



Budget aims to create jobs, tackle crisis

FINANCIAL SECRETARY John Tsang announced in the 2009-10 Budget a multi-pronged strategy to combat the fallout of the global financial crisis. The Hong Kong Special Administrative Region (HKSAR) Government plans to boost public spending to more than HK\$300 billion (US\$38.6 billion), to help ease the pressure of economic contraction, boost domestic demand and increase employment opportunities.

"Being a small, open economy, Hong Kong will inevitably be hit by the turmoil and our economy will slide into recession," Mr Tsang said.

The Financial Secretary said Hong Kong's economy grew by 2.5% in 2008. Yet GDP is forecast to fall 2%-3% in 2009, the first negative growth for a whole year since the Asian financial crisis in 1998.

Preserving jobs

Preserving employment was a top priority in this year's Budget. There will be a provision of HK\$1.6 billion (US\$205.7 million) to create about 62,000 jobs and internship opportunities in the next three years. Adding to the 60,000 jobs the Chief Executive undertook last December to create through expediting infrastructure projects, advancing recruitment of civil servants and offering temporary positions, a total of 122,000 jobs will come onto the labour market in the coming few years.

Mr Tsang outlined four initiatives in supporting employment, including a HK\$400 million (US\$51.4 million) package for the Labour Department to provide more training and job opportunities and HK\$13 million (US\$1.7 million) in additional funding for the department to help people who have lost their jobs.

Another HK\$140 million (US\$18 million) has been earmarked to help fresh graduates entering the job market this summer through a new internship programme. A further HK\$1.1 billion (US\$141.4 million) will be used to provide various types of jobs such as those in the building maintenance, event organisation, tourism and IT sectors.

Promoting sustainable economic development

To enhance the city's overall competitiveness, Mr Tsang said the HKSAR Government would speed up the building of new infrastructure links with the Mainland, including the Hong Kong-Zhuhai-Macau Bridge, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Shenzhen Airport



Financial Secretary at a press conference on the 2009-10 Budget.

Rail Link and the Liantang/Heung Yuen Wai Boundary Control Point. These infrastructure developments are important investments to support the further economic integration of Hong Kong and the rest of the Pearl River Delta region.

"We estimate that capital works expenditure for 2009-10 will be as high as HK\$39.3 billion (US\$5.1 billion)," he said. "Our annual capital works expenditure will be at a very high level over the next few years, and may reach HK\$50 billion (US\$6.4 billion)."

To strengthen Hong Kong's role as an international financial centre, Mr Tsang said the Government would continue to improve the regulatory framework, enhance financial cooperation with emerging markets and develop the bond market through a government bond programme.

In encouraging the development of new high value-added economic sectors, Mr Tsang said the focus would be on developing technology-based, creative and green economies.

"We will promote the development of new technologies to enhance the competitiveness of Hong Kong through the provision of infrastructure, manpower training, cooperation with the Mainland and other economies, and funding schemes," he said.

For instance, HK\$300 million (US\$38.6 million) has been set aside to support the development of creative industries, in addition to existing funding schemes targeted at the film and design industries.

To foster the growth of a green economy, Mr Tsang highlighted the cooperation between Hong Kong and the Guangdong Province in environmental protection efforts, measures to promote the use of electric vehicles and the adoption of energy efficient features in both government and private buildings.

Building a caring community

Mr Tsang said while addressing the challenges faced by Hong Kong, the HKSAR Government would remain committed to strengthening the community and improving the quality of life for the people of Hong Kong.

The Government will continue to enhance healthcare services and food safety, and provide disadvantaged groups with appropriate support in difficult times. It will also devote more resources to promoting sports, arts and culture as well as heritage conservation.

Details of the 2009-10 Budget are available at website <http://www.budget.gov.hk/>. ◇



Enthusiastic exchanges among world business leaders at Asian Financial Forum

INTERNATIONAL BUSINESS LEADERS attending the Asian Financial Forum on January 19 and 20 had enthusiastic exchanges on the opportunities and challenges faced by the Asian region in the latest financial crises. Carrying the theme "The Changing Face of Asia", the forum was co-organised by the HKSAR Government and the Hong Kong Trade Development Council.

Delivering the opening speech at the forum, HKSAR's Chief Executive, Mr Donald Tsang, said that Asia was changing for the better in terms of its long-term financial and economic prospects and potential.

"With our sound fundamentals, a high-quality labour force, the 'can-do' spirit of our people, and the new opportunities arising from the Guangdong, Hong Kong and Macau regional development, I am confident that Hong Kong will rebound strongly from the economic downturn," the Chief Executive said.

Mr Tsang said Hong Kong would further develop the Renminbi business to increase Hong Kong's scope of services and expand its role as a financial gateway to the Mainland and as a leading financial services hub in Asia. He also noted that by establishing a platform for Islamic finance, Hong Kong would extend its role as a global financial centre.

Other speakers and moderators at this year's forum included the Financial Secretary of the HKSAR, Mr John Tsang; the Co-founder of Quantum Fund, Mr James B Rogers; the Deputy



Chief Executive speaks at the Asian Financial Forum.

Chairman of the Government and Minister of Finance of the Russian Federation, Mr Alexei Leonidovich Kudrin; the Director of Institute for Indian Economic Studies of Waseda University and Former Vice-Minister of Finance for International Affairs of Japan, Professor Eisuke Sakakibara; the Chairman of Morgan Stanley Asia Ltd, Dr Stephen Roach; and the Chairman of the Hong Kong Exchanges and Clearing Limited and Non-Official Member of the Executive Council of the HKSAR, Mr Ronald Arculli. ◇

The 4th Asia Economic Summit held in Hong Kong

THE 4TH ASIA ECONOMIC SUMMIT

co-organised by the Malaysia-based Asian Strategy and Leadership Institute (ASLI) and the Asia Society Hong Kong Centre was held in Hong Kong on December 8 and 9, 2008. About 150 leading thinkers, business leaders and senior government officials attended the Summit, which was held outside Kuala Lumpur for the first time. Speaking at the Summit, titled "Reinventing Asian Economies for Sustainable Growth and Prosperity", the Financial Secretary, Mr John Tsang, said Hong Kong has a great deal of experience reinventing herself. He said: "With the financial tsunami at hand, further reinvention is beginning to take shape as we seek to turn the current crisis into opportunities."



Financial Secretary speaks at the 4th Asia Economic Summit.

Mr Tsang said Hong Kong is working closely with other economies and international financial organizations in responding to the crisis in a coordinated manner. Noting China's full support, Mr Tsang outlined what the HKSAR Government is doing to cope with the global financial crisis, which include speeding up infrastructure projects to create jobs, and helping small and medium sized enterprises (SMEs) to access credit by introducing a Special SME Loan

Guarantee Scheme. "We will continue to strengthen our position as a global financial centre in the Asian time zone and serve the region as a modern, efficient and reliable business partner," assured Mr Tsang. ◇

IMF commends HK's decisive actions to bolster financial stability

THE INTERNATIONAL MONETARY FUND (IMF) in its Staff Report on Hong Kong released last December, commended Hong Kong Government's measures to contain the contagious risks from the global financial turmoil and reiterated its support for the Linked Exchange Rate system (LERS).

The IMF recognised that Hong Kong's financial system had performed well and without significant market dislocations. It attributed the resilience to the Government's efforts over the past several years to steadily establish a more robust system of financial supervision and regulation and a sophisticated financial infrastructure. The IMF said the Hong Kong banking

system remained sound. Banks in the city had managed risk prudently and were well positioned to handle a worsening in credit quality.

The IMF maintained its long-standing support of the LERS, which had proved to be an anchor of monetary and financial stability in Hong Kong over the past 25 years. The Hong Kong dollar continues to be valued broadly in line with economic fundamentals. The IMF also considered that the 2008-09 Budget and the supplementary package of measures introduced last July should help guard against a more dramatic economic downturn. ◇



First Hong Kong Film Festival in Malaysia

THE HONG KONG ECONOMIC AND TRADE OFFICE in Singapore (HKETO) organised the first Hong Kong Film Festival (HKFF) in Kuala Lumpur from March 5 to 8, introducing eight productions by Hong Kong new generation directors to the Malaysian audience. Movies featured included "The Pye-Dog", "A Decade of Love", "Explosive City", "Eye In The Sky", "L for Love, L for Lies", "Magic Boy", "The Floating Landscape" and "Tactical Unit — Comrades In Arms".

Speaking at the opening ceremony, the Director of HKETO, Ms Subrina Chow, said besides strengthening cultural exchanges between Hong Kong and Malaysia, the film festival was a way to express appreciation for the faithful support of Malaysian audiences for Hong Kong films.

Ms Chow said: "Since 1997, Hong Kong films and filmmaking talents have won over 300 international awards. Hong Kong films have also been our best cultural ambassador."

The opening ceremony was graced by the attendance of Malaysian Deputy Minister of Unity, Culture, Arts and Heritage, YB Mr Teng Boon Soon, and the Secretary General of the Ministry of Unity, Culture, Arts and Heritage, Datuk Dr Muzahet Bin Masruri.

HKFDC delegation to Singapore and Kuala Lumpur

The HKFF in Kuala Lumpur coincided with the visit of a delegation of Hong Kong new generation directors and producers led by the Chairman of the Hong Kong Film Development Council (HKFDC) to Singapore and Malaysia from February 24 to 27.

Speaking at the press conference of the HKFF in Kuala Lumpur, the Chairman of the HKFDC, Mr Jack So, said the delegation visited Singapore and Malaysia to promote Hong Kong film directors of the new generation and explore opportunities for cooperation on film productions and investment.



HKETO director Ms Subrina Chow (third left), Deputy Minister YB Mr Teng (third right) and Secretary General Datuk Dr Muzahet (second right) at the opening ceremony of the HKFF in Kuala Lumpur. Other guests are Mr Gu Jinqi, Deputy Head, Chinese Embassy in Malaysia (right), Mr Tung Yow Kong of Golden Screen Cinemas and Ms Lucy Leong of FM98.8 radio station.

"To break new ground for our film industry, Hong Kong will have to join hands with Mainland China, Singapore, Malaysia and Taiwan, and pool resources of the five places to develop the film industry and expand the market for Chinese language films in the region as a whole," Mr So said.

Members of the HKFDC delegation included Hong Kong's Commissioner for Television and Entertainment Licensing, Ms

Maisie Cheng; HKFDC member and film director, Mr Wong Pak-ming and Ms Mabel Cheung; HKFDC Secretary-General, Mr Wellington Fung; Hong Kong film directors and producers, Mr Derek Kwok, Mr Teddy Robin, Mr Law Wing Cheong, Mr Chan Wing Chiu, Mr Chang Wai Hung, Ms Agnes Hon, Ms Carol Lai, Mr Adam Wong, Mr Samson Chiu, Mr Tang Hon Keung and Ms Mak Hei Yan.

The press conference was followed by a film workshop of the HKFF, where three new generation Hong Kong film directors/producers shared their experience in the production of "A Decade of Love" and engaged in dialogues with about 100 students in film production.



HKFDC delegation at the press conference of the HKFF in Kuala Lumpur.

Entertainment Expo Hong Kong 2009

COVERING nine multimedia events in four major sectors — film, television, digital entertainment and music, the fifth Entertainment Expo Hong Kong was held from March 23 to April 19 this year. Speaking at the opening ceremony, the Financial Secretary, Mr John Tsang, said the HKSAR Government would soon establish a new office — "Creative Hong Kong" (CreateHK) — to support the development of creative industries, adding that the Government's total financial commitment to promoting the creative industries exceeds HK\$1 billion (US\$128.5 million). One of Entertainment Expo's founding events, the 13th Hong Kong International Film and TV Market (FILMART) attracted about 4,200 industry professionals from all over the world coming for the latest creative products and services of 505 exhibitors from 28 countries and regions.

Hong Kong Film New Action — Business Forums and Promotional Sessions

Held concurrently with the Entertainment Expo Hong Kong was the Hong Kong Film New Action — Business Forums and Promotional Sessions on March 25 and 26. About 200

investors, distributors, producers and filmmakers from the five major Chinese language film markets, i.e. Mainland China, Hong Kong, Taiwan, Singapore and Malaysia, gathered for the first time to explore co-production opportunities and how best to integrate the markets, talents and financing of the five places. Under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Chinese language movies produced in Hong Kong or by Hong Kong-registered production companies owning more than 50% of the copyright of the films concerned may be imported for distribution in the Mainland on a quota-free basis, after vetting and approval by the relevant Mainland authority. Moreover, movies jointly produced by Hong Kong and the Mainland are treated as Mainland movies for the purpose of distribution in the Mainland. Addressing the opening ceremony, the Secretary for Commerce and Economic Development, Mrs Rita Lau, appealed to film practitioners from all over the world to capitalize on the expertise of Hong Kong and the benefits of CEPA in opening up the film market of the Mainland.



High level exchanges between HK and Singapore

THE SECRETARY FOR DEVELOPMENT, Mrs Carrie Lam, and the Secretary for Security, Mr Ambrose Lee, visited Singapore in early and mid-March respectively.

During her visit on March 4 to 7, Mrs Lam exchanged views with Singapore's officials on urban redevelopment, waterfront planning and heritage conservation. Besides calling on the Minister for National Development and officials of the Urban Redevelopment Authority, she visited the Marina Bay Financial Centre and several revitalised heritage buildings and sites, including the Fullerton Hotel, Clifford Pier, Far East Square and the Clark Quay.

The Secretary for Security, Mr Ambrose Lee, visited Singapore from March 17 to 19 to attend the Global Security Asia 2009, an international conference and exhibition organised by Singapore's Ministry of Home Affairs. The event offered an opportunity for governments, academia, researchers and members of the homeland security industry to share experiences and exchange expertise on fighting terrorism. Mr



The Secretary for Development (left) meets with the Minister for National Development of Singapore, Mr Mah Bow Tan.



The Secretary for Security (left) and Deputy Prime Minister and Minister for Home Affairs of Singapore, Mr Wong Kan Seng, at the Global Security Asia 2009 in Singapore.

Lee met Deputy Prime Minister and Minister for Home Affairs of Singapore during his stay. He also visited local law enforcement agencies, including the Singapore Police Force, Singapore Prison Service, Immigration and Checkpoint Authority and Central Narcotics Bureau. ◇

A shipping mission to Vietnam

THE SECRETARY FOR TRANSPORT AND HOUSING, Ms Eva Cheng, led a 22-member shipping mission to Hanoi and Ho Chi Minh City of Vietnam in February to promote Hong Kong's shipping and maritime services. The mission is jointly organised by the Hong Kong Maritime Industry Council and the Hong Kong Trade Development Council.

In Ho Chi Minh City, Ms Cheng opened a seminar on Hong Kong's maritime services to introduce to the Vietnamese audience the professional and world-class services that Hong Kong offers in ship finance, taxation, maritime law, arbitration, ship management and ship registration.



The Secretary for Transport and Housing (front row, third left) and the mission call on the Vice-Chairman of the Ho Chi Minh City People's Committee, Mr Nguyen Trung Tin, (front row, fourth left).

Noting that Hong Kong is one of the top five shipping registries in the world and one of the world's most efficient container ports, handling a record high of 24.3 million TEUs of containers in 2008, Ms Cheng said at the opening of the seminar that a partnership of Hong Kong's expertise in shipping and maritime service with the progressive development in Vietnam's port and maritime sector will no doubt bring new growth and opportunities.

The mission also visited Hanoi and met the Vietnamese Vice-Minister of Transport, Mr Tran Doan Tho. ◇

Chinese New Year celebration in ASEAN countries



Chinese New Year celebration reception in Jakarta.

THE HONG KONG ECONOMIC AND TRADE OFFICE in Singapore (HKETO) and the Hong Kong Tourism Board jointly organised a series of Chinese New Year dinner receptions in the ASEAN region to celebrate the beginning of Year of the Ox and renew acquaintance with local contacts.

Taking the opportunity, the Director of HKETO, Ms Subrina Chow, appealed to local business leaders attending the dinner celebrations to use Hong Kong more fully as the platform to grow their

business. Looking ahead, Ms Chow said that as China moves into a new phase of economic development, Hong Kong will continue to play a key role as the nation's international financial centre, its logistics and services hub as well as the regional base from which both international and Chinese corporations reach out to the rest of Asia and the world.

The Chinese New Year celebration receptions were held in Jakarta, Bangkok, Singapore, Kuala Lumpur and Manila in the first half of February. ◇



Financial Secretary promotes cooperation between Hong Kong and Vietnam

THE FINANCIAL SECRETARY, Mr John Tsang, led a business delegation to visit Hanoi, Vietnam last December. They arrived in Vietnam after a visit to Nanning, Guangxi, by taking the land route through the Friendship Gate at the China/Vietnam border. During the four-day visit in Hanoi, they met the Deputy Prime Minister of Vietnam, Mr Nguyen Sinh Hung, and other senior government officials and business leaders to gain first-hand knowledge of the economic situation and business environment of Vietnam. They also made a site visit to the Thang Long Industrial Park.

In addition, Financial Secretary and Vietnamese Vice-Minister of Finance signed the Comprehensive Agreement for the Avoidance of Double Taxation between Hong Kong and Vietnam. Speaking at the signing ceremony, Mr Tsang hailed the agreement as elevating the bilateral relationship between Hong Kong and Vietnam to a new level.

"The agreement represents tax savings and a higher degree of certainty on taxation rights for investors from both Vietnam and Hong Kong when they engage in bilateral trade and investment activities. It also fosters economic cooperation and protects both our governments' revenue base." Mr Tsang said.

In his keynote speech at a business seminar entitled "Hong Kong — Your Regional Partner for Success", the Financial Secretary stressed Hong Kong's strengths as an international business hub, including the smooth implementation of the "One Country, Two Systems" concept, further expansion of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and a efficient financial system. He encouraged Vietnam's entrepreneurs to expand their business operations to Hong Kong and through Hong Kong, to Mainland China and the rest of the world.

In 2007, the bilateral trade between Hong Kong and Vietnam



Financial Secretary meets with the Deputy Prime Minister of Vietnam, Mr Nguyen Sinh Hung (right).

was worth more than US\$3 billion. In the first nine months of 2008, there was a 25% increase in bilateral trade compared with the same period of the year before.

During the visit, Mr Tsang also officiated at Dragonair's Gala Dinner to celebrate the successful launch of its new daily passenger service between Hong Kong and Hanoi. Mr Tsang said: "I am confident that this new service will add an extra dimension to relationship-building between our two cities and between our two countries."

Avoidance of Double Taxation Agreement between Hong Kong and Vietnam

Hong Kong signed in December 2008 an agreement with Vietnam for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. The agreement is the fifth comprehensive double taxation agreement (CDTA) Hong Kong signed with its trading partners, after those with Belgium, Thailand, the Mainland of China and Luxembourg.

Under the agreement, double taxation is avoided in that any Hong Kong tax paid by Vietnam residents or companies shall be allowed

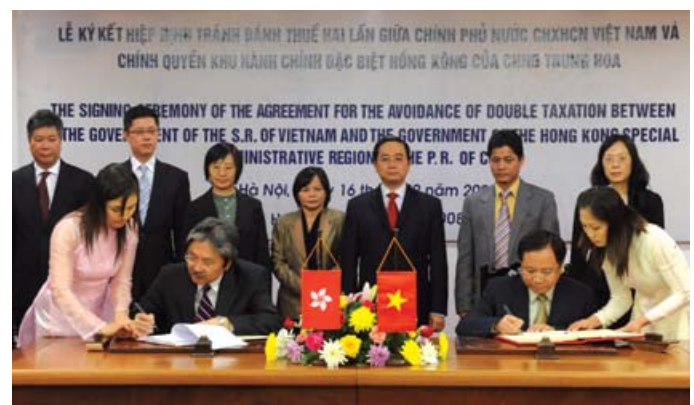
as a credit against any tax payable in respect of the same incomes in Vietnam.

The agreement sets out clearly the allocation of taxing rights between the two jurisdictions and the relief on tax rates on different types of income. It will help investors better assess their potential tax liabilities from cross-border economic activities, foster closer economic and trade links between the two places, and provide added incentives for companies in Vietnam to do business or invest in Hong Kong and vice versa.

The agreement will come into force after the completion of ratification procedures for both sides. Details of the Hong Kong/Vietnam CDTA can be found on the Inland Revenue Department website at http://www.ird.gov.hk/eng/pdf/dt_vietnam.pdf. ◇

Hong Kong remains world's freest economy

HONG KONG was ranked the world's freest economy for the 15th consecutive year in the Heritage Foundation's 2009 Index of Economic Freedom, followed by Singapore and Australia. Hong Kong scored 90 this year, 0.3 point better than last year. The city ranked first in trade freedom, investment freedom and financial freedom. It also ranked in the top 10 in another three areas — business freedom, monetary freedom and property rights. Welcoming the Heritage Foundation's ranking, Financial Secretary John Tsang said the Government is determined to uphold Hong Kong's free-economy status.



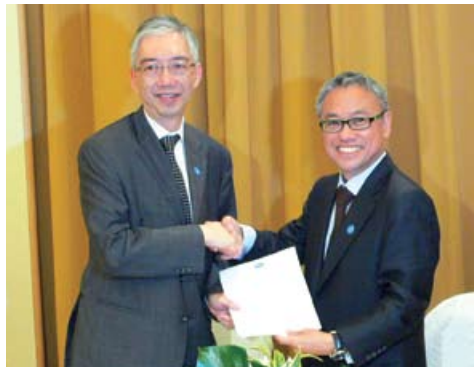
Financial Secretary (front row, second left) and the Vice-Minister of Finance of Vietnam, Mr Do Hoang Anh Tuan (front row, second right), sign the Comprehensive Agreement for the Avoidance of Double Taxation between Hong Kong and Vietnam.



Hong Kong donates US\$200,000 to APEC

SUPPORTING the promotion of free trade and trade facilitation by the Asia-Pacific Economic Cooperation (APEC), Hong Kong donated US\$200,000 to APEC to undertake work on the reduction of trade transaction costs and other trade facilitation projects. The donation was made at the margins of the APEC 2009 First Senior Officials' Meeting (SOM I) in Singapore in February.

Implementation of the Second Trade Facilitation Action Plan (TFAP II) is one of the major tasks of APEC in 2009. Focusing on the areas of customs procedures, business mobility, standards and conformance and electronic commerce, TFAP II aims for a further



Director-General of Trade and Industry (left) and the Executive Director of the APEC Secretariat, Ambassador Michael Tay, after signing a Memorandum of Understanding on the donation.

reduction of trade transaction costs by 5% in the period 2007-2010.

The Director-General of Trade and Industry, Mr Joseph Lai, said, "APEC is the leading forum in promoting free trade and trade facilitation in the Asia-Pacific region. In the face of the current challenges in the global economy, it is all the more important to continue to streamline processes and reduce trade transaction costs. We hope that our contribution will support initiatives that lead us closer to the shared vision of free trade. It also reflects the importance we attach to the successful implementation of TFAP II." ◇

Hong Kong gears up for 2009 East Asian Games

THE SECRETARY FOR HOME AFFAIRS, Mr Tsang Tak-sing, said the 300-day countdown activity held on February 8 ushered in a new phase of the preparation work for the 5th East Asian Games (EAG), and he looked forward to the support and cooperation of Hong Kong people in making the games a success.

More than 3,000 athletes will vie for 281 gold medals in 23 events in the coming EAG to be held in Hong Kong from December 5 to 13. The participating nations and regions include the Mainland, North Korea, Japan, South Korea, Hong Kong, Macau, Mongolia, Taipei, and Guam.

Noting that the coming games will be the biggest EAG in history, Mr Tsang estimated that more than 10,000 tourists will visit Hong Kong during the period and more than 200,000 spectators will watch the events.

The Director of Leisure and Cultural Services, Mr Thomas Chow, announced that a variety of promotion and publicity work would be widely launched at district and school levels as

well as abroad. A 200-day countdown activity and a 100-day countdown torch relay will be held on May 19 and August 27 respectively.

The Permanent Secretary for Home Affairs, Mrs Carrie Yau, said the preparation work for the games had made good progress. She firmly believed that based on previous experience and the cooperation of various sectors, Hong Kong would hold a successful EAG that will not be extravagant but will have its own characteristics.

Updated information of the EAG is now available at its official website — <http://www.2009eastasiangames.hk>. ◇



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HK Michelin Guide published

MICHELIN GUIDE HONG KONG MACAU 2009 published last December is the first bilingual Michelin Guide, featuring 202 establishments in Hong Kong with 22 receiving one or more Michelin stars. Welcoming the release of the publication, the Secretary for Commerce & Economic Development, Mrs Rita Lau, said she was pleased that Hong Kong has become one of the first Michelin cities in China, and the release of the guide is a further recognition of the city's reputation as a gastronomic hub.

"Building on the momentum given by the removal of wine duty since February (2008) and the opportunities brought by the release of the Michelin guide in Hong Kong, we will, through the Hong Kong Tourism Board, work to further enhance Hong Kong's status as a capital for fine wine and good food," she said. ◇