

HKETO in Singapore celebrates its 15th Anniversary

Some 300 guests from Singapore and other ASEAN economies attended a gala dinner in Singapore to celebrate the 15th Anniversary of the opening of Hong Kong Economic and Trade Office (HKETO) in Singapore on June 11. The Office was set up in 1995 with a mission to enhance understanding and strengthen the bilateral relations between Hong Kong and the ASEAN countries.

US\$65.7 billion, which represents an average of 5.5% growth on a yearly basis, she said. The ASEAN region, taken as a bloc, was Hong Kong's third largest trading partner in 2009.

On the two-way flow of people, Ms Chow said tourist arrivals in Hong Kong from the Southeast Asia has risen by 90% from 1.25 million in 1995 to 2.37 million in 2009, adding that over the same period of time, Hong Kong's ministerial-level officials alone have made over 110 visits to the ASEAN region.

Noting the widening scope of cooperation between China and the ASEAN countries, Ms Chow said, "Hong Kong will continue to play a key role in the future development of China-ASEAN relations as our nation's international financial centre, services and logistics hub and the premier platform for ASEAN enterprises to venture into the Mainland market."

Cake cutting ceremony for the 15th anniversary of the HKETO in Singapore. From left: Chairman of the Hong Kong Business Association Vietnam, Mr Lo Kwok Luen; Advisor of the Thai-Hong Kong Trade Association, Dr Charles Cheung; Director of HKETO in Singapore, Ms Subrina Chow; Chinese Ambassador in Singapore, Mr Wei Wei; President of the Hong Kong Singapore Business Association, Mr Richard Eu.

Speaking at the gala dinner, Director of HKETO in Singapore, Ms Subrina Chow, said since 1995, more than 60 bilateral agreements and memoranda of understanding have been signed between Hong Kong and individual ASEAN economies, strengthening cooperation in taxation, air services, mail services, financial services, education, cultural exchange and trade promotion.

Over the past 15 years, the total value of trade between Hong Kong and the ASEAN region has grown by over 110% from US\$31.2 billion to

countries, and leaders of the Hong Kong Singapore Business Association, Hong Kong Business Association Vietnam and Thai-Hong Kong Trade Association.

In addition, guests of the dinner enjoyed the excellent performance of two young musicians from Hong Kong, clarinetist Natalie Hoe and pianist Mozar Tsang. Both of them have attained outstanding achievements locally and internationally. Natalie won "Young Musician of the Year 2008" (China, Hong Kong & Macau) whereas Mozar was awarded the Special Prize to represent China at the 'International Steinway Festival' to be held in Germany in September this year. ♦



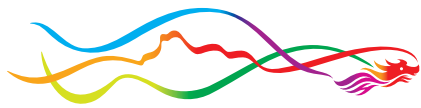
Hong Kong young pianist Mozar Tsang

The opportunity was also taken to launch the revitalised Brand Hong Kong in the ASEAN region. Ms Chow noted that the strong fundamentals of Hong Kong and the versatility of its people are what make up the unique Hong Kong brand.

The gala dinner was attended by Ambassador of the People's Republic of China to Singapore, Mr Wei Wei; diplomatic corps of the ASEAN



Hong Kong young clarinetist Natalie Hoe



HK attracts increasing flow of FDI

Hong Kong was the world's fourth largest Foreign Direct Investment (FDI) recipient in 2009, according to the World Investment Report 2010 unveiled by the United Nations Conference on Trade and Development in July. This represents a jump from its ninth position in 2008. For the 12th consecutive year, Hong Kong continues to be the second largest FDI recipient in Asia, after Mainland China. The US\$48.4 billion FDI inflows to Hong Kong accounted for about 21 percent of FDI inflows into Asia in 2009. In terms of FDI stock, Hong Kong ranked the highest in Asia, enjoying a majority share of 37 percent, or US\$912.2 billion in 2009.

At an annual reception in June to welcome overseas, Mainland and Taiwanese companies that have set up or expanded in Hong Kong during the past year, the Chief Executive, Mr Donald Tsang, said "Hong Kong stands to benefit from the flow of investment which shifted towards Asia. This shift has been magnified by the credit

crunch and the global financial crisis. Hong Kong's economy expanded at its fastest pace in four years in the first quarter of 2010, with GDP growing 8.2 percent year-on-year. It was the fourth



Director-General of Investment Promotion at Invest Hong Kong, Mr Simon Galpin, explaining that Hong Kong ranked the highest in Asia in terms of FDI stock in 2009.

consecutive quarterly rise and above economists' expectations." Such positive news is being reflected in the result of Invest Hong Kong.

Last year, Invest Hong Kong assisted 265 overseas, Mainland and Taiwanese companies in establishing or expanding their operations in Hong Kong. This year it is on track to beat its

target of 270 projects as it has already assisted 178 foreign companies in the first half of 2010. Meanwhile, the World Investment Report 2010 noted that in the first quarter of 2010, FDI inflows to Hong Kong amounted to US\$20 billion, representing a significant increase of 72 per cent versus the same quarter last year.

Director-General of Investment Promotion at Invest Hong Kong, Mr Simon Galpin, said, "FDI is important to Hong Kong's economy, bringing in new technology, transferring soft skills and creating jobs. We are committed to upholding the advantages of Hong Kong to maintain its competitive position as a business location. Measures such as the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the growing network of Double Taxation Agreements and positioning Hong Kong as the offshore centre for renminbi trading all support the city's role as the preferred investment destination for foreign and mainland companies." ◇

Supplement VII to CEPA



Financial Secretary, Mr John Tsang (left), and Vice-Minister of Commerce, Mr Jiang Zengwei (right), exchanging documents of Supplement VII to CEPA. Chief Executive, Mr Donald Tsang (centre), and other guests witnessing the signing ceremony.

The Hong Kong Special Administrative Region Government (HKSARG) and the Central People's Government signed on May 27 Supplement VII to CEPA, which provides for 35 market liberalisation and trade and investment facilitation measures in 19 sectors. The Supplement VII further relaxes the market access conditions in 14 service sectors, which comprise construction; medical services; technical testing, analysis and product testing; specialty design; audiovisual services; distribution; banking; securities; social services; tourism; cultural services; air transport; qualification examinations for professionals and technicians; and individually owned stores. Among them, "technical testing, analysis and product testing" and "specialty

design" are new sectors, bringing the total number of liberalised service sectors under CEPA from 42 to 44. All the services liberalisation measures under Supplement VII to CEPA will take effect from 1 January 2011. Details on CEPA are available at the Trade and Industry Department's CEPA website: www.tid.gov.hk/english/cepa/index.html. Under Supplement VII to CEPA, most of the market liberalisation and facilitation measures cover the four pillar industries and the six economic sectors in which Hong Kong has a competitive edge. This will help consolidate Hong Kong's status as an international financial, trade, shipping, logistics and high value-added service centre. ◇



A new stage for HK's renminbi business

The development of Hong Kong's renminbi business has been brought to a new stage as a series of new agreements were concluded in the past months.



PBOC Deputy Governor Ms Hu Xiaolian and HKMA Chairman Mr Norman Chan at the signing ceremony of an agreement on the expansion of renminbi trade settlement scheme.

The Hong Kong Monetary Authority (HKMA) and People's Bank of China (PBOC) signed a supplementary memorandum of cooperation on the expansion of the renminbi trade settlement scheme in July. The two bodies will strengthen and further promote Hong Kong's status and role as a renminbi market platform in the process of developing renminbi business outside the Mainland.

The PBOC and the Renminbi Clearing Bank, Bank of China (Hong Kong) Limited, also signed a revised settlement agreement on the clearing of renminbi businesses. Following the revision of the settlement agreement,

there will no longer be restrictions on banks in Hong Kong in establishing renminbi accounts for and providing related services to financial institutions. It is expected that many more types of financial intermediary activities denominated in renminbi will be introduced in the market, helping Hong Kong's renminbi business platform leap to new heights.

On the other hand, with reference to the Cross-strait Financial Cooperation Agreement of 2009, it has been determined that the arrangement for the exchange, supply and repatriation of renminbi cashnotes with Taiwan will be conducted, with the Hong Kong Renminbi Clearing Bank as the intermediary, through the renminbi platform in Hong Kong.

Under the arrangement, the Renminbi Clearing Bank in Hong Kong will provide renminbi cashnote exchange and related services to the Hong Kong branches of eligible Taiwan commercial banks as determined by Taiwan. In turn, the Taiwan head offices of these commercial banks will provide renminbi cashnote exchange services to other authorized financial institutions in Taiwan to serve personal customers locally. The

PBOC and the HKMA have signed a Memorandum of Cooperation to facilitate the operations in relation to the Renminbi Clearing Bank's Taiwan renminbi cashnote business.

Welcoming this latest development, Financial Secretary Mr John Tsang said Hong Kong's established renminbi clearing platform is providing a practical arrangement to facilitate cross-strait cooperation in monetary management. This also underscores that Hong Kong, as a leading international financial centre in the region, can play an important role in and contributes further to cross-strait financial cooperation and development.

In addition, the PBOC announced in June that the renminbi trade settlement scheme, which was introduced in July 2009, has been expanded to cover 20 provinces and cities on the Mainland, and their trade transactions with any part of the world can now be settled in renminbi. With an expanded scope of trade transactions that can be settled in renminbi, corporations will be able to better manage any exchange rate risks associated with their operations. With an established renminbi financial infrastructure and clearing arrangement, Hong Kong is well-positioned to serve the greater scope of renminbi financial intermediation activities. ◇

HKIA named Asia-Pacific's Most Efficient Airport

Hong Kong International Airport (HKIA) was once again recognized as the most efficient airport in Asia-Pacific. This is the fourth consecutive year that HKIA received the honour, proving its long-time consistency in operational efficiency. The "Asia-Pacific Airport Efficiency Excellence Award" by the Air Transport Research Society compares airports on their performance, productivity, efficiency, unit cost competitiveness and other factors. The results



of the award are obtained after a year-long research by 13 top aviation experts from Europe, Asia-Pacific, North America and Australia. ◇



Official visits to ASEAN countries

Education

The Secretary for Education, Mr Michael Suen, led a higher education delegation comprising representatives of Hong Kong's universities to Malaysia and Indonesia in May, the first stop of a series of visits to Asian countries to promote the education services of Hong Kong. The main purpose of the visit was to establish ties with the Malaysian and Indonesian education sector and update them on Hong Kong's latest initiatives in the development of education services. Hong Kong aims to enhance its status as a regional education hub through internationalization and diversification of the higher education sector.



Mr Suen watching a wushu performance by students of Bukit Jalil Sports School, the first sports school in Malaysia committed to producing outstanding sportsmen and sportswomen.

During his visit, Mr Suen called on Deputy Prime Minister and Minister of Education, Tan Sri Muhyiddin bin Haji Mohd Yassin, and Minister of Higher Education, Dato' Seri Mohamed Khaled bin Nordin, in Malaysia; as well as the Indonesian Minister of National Education, Prof Dr Ir H



Mr Suen experiencing the catering service provided by students of a local vocational school, SMKN 27 Jakarta, in Indonesia.



Representatives of Hong Kong Baptist University, Lingnan University, the Chinese University of Hong Kong, the Hong Kong Polytechnic University and the University of Hong Kong attending the education seminar in Malaysia.

Mohammed Nuh. Besides visiting a number of education facilities in the two countries, he also spoke at an education seminar and addressed a business luncheon in Malaysia.

Security

The Secretary for Security, Mr Ambrose S K Lee, made a duty visit to Malaysia and Indonesia in July and met with his counterparts to update them on the latest developments in Hong Kong, in particular the law and order situation. In Malaysia, Mr Lee first called on the Malaysian Minister of Home Affairs, Dato' Seri Hishammuddin Tun Hussein. He then visited the Royal Malaysian Police and the checkpoint of Kuala Lumpur International Airport.



Mr Lee (right) meeting with the Malaysian Minister of Home Affairs Dato' Seri Hishammuddin Tun Hussein.

Continuing his visit to Indonesia, he called on the Minister of Justice and Human Rights, Mr Patrialis Akbar, and the Minister of Manpower and Transmigration, Drs. H.A. Muhaimin Iskandar, in Jakarta. At the meetings, both sides agreed to strengthen mutual co-operation in various areas, including law enforcement and management of the entry and exit of Indonesian domestic helpers.



Mr Lee (second left) having talks with the Indonesian Minister of Justice and Human Rights, Mr Patrialis Akbar (second right).



Countries on various exchanges

Shipping

The Secretary for Transport and Housing, Ms Eva Cheng, led a shipping mission to Malaysia in June to promote Hong Kong as an international maritime centre and a premier hub port. The delegation comprised members of the Hong Kong Maritime Industry Council (MIC) and Hong Kong Port Development Council, industry leaders and the legislative councillor representing the transport constituency, the Honourable Ms Miriam Lau. The Government attaches great importance to the development of the shipping industry and is working in close co-operation with the MIC in promoting Hong Kong's maritime services and strengthening Hong Kong's position as a maritime hub.



Ms Cheng meeting the Malaysian Minister of International Trade and Industry, Dato' Sri Mustapa Bin Mohamed, in Kuala Lumpur.



Ms Cheng (second left) pictured with the Malaysian Minister of Transport, Dato' Sri Kong Cho Ha (second right), and Hong Kong Maritime Industry Council members Dr Frank Tsao (left) and Ms Miriam Lau (right) after their meeting in Kuala Lumpur.

Ms Cheng took the opportunity to meet the Malaysian Minister of Transport, Dato' Sri Kong Cho Ha, and Minister of International Trade and Industry, Dato' Sri Mustapa Bin Mohamed. The delegation participated in a seminar entitled "Hong Kong - Your Partner for Success in the Maritime World" to introduce to the Malaysian shipping community Hong Kong's strengths in different areas of the maritime industry. Ms Cheng also delivered a keynote speech at a luncheon after the seminar.

Water and City Development

At the invitation of the Singapore Government, the Secretary for Development, Mrs Carrie Lam, visited Singapore in June to attend the Asia-Pacific Water Ministers' Forum and the World Cities Summit 2010. She attended the Ministerial Roundtable of the Forum and briefed other ministers from Asia-Pacific countries on the water supply situation in Hong Kong and adoption of the Total Water Management Strategy to

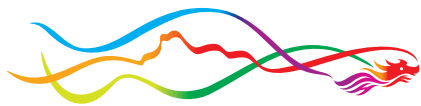
manage Hong Kong's valuable water resources. She also spoke at the Summit's Ministerial Dialogue and a plenary session on Hong Kong's latest efforts in building a quality city environment. In addition, Mrs Lam visited the Singapore Green Building Council and Strata Titles Boards to learn about these institutions' latest efforts in promoting green buildings and tackling building disputes in multi-storey buildings.



Mrs Lam visiting the harbourfront at the Marina Bay in Singapore.



Mrs Lam attending the Ministerial Roundtable of Asia-Pacific Water Ministers' Forum.



HK's Highlights at Shanghai Expo



Visitors top 2 million

Visitors to the Hong Kong Pavilion and Hong Kong's exhibition at the Urban Best Practices Area (UBPA) at World Expo 2010 Shanghai China (Shanghai Expo) reached the two million mark on August 17. Since the opening of the Shanghai Expo on May 1, the Hong Kong Pavilion, themed "Hong Kong -

Potential Unlimited", has received an average of more than 10,000 visitors a day. Hong Kong's UBPA Exhibition, under the theme "Smart Card · Smart City · Smart Life", is also a popular attraction welcoming an average of more than 8,000 Expo visitors a day.

International awards for HK's 3D video

Hong Kong's main theme 3D video, "Hong Kong - Potential Unlimited", and the rooftop video showing wetland wildlife at the Hong Kong Pavilion won second place in two categories at the 43rd US International Film and Video Festival. The 3D movie provides visitors with a memorable experience of Hong Kong as a colourful

and vibrant metropolis brimming with creativity and contrasts. The wetland wildlife video highlights some of the many species found in Hong Kong's wetland environment.

A screen shot from the 3D video shows the Chinese White Dolphins that are spotted in Hong Kong waters.



"One Country, Two Systems" exhibition

A "One Country, Two Systems" thematic exhibition was on display at the Hong Kong Pavilion atrium in July. The three-part exhibition showcased Hong Kong's return to the motherland, the establishment of the HKSAR, and the strengths of Hong Kong under the "One Country, Two Systems" concept and the Basic Law. The Chief Secretary for Administration, Mr Henry

Tang, visited the exhibition and said, "Located next to the China Pavilion, the Hong Kong Pavilion demonstrates 'One Country, Two Systems' as well as our unique advantage of leveraging integration with the Mainland while engaging the world."

High-level forums

Hong Kong also hosted two high-level forums in Shanghai in July. The "Hong Kong Legal Services Forum: Global Vision" on July 6 attracted more than 500 legal practitioners, business people and officials. On July 21, more than 400 prominent financial services experts and professionals from Hong Kong, Shanghai, elsewhere in the

Mainland as well as overseas attended another forum on finance titled "Stronger Links, Stronger Markets: Hong Kong, the Mainland and the World".



Hong Kong Week

To promote Hong Kong's diverse culture in performing arts, a number of performances were staged at the Shanghai Expo. From October 18 to 22, the Hong Kong Week will further

"The Imperial Emperor of Heaven Holding Court" is a grand set piece performance at the Shanghai Expo featuring the strong cast of the Chinese Artists Association of Hong Kong.

showcase Hong Kong's creativity, with over 15 events and activities planned both inside and outside the Expo Park. There will be film shows, opera performances, concerts, art exhibitions and parade. For details, please visit http://www.hkexpo2010.gov.hk/eng/whats/upcoming_new.html.



Activities in brief

Asia Forum

The Hong Kong Singapore Business Association (HSBA) hosted the Asia Forum 2010 on June 11 and 12. Deputy Director of HKETO in Singapore, Mr Law Kin-wai, was invited to talk on the "Latest Updates on the Mainland and Hong Kong Closer Economic Partnership Arrangement". Other speakers at the Forum were Regional Head of

Research, Southeast Asia, Standard Chartered Bank, Mr Tai Hui, on "Regional Economic Outlook"; and Senior Vice President, HSBC Commercial Banking, Mr Ben Chan, on "Renminbi Trade Settlement". The Forum was well attended by members of HSBA and other Hong Kong Business Associations in Asia.



HSBA luncheon

The Director of HKETO in Singapore, Ms Subrina Chow, was invited by the HSBA to attend the 2nd Meet-the-Members luncheon on July 16. Ms Chow gave a presentation entitled "Improvement in Cross-Straits Relations: Is it Good or Bad for Hong Kong?" to update the members on the impact of the improved relations

between the Mainland of China and Taiwan on the economy of Hong Kong. After the talk, Vice Presidents of HSBA, Mr John Lim and Mr Stanley Mak, presented a souvenir to Ms Chow.



Concert of Hong Kong Children's Choir

The Hong Kong Children's Choir (HKCC) staged a fabulous performance in Singapore on July 19. The concert was organized by the Nanyang Academy of Fine Arts with HKETO in Singapore as the major sponsor. Under the tutelage of Music Director, Ms Kathy Fok, the HKCC is known as "one of the best children's choir in the world" and Hong Kong's Little Goodwill Singing

Ambassadors. The audience of the concert enjoyed with admiration a good mix of choral music by master composers, evergreen folk songs from China and around the world. Other than wonderful music, the young songsters were also bringing to the Singapore audience love, peace and friendship from Hong Kong.

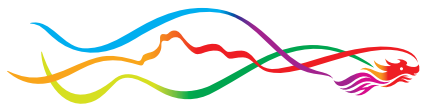


Gathering for Hong Kong interns in Singapore

About 50 university students from Hong Kong came to Singapore as interns this summer. Through their universities' internship programmes, they were placed in various organizations and companies in Singapore to gain overseas working experience. About 30 of them joined a tea gathering organized by the HKETO in Singapore at its office

on July 23. After an introduction by the Director of HKETO in Singapore, Ms Subrina Chow, on the roles and functions of the office in the ASEAN region, the interns had lively exchanges with HKETO colleagues and among themselves on their experience in living and working in Singapore.





13th Anniversary of Establishment of HKSAR

July 1 this year marked the 13th anniversary of the establishment of the Hong Kong Special Administrative Region of the People's Republic of China.



Chief Executive, Mr Donald Tsang, and officiating guests proposing a toast at the reception of 13th anniversary of HKSAR establishment.

At the reception in celebration of the occasion, the Chief Executive, Mr Donald Tsang, said, "The past year has been a time of challenges and opportunities. Our economy has picked up following the global financial tsunami. We did our very best to contain the spread of human

swine influenza. Our athletes achieved their best ever results in the East Asian Games staged here in Hong Kong at the end of last year. We seized every opportunity arising from our ever-growing economic integration with the Mainland."

Mr Tsang noted that there had been increasing collaboration between the Mainland and Hong Kong on all fronts, including the expansion of renminbi business in Hong Kong and the conclusion of the Framework Agreement on Hong Kong/Guangdong Co-operation.

He also mentioned that the Legislative Council just passed the amendments to the methods for selecting the Chief Executive and for forming the Legislative Council in 2012 to make them more democratic. Saying that it was one of the most important motions since the reunification with the Mainland, Mr Tsang remarked

that it laid down a milestone in Hong Kong's democratic development and was indeed the result of concerted efforts by many Hong Kong people. ◇



Flag raising ceremony in celebration of the 13th anniversary of HKSAR establishment.



Chief Executive greeted by members of the public at the celebration ceremony.

HK FILES Subscription / Response Form

We hope you have enjoyed this issue of HK FILES. To make sure that you can continue to receive free copies of the newsletter, please mail or fax the response form back to us and give us your comments.

Name: _____

Company: _____

Designation: _____

Address: _____

Email: _____
 (if you wish to receive HK Files by email)

Comments: _____

Mail or fax back to the Editor, HK FILES.
 Hong Kong Economic & Trade Office,
 9 Temasek Boulevard #34-01 Suntec City Tower Two, Singapore 038989
 Tel: (65) 6338 1771, Fax: (65) 6339 2112
 More up-to-date news on Hong Kong is available at www.news.gov.hk

Constitutional reform package

The Legislative Council (LegCo) approved the 2012 constitutional reform package with a three-quarters majority on June 25. The Chief Executive, Mr Donald Tsang, gave his formal consent to the draft amendments to the Basic Law concerning the methods for the selection of the Chief Executive and for the formation of the LegCo on June 29. The draft amendments were then approved and recorded by the Standing Committee of the National People's Congress (NPCSC) on August 28.

The amendments will inject new democratic elements into the two electoral methods for 2012: a) only elected District Council (DC) members will participate in the election of DC seats in the Election Committee to select the Chief Executive and the LegCo; b) in the 2012 LegCo, 41 out of a total 70 seats (close to 60%) will be returned through direct or indirect geographical elections; c) the six DC Functional Constituency seats in the LegCo will be returned through election from among elected DC members. Legislative proposals on the two electoral methods and the abolition of the DC appointment system will be submitted to the LegCo when the Council resumes its session in autumn. ◇