

## **Annual Reception in Bern**

**To mark the 17th anniversary of the establishment of HKSAR**

**12 June 2014 (Thursday)**

**Welcome Remarks by Ivan K B Lee**

Ambassador Etter, Minister-Counsellor Wu, Distinguished Guests, Ladies and Gentlemen,

It is a real pleasure for me to welcome you to our traditional reception to celebrate the establishment day of the Hong Kong Special Administrative Region. In less than three weeks' time, we will be celebrating the 17<sup>th</sup> anniversary of the establishment of the HKSAR. As on previous occasions, I would also like to take this opportunity to update you about Hong Kong as well as the latest developments in Swiss-Hong Kong bilateral ties.

2. Since our reception last year, Hong Kong has continued to do well and consolidated our fundamental strengths under the "One Country, Two Systems" arrangement, more than 16 years since our reunification with China. Building upon our foundation, like the rule of law underpinned by an independent judiciary, a business-friendly environment, a stable and freely convertible currency, free flow of information and capital, and a low and simple tax system, we maintain our position as the world's freest economy as ranked by the Heritage Foundation for the past 20 years, the second easiest place to do business according to the World Bank, and the third most competitive economy according to the International Institute for Management Development. All these highlight the successful implementation of the "One Country, Two Systems" arrangement.

3. An important ongoing development in Hong Kong currently is

constitutional reform. The Hong Kong SAR Government is committed to achieving universal suffrage for the selection of the Chief Executive in 2017 in accordance with our constitutional document, the Basic Law, and the relevant decisions and interpretation of the National People's Congress Standing Committee, the legislative body of China. We had just completed last month a five-month public consultation exercise on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council in 2016, and are summarizing and consolidating the views received. The Hong Kong SAR Government is determined to deliver its constitutional responsibilities by forging consensus on a proposal that is agreeable to the Central Authorities, the Hong Kong SAR Government, the Legislative Council and the people of Hong Kong. The aim is to enable all eligible voters to choose the next Chief Executive through "one person, one vote" in 2017.

4. On the economic front, our economy has stayed resilient: we achieved a moderate 2.9% GDP growth in 2013 (up from 1.5% in 2012), and we expect a better year in 2014. Besides our fundamental strengths, we also enjoy an enviable geopolitical position as the super-connector between China and the rest of the world, and benefits from the above-average growth in the region. Swiss companies using Hong Kong as the gateway to China and for the whole of Asia can reap these benefits, as well as those offered by the liberalisation measures under our own free trade pact with Mainland China, the Closer Economic Partnership Arrangement, or CEPA, which now covers over 400 liberalisation measures over a wide range of service areas. Swiss firms incorporated in Hong Kong can use CEPA to gain tariff-free entry into the Mainland market for goods produced in Hong Kong and preferential treatment in accessing Mainland China's services sectors. In other words, CEPA can help boost the trade ties not just between Switzerland and Hong Kong, but also between Switzerland and the

whole of China.

5. As an important international financial centre, Hong Kong's financial services industry contributes to about 16% of our GDP. Our stock market was the sixth largest in the world and the second largest in Asia in terms of market capitalisation. We are also China's global financial centre, and serve as a reliable testing ground for the internationalisation of the Renminbi and the world's premier offshore Renminbi business centre. In April, the Central Government in Beijing announced the establishment of a link between the Hong Kong and Shanghai stock exchanges. The so-called Shanghai-Hong Kong Stock Connect enables investors in Hong Kong and Shanghai to trade shares in each other's market. This is a highly significant development that benefits both Hong Kong and the Mainland. It paves the way for Chinese investors to diversify their portfolios outside the Mainland via Hong Kong. It is also a new way for Hong Kong's "One Country, Two Systems" formula to contribute to our nation's ongoing financial reform and the internationalisation of the Renminbi.

6. Another piece of good news concerns our booming tourism industry: last year, we received over 50 million visitors, more than half of whom came from Mainland China. The influx of eager consumers makes Hong Kong an excellent place to showcase Swiss brands and quality products to a large and diverse audience.

7. Ladies and gentlemen, the **bilateral ties between Switzerland and Hong Kong have further strengthened in the past year.** Switzerland remains one of our major trading partners in the world and our third largest in Europe, and our total bilateral trade exceeded USD 13 billion in 2013. While our bilateral trade showed a 1.1% reduction last year, the overall trend has been highly

positive, with an impressive average annual growth rate of 16.7% over the last five years. We see great potential for further growth.

8. Our bilateral ties have also been enhanced by mutual visits at senior level. In January this year, our Secretary for Commerce and Economic Development visited Zurich, met with the Mayor and visited creative industry and start-up establishments there. He also hosted a business luncheon to promote Hong Kong as a great place to do businesses. Among senior Swiss officials, Dr Michael Ambuhl, the then State Secretary in the Swiss Federal Department of Finance, visited Hong Kong last July and met with senior officials in the financial services field. Dr. Eva Herzog, Member of the Government City of Basel led a delegation to visit Hong Kong last month and attended the 2<sup>nd</sup> Art Basel Hong Kong.

9. The list of potential areas for closer collaboration between Hong Kong and Switzerland covers other fields as well, such as art and culture. Art Basel is a shining example. Since the first ever gallery from Hong Kong, Osage, participated in Art Basel in 2011, we have gained much headway. At the inaugural Art Basel Hong Kong in May 2013, half of the galleries came from Asia and Asia-Pacific region. The second Art Basel Hong Kong was concluded less than a month ago with similar success, featuring 245 leading galleries from 39 countries and territories around the globe attracting more than 65,000 visitors. This is strong proof that its efforts to build a cultural bridge between the western art world and the blooming Asian art scene seem to have borne fruit.

10. The presence of Art Basel in Hong Kong helps the development of cultural and creative industry, and strengthens Hong Kong's role in the art trade. Indeed Hong Kong is fast becoming known for its vibrant and expanding arts and

cultural scene. There are some 36,000 cultural and creative industry-related establishments and almost 200,000 practitioners in the city. The PMQ, a heritage building and the former police married quarters, has been revitalised into a hub for cultural and creative establishments. Various cultural facilities in our world-class 40-hectare water-front West Kowloon Cultural District are also scheduled for commissioning in the next few years, including the M+ museum designed by a Swiss architecture firm. I encourage Switzerland's creative talents to explore all these unique opportunities that Hong Kong has to offer.

11. As you may already notice, Hong Kong and Switzerland share certain similarities: we are both small, yet open and well-developed service-oriented economies with a significant financial service sector. These similarities provide excellent basis for further cooperation.

12. Today, we are here to celebrate the 17<sup>th</sup> anniversary of the HKSAR and the flourishing Swiss Hong Kong bilateral ties. Today also marks the beginning of the World Cup in Brazil. I wish the Swiss team a very successful tournament.

Ends.