

**Lunar New Year Reception
in Vienna
22 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**

Dear Dr Zimburg, Ambassador Shi (史明德), Lore, Distinguished Guests,

1. On behalf of the Government of the Hong Kong Special Administrative Region (HKSARG), I would like to welcome you tonight to celebrate the Chinese New Year of the Dragon here in the historic city of Vienna. Having newly arrived in this part of Europe, I am pleased to welcome you to our annual celebration for the first time.
2. I am particularly honored to have with us tonight Dr Bernhard Zimburg, Head of Department Asia, Australia, New Zealand, Pacific, ASEM of the Federal Ministry for European and International Affairs, Ambassador Shi from the Chinese Embassy in Vienna, senior government officials, friends from the business sector as well as the Chinese community.
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 on 1 February, 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 18th 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. 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. 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.
6. Here I would like to add three points on why Hong Kong continues to be a good destination for Austrian companies. First, Hong Kong's development into an offshore RMB business centre. Second, the very attractive listing regime offered by the Hong Kong Exchanges and Clearing Limited to Austrian companies wishing to raise capital and enhance their profile in the Asian market. And third, that Austrian companies can also benefit from Hong Kong's free trade agreement with Mainland China.
7. First, Hong Kong's development into an offshore RMB Centre. In the most recent National Five-Year-Plan (the 12th) 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 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. 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 of October 2011, there had been 100 RMB bond issues, with a total issuance size exceeding RMB 166 billion. This should be of interest to Austrian companies with business exposure in Mainland China.

9. Second, Hong Kong's Stock Exchange. Hong Kong was the most active market for initial public offering ("IPO") globally in the past three years in terms of funds raised. Companies, particularly overseas companies which have Greater China related business operations, have been attracted on the back of our market's liquidity, attractive valuations and access to investors in Asia. We are keen to have overseas companies to consider listing in Hong Kong. In 2010, we had the first Russian company (UC Rusal) (January), the first French company (L'Occitane) (May) and the first Brazilian company (Vale) (December) to come to list in Hong Kong. In 2011, we had the first Swiss company (Glencore International) (world's largest commodities trading company) and the first Kazakhstani company (Kazakhmys PLC) (Kazakhstan's largest copper producer) 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. Third, a quick word 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.
11. Another point of interest to Austrian's business community would be Hong Kong's emergence as a wine trading and distribution hub in Asia. Since the Government abolished wine duties in 2008, the market has responded positively

with total wine import to Hong Kong in 2011 amounted to some US\$ 1.1 billion. There is certainly potential for Austrian wine growers to strengthen their presence in the fast-growing Asian market through Hong Kong.

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. 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: the Chief Executive election in March and the Legislative Council election in September.
14. Turning to another reason for celebration, the bilateral relationship between Austria and Hong Kong continues to grow. On the trade front, the total trade between our two economies amounted to EUR 938 million, representing a healthy growth of over 10% compared with the year before. Hong Kong also played a significant role in the trade between Austria and Mainland China, handling some 10.1% or EUR 707 million of the total trade between the two places.
15. Our Secretary for the Environment, Mr. Edward Yau, visited Vienna in May last year. He met with Ms Ulrike Sima, the Executive Councillor in Vienna City government responsible for the environment. The two ministers exchanged views on waste-management strategies. Mr Yau also briefed environmental technology companies at a roundtable luncheon hosted by the WKO on business opportunities present in Hong Kong. He further visited two major waste treatment facilities in Vienna: *Spittelau Thermal Waste Treatment Plant* and *Pfaffenau Waste Incineration Plant*.
16. On a different note, my office was also proud that we brought the Hong Kong Children's Choir to Salzburg last year. We sponsored a concert of the Choir at

the University Mozarteum in July. The Choir also performed in Vienna as part of the “2011 Vienna – World Peace Choral Festival”.

17. 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.