World Economic Forum, sharing his insight on the global economic outlook in 2012. He met with President Widmer-Schlumpf in Davos and the two leaders had a most useful exchange on how our two economies could further cooperate to strengthen our bilateral relations. Mr Tsang also took the opportunity to address a business luncheon in Zurich, highlighting the business opportunities available for Swiss businesses in Hong Kong.

6. I am also pleased to note that our Secretary for Commerce and Economic Development, Mr Gregory So, signed a **Free Trade Agreement** with the Ministers of the **European Free Trade Association** states including the Federal Councillor Schneider-Ammann, last June in Liechtenstein. The agreement is Hong Kong's first free trade agreement with the European economies. It covers trade in services and goods as well as investment, and other trade-related issues like protection of intellectual property. We strongly believe that the agreement will provide new incentives for enterprises in Switzerland to invest in Hong Kong and vice versa. We look forward to the early implementation of the agreement.

7. Our bilateral trade continues to grow with great momentum. The **average annual growth rate from 2007 to 2011 was at an impressive 20.3%**. In 2011, our total bilateral trade amounted to over US\$ 13 billion.

8. Looking forward, we see several areas where our two economies

could cooperate further. First, in the sector of **financial services**. Swiss financial institutions already have a long and established presence in Hong Kong. As China's global financial centre, Hong Kong continues to build upon its RMB offshore business centre role as the place for the use of RMB as a settlement, investment and funding currency. Hong Kong is the world's largest offshore RMB market and the first place to develop an RMB bond market. Our efficient and reliable clearing platform provides an ideal opportunity for Swiss enterprises to settle trade transaction payments with their business partners in Mainland China using RMB.

9. In addition, Hong Kong offers a very attractive **listing regime** for Swiss companies wishing to raise capital and enhance their profile in the Asian market. Hong Kong was the most active market for initial public offering ("IPO") for the past three years in terms of funds raised, surpassing both London and New York. Companies, particularly overseas companies which have Greater China related businesses, have been attracted on the back of our market's **liquidity, attractive valuations and access to investors in Asia**. In 2011, we had the first Swiss company (Glencore International) (world's largest commodities trading company) came to list in Hong Kong. Listed companies in Hong Kong could also raise RMB funds through Hong Kong IPOs, to meet their business needs in the Mainland.

10. Looking beyond financial services, Hong Kong's emergence as a **wine trading and distribution hub** in Asia also offers opportunities

for Swiss companies. Since the government eliminated wine duties in 2008, the market has responded positively with total wine exports into Hong Kong in 2011 amounting to US\$ 1.2 billion, a six-fold increase in five years' time. That is a phenomenal growth. There is certainly potential for Swiss wine merchants to explore the fast-growing Asian market through Hong Kong. The Hong Kong International Wine and Spirits Fair to be held in November would provide an excellent platform for Swiss wine merchants to access the Asian market.

12. Last but certainly not least, in the area of **art and culture**. Last year, the MCH Group, organiser of Art Basel, acquired a majority ownership stake in the Asian Art Fairs Ltd., the owners of the Hong Kong International Art Fair. This year, the Hong Kong International Art Fair had another record year of success with close to 68 000 visitors; and in 2013, the first edition of Art Basel in Hong Kong would be launched.

13. Ladies and Gentlemen, Switzerland and Hong Kong enjoy excellent bilateral relations and my office look forward to further strengthening these relations. The celebration today is not only for the 15th anniversary of the HKSAR, but also for the flourishing Swiss Hong Kong bilateral relations. Thank you very much for your great support in the past and let's work together to bring Swiss Hong Kong relations to new heights.

Ends.