

**Chinese New Year Reception in Munich
24 February 2014**

**Welcome Remarks by Ivan K B Lee
Director,**

**Hong Kong Economic and Trade Affairs (Central and Eastern Europe)
The Government of the Hong Kong Special Administrative Region**

Dr Sasse, Consul General Zhu (朱萬金總領事), Distinguished Guests, Ladies and Gentlemen,

A very warm welcome to our traditional reception to celebrate the Chinese New Year. This year is the Year of the Horse. Some of you probably know that many people in Hong Kong has a special attachment to horses. Horse-racing is a popular activity and the Hong Kong Jockey Club is an important institution in Hong Kong. It is one of the biggest employers and tax-payers in Hong Kong, employing some 24,000 employees and contributing 1.6 billion euros of taxes to the Hong Kong Government. The Club is also a charity and last year donated close to 200 million euros to support 160 charities and community projects.

2. So what is the outlook for the coming year? The Year of the Horse will be a year of high energy with excellent opportunities. In Chinese culture, the Horse is equated with speed, power, elegance and endurance, and is a symbol of speedy success. I strongly encourage you to seize the opportunities in this year.

3. And the opportunities could appear in the fast growing Asian market, particularly in China. For 2014, the World Bank forecasts a 3.2% growth in the global economy, and 7.7% growth for China. The forecast by the International Monetary Fund is similar – 3.7% for the world and 7.5% for China. The consensus seems to be that Asia, particularly China, will continue to enjoy above average growth and be the engine for global economic recovery. As the ideal gateway to China and rest of the region, Hong Kong continues to benefit from such growth in the region. The real GDP growth for 2013 is estimated to be around 3%, and we expect a better year in 2014.

4. These encouraging figures mean that there would be more business opportunities for our friends in Germany. Germany is our largest trading partner among the 28 European Union member states, with bilateral trade amounted to 12.8 billion euros last year.

5. And we see great potential for further growth. One reason is our booming tourism. Last year, we received over 54 million visitors. Among them, over 40 million are from Mainland China. And they come to shop because there is no

value-added tax or luxury goods tax. We also regularly host trade fairs which provide good avenue to do business in Hong Kong.

6. Another advantage is our close ties to Mainland China and at the same time our position as an international city. Hong Kong has a unique role as a super-connector between China and the rest of the world. Last year, our investment promotion agency, InvestHK, assisted a record high of 337 companies to set up or expand in Hong Kong. Of course, the total number of new overseas companies setting up in Hong Kong should be much more, as they do not necessarily have to go through us. German companies set up in Hong Kong can also benefit from the liberalisation and preferential arrangements under our free trade pact with Mainland China, the Closer Economic Partnership Arrangement. Being the world's freest economy, as ranked by Heritage Foundation for 20 years in a row, we remain committed to maintaining a level playing field for all companies.

7. German companies can also take advantage of Hong Kong's platform as an international financial centre. Our stock market is the second largest in Asia and the six largest in the world. Last year, we came second only after New York in terms of funds raised through initial public offering. We also remain the world's premier offshore Renminbi business centre and host the largest pool of Renminbi-denominated deposits outside Mainland China. We provide the ideal platform for enterprises and financial institutions from all over the world to carry out Renminbi payments, financing and investments. We are glad to see that German companies like the Deutsche Bank, Siemens, Volkswagen and Bosch have made use of our platform to issue Renminbi-denominated bonds for their business expansion in China.

8. Of course, the potential for closer cooperation between Munich and Hong Kong is not just confined to financial services and trade. Last July, my office supported a seminar host by the Hong Kong International Arbitration Centre that ran under the theme "Maximising Opportunities and Managing Risks in Asia", to promote Hong Kong as an international arbitration centre. With our established legal system which is highly predictable, Hong Kong is an ideal place of dispute resolution for German companies with cross-boundary businesses.

9. Last year, we saw the 60th anniversary of the establishment of the German Consulate General in Hong Kong. We have all along treasured our strong ties with Germany, and I look forward to an even closer relationship between Hong Kong and Germany.

10. Let me conclude by wishing you and your family members two traditional Chinese New Year greetings related to horses: 龍馬精神, to be as healthy as a horse; and 馬到功成, to gallop to your destination for a speedy success in all your endeavours in the coming year. Thank you.