

**Lunar New Year Reception  
in Bratislava  
7 February 2012  
Welcome Remarks by Ivan K B Lee  
Director,  
Hong Kong Economic and Trade Affairs,  
The Government of the Hong Kong Special Administrative Region**

Mr Slivovič, Ambassador Gu, President Mihok, Distinguished Guests, Ladies and Gentlemen,

1. On behalf of the Government of the Hong Kong Special Administrative Region (HKSARG), I would like to welcome you to celebrate the Chinese New Year of the Dragon here in Bratislava, the historic capital city of the Slovak Republic. Having newly arrived in this part of Europe, I am pleased to see all of you and welcome you to our annual celebration for the first time.

2. I am particularly honored to have with us today Mr. Michal Slivovič, Director, Asia, Africa, Latin America and Persian Gulf States Territorial Department of the Slovak Ministry of Foreign Affairs; Mr Maros Kondrot, Member of Parliament, and Ambassador Gu from the Chinese Embassy in Bratislava, senior government officials, as well as the business sector.

3. I came to Europe at a time of uncertainty over the economic horizon. At Hong Kong's end, I am pleased to report that Hong Kong did reasonably well in 2011. Amid the global economic slowdown, we achieved a GDP growth of 5% for the year. The unemployment rate stayed low at 3.3 %. In the 2011-12 Revised Estimates released last week, we forecast a consolidated surplus of EUR 6.6 billion for the year, equivalent to 3.5 % of our GDP.

4. As an external-oriented economy, Hong Kong did not entirely escape the recent global economic crisis. At the same time, much of our ability to weather such crises is

attributed to our adherence to free market principles and business friendly environment. Indeed, Hong Kong has continued to be ranked among the top in various surveys and studies by international organizations. Apart from being ranked the world's freest economy for the 18<sup>th</sup> consecutive year by the Washington-based Heritage Foundation, Hong Kong was ranked the world's most competitive economy by the International Institute for Management Development (IMD) in 2011, side by side with the US. Hong Kong is also the second easiest place to do business in the world, according to the World Bank's Doing Business 2012 Report.

5. Hong Kong topped the World Economic Forum's Financial Development Index 2011 amongst 60 world economies, overtaking the US and UK – the first time ever for an Asian financial centre to be given the top spot. Hong Kong is also ranked the world's most open market according to the first ICC Open Markets Index released in December 2011 by the International Chamber of Commerce.

6. Having said that, being a small open economy in this highly integrated world, Hong Kong would naturally be affected by a global slowdown. However, the unique position of Hong Kong to the Chinese Mainland helps to cushion the effect.

7. In the most recent National Five-Year-Plan (the 12<sup>th</sup>) promulgated in March 2011, which is China's blueprint and action agenda for economic and social development for the period 2011 to 2015, the Central Government dedicated for the first time an entire chapter to Hong Kong (together with Macau). The chapter expands on the significant functions and positioning of Hong Kong in national development strategy. It emphasises the Central Authorities' support for Hong Kong to consolidate and enhance its position as China's global financial centre and international trade and shipping centre, as well as support for Hong Kong's development into an offshore Renminbi (RMB) business centre.

8. Here, I would like to elaborate on the point of Hong Kong's development into an offshore RMB business centre. As China's global financial centre, Hong Kong has been a testing ground for the internationalization of RMB. As RMB has become more widely used outside the mainland of China, Hong Kong continues to build upon its

RMB offshore centre role as the place for the use of RMB as a settlement, investment and funding currency. Hong Kong is currently handling over 90% of China's global RMB trade. As at end-October 2011, there had been 100 RMB bond issues, with a total issuance size exceeding RMB 166 billion.

9. We also have further developments on the Closer Economic Partnership Agreement (CEPA), our free-trade pact that facilitates business between Mainland China and Hong Kong. The beauty of CEPA is that foreign companies are able to enjoy the preferential treatment so long as they are incorporated as a Hong Kong company or partner with one, after satisfying some basic requirements.

10. Ladies and Gentlemen, it will be remiss for me not to mention Hong Kong's emergence as a wine trading and distribution hub in Asia. Since the government eliminated wine duties in 2008, the wine sector has blossomed. The market has responded positively with total wine exports into Hong Kong in 2011 amounting to over US\$ 1 billion. Knowing that Slovak wine is well known in the region, there is certainly potential for Slovak wine-growers to strengthen their presence in the fast-growing Asian market through Hong Kong.

11. Apart from the economic front, politically, 2011 saw the implementation of the 2010 Constitutional Reform Package endorsed by the Legislative Council to enhance democratic elements in the 2012 elections. Under the framework of "One Country, Two Systems" guaranteed under the Basic Law, the constitutional document for HKSAR, we will elect the Chief Executive by universal suffrage in 2017, and the Legislative Council in 2020.

12. Looking forward, 2012 will be a challenging, yet exciting year for Hong Kong. On the economic front, the global economic slowdown will no doubt affect Hong Kong. But with the developments mentioned above, we are confident that we will continue to see growth, albeit with a lower rate (latest forecast 1% to 3%).

13. Politically, this year we will have two important elections to implement the 2010 Constitutional Reform Package: the Chief Executive election in March and the

Legislative Council election in September.

14. 2012 is also of great significance as it marks the 15<sup>th</sup> anniversary of Hong Kong's reunification with China. There will be many celebrations both inside and outside Hong Kong. My office will also be hosting celebration activities.

15. Turning to another reason for celebration; Hong Kong's bilateral relationship with the Slovak Republic continues to grow. Bilateral trade between Hong Kong and the Slovak Republic grew at about 13% annually between 2007 and 2011 and amounted to about EUR 176 million in 2011. In 2011, EUR 172 million worth of goods, or 4.9% of the total trade between Slovak Republic and the Mainland of China, was routed through Hong Kong.

16. Before I conclude, a few words on the dragon. Dragon is a mythical creature which brings with it optimism and hope for better times ahead in 2012. May the innovation and high energy of the Dragon stimulate us all, as we embrace the challenges facing us in the coming year! Thank you, Ladies and Gentlemen, and I wish you all a very prosperous Year of the Dragon!

Ends.