

**Chinese New Year Reception in Berlin**  
**13 February 2013**  
**Welcome Remarks by Ivan K B Lee**  
**Director,**  
**Hong Kong Economic and Trade Affairs,**  
**The Government of the Hong Kong Special Administrative Region**

State Secretary Kapferer, Ambassador Shi (史明德), Excellencies, Distinguished Guests, Ladies and Gentlemen,

It gives me great pleasure in welcoming you to our annual reception to celebrate the Chinese New Year. Some of you might wonder, as we bid farewell to the Year of the Dragon and welcome the Year of the Snake, are we not entering more gloomy times, given that snakes generally do not enjoy a good image. My short reply is: it must be more complicated than that, otherwise the fortune-tellers will not be able to make a living out of their profession. According to one prediction, which is on the little piece of paper on your table, the Water Snake for 2013 is a positive sign, with energy that can help us face all of the challenges ahead. It could give a boost to economic development and will be a good year for many trades, such as arts and creative industries, the green industry and the construction sector (airport construction). I believe all these sectors are important to Berlin. With the usual disclaimer, I hope that the prediction proves to be correct.

2. On a more serious note, our annual reception provides me a good opportunity to update you on the latest developments in Hong Kong. I would also like to take the opportunity to introduce to you HKSAR's new Special Representative to the EU, Ms Linda Lai. As HK's senior representative to Europe, she oversees the work of the three Hong Kong Economic and Trade Offices in Brussels, London and Berlin.

3. Last year, we celebrated the 15th anniversary of the establishment of the

HKSAR. Our office organized a series of events to commemorate the occasion. Many of you had attended the Hong Kong Film Festival in July, the Hong Kong Children's Choir concert in August, and the Chinese cuisine and wine pairing dinner in October. Some of you might have also watched the fifth series of the "Mythos Hong Kong" programme broadcast on *n-tv* last December, charting the latest economic and political developments in Hong Kong. But don't worry if you have missed it. We have prepared a copy of the DVD for you to pick up at the registration desk together with our traditional souvenirs before departing tonight.

4. Celebrations aside, 2012 had not been plain sailing for the world economy. Being an external-oriented economy, the ongoing challenges in the eurozone and the US continued to impact on global economic growth and Hong Kong had not been spared. Our economy is forecast to grow 1.2% for the whole of 2012. On the brighter side, our unemployment remained extremely low at 3.3% at the end of the year.

5. On the political front, two important elections were held in 2012. The Chief Executive election took place in March and Mr C Y Leung assumed office as Hong Kong's fourth term Chief Executive in July. The Legislative Council election took place in September, returning an expanded 70-member Council. The two elections implemented constitutional reforms agreed in 2010 which laid the foundation for achieving universal suffrage in Hong Kong.

6. In his first Policy Address delivered last month, Mr Leung laid out plans to tackle the key issues of housing and land supply, poverty, ageing population and the environment. To tackle these issues, Hong Kong will focus on achieving sustained economic growth. The broader environment in which Hong Kong operates remains highly favourable. We have strong backing from our country, China, for our development. The Asia-Pacific region is outpacing the West in terms of economic growth. The rapid growth of Mainland China and its reform

and opening up will continue to bring new opportunities to Hong Kong.

7. As noted in our Chief Executive's message, Hong Kong continues to be ranked among the top in different international surveys on economic freedom and competitiveness. We have also consolidated our position as an international financial centre, and the premier Renminbi offshore business centre. Our fundamental strengths, including the rule of law, free flow of information and capital, deep pool of talent, low and simple tax system, have continued to provide a solid platform for our further development.

8. Besides economic development, the Chief Executive unveiled in his Policy Address a range of bold measures to improve air quality and the environment. One of the priorities is to improve roadside air quality. The Government will set aside around EUR 1 billion as subsidies to owners of over 80 000 older diesel commercial vehicles in order to progressively phase them out. In addition, the Government will fund the capital cost of retrofitting and replacing catalytic converters on franchised buses, taxis and minibuses. We will also enhance our waste management and support for the recycling industry. All these measures will no doubt present potential business opportunities to German companies in the environmental technology sector, but on a more practical note, on your next trip to Hong Kong, you will surely find an even greener Hong Kong.

9. Another sector which I see potential for further cooperation between Hong Kong and Germany is in the cultural and creative industries sector. The construction of the 40-hectare water-front West Kowloon Cultural District is in good progress. The first of the 17 core arts and cultural venues in the District, the Xiqu or Chinese opera centre is scheduled for commissioning in 2016. The Government will devote more resources to strengthen the training of arts administrator. I believe there is much room for closer cooperation between Berlin and Hong Kong, given the rich and vibrant cultural scene in Berlin. As a start, my office is very pleased to have facilitated an internship agreement for one

arts administrator from Hong Kong to be seconded to the House of World Culture in Berlin for this year's Water Music Festival.

10. Many of you may still have fond memories of our old Kai Tak airport, on a slightly different part of our harbour-front. I am pleased to report that its first phase re-development will be completed in the middle of this year, with the commissioning of the new Kai Tak Cruise Terminal. The new terminal can berth the world's largest cruise vessels. The next time you visit Hong Kong, think about staying a few days more and take a cruise to see the beautiful South China Sea.

11. Ladies and Gentlemen, Hong Kong continues to provide the ideal gateway for German companies, including small- and medium-sized enterprises, to exploit the fast growing Asian and Greater China markets. During the last two decades, the number of overseas companies with regional headquarters or regional offices in Hong Kong has quadrupled. It now stands at 4 000, easily the highest in Asia.

12. Some of you have asked me about the costs of doing business in Hong Kong, in particular the high rental costs for premium office space. I would like to say this, unless you are in the investment or private banking, or high-end retail businesses, you do not really need to be based in the heart of the central business district. Hong Kong has one of the most efficient public transportation systems in the world and within five to ten minutes travelling time from the CBD, you will find much more affordable office space suited to the needs of SMEs. Besides specialist incubation facilities for companies in the science, technology and design sectors, there is an increasing supply of "coworking" space offered at more affordable costs for SMEs with shared secretarial and office support. The Investment Promotion Team in my office will be most happy to provide you with further details and assistance.

13. In terms of bilateral trade relations between Germany and Hong Kong, I am

pleased to say that it has stayed resilient, despite the challenging conditions in the eurozone. Germany remained our largest trading partner in Europe, with bilateral trade in goods amounting to some EUR 13.5 billion in 2012. Hong Kong is a service-oriented economy, and I am much encouraged to learn that trade in services between Germany and Hong Kong has also shown healthy growth, with transportation and financial services as the major service groups. Over 300 German companies have their offices in Hong Kong and we welcomed over 220 000 German visitors to Hong Kong in 2012. In particular, we are pleased to have welcomed Federal Foreign Minister Dr Guido Westerwelle and Mayor of Berlin and Senator for Urban Development and the Environment Mr Michael Müller in Hong Kong.

14. In May 2012, Hong Kong and Germany signed a Declaration of Intent on Co-operation in Wine-related Businesses. The Declaration facilitates co-operation in exhibitions and wine fairs, auctioneering, storage, education, tourism and more. We are heartened by the strong presence of German wine growers and merchants at our two major wine fairs last year, taking advantage of our position as an international wine trading and distribution hub.

15. Distinguished guests, I look forward to working closely with you to further strengthen our bilateral trade and economic ties. I wish you all a healthy and prosperous Year of the Snake.

Frohes Neues Jahr!

Ends.