

SCED's speech at "Think Global, Think Hong Kong" symposium organised by Hong Kong Trade Development Council in Osaka (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Gregory So, at the "Think Global, Think Hong Kong" symposium organised by the Hong Kong Trade Development Council (HKTDC) in Osaka today (January 28):

Margaret (Executive Director of the HKTDC, Ms Margaret Fong), distinguished guests, ladies and gentlemen,

Ohayou gozaimasu. Good morning.

The last time I was in Osaka, I attended the inaugural "Think Global, Think Hong Kong" symposium. That was May 2012. So you can call this symposium the sequel - "Think Global, Think Hong Kong".

In any case, it's great to be back in Osaka, one of the world's most beautiful, and liveable, cities. For me, food is central to the good life. And it was on my first visit that I became familiar with Osaka's celebrated food culture and the term "kuidaore". I was told that it's roughly the equivalent of eating until you burst or go bankrupt. Whichever comes first. Whatever the precise meaning, I'm looking forward to lunch and dinner and whatever comes in between.

My thanks to the Hong Kong Trade Development Council for organising today's symposium, for bringing me back and for bringing us all together again.

Hong Kong and Osaka, of course, have long been good business partners. We became Osaka's first Business Partner City in 1988.

Indeed, our ties to Osaka, and Japan in general, are far-reaching. Japan is everywhere in Hong Kong, from restaurants and sushi bars to pop music and TV drama, from the cars we drive to the appliances we use at home.

That's reflected in our bilateral trade. Japan has been one of our top three trading partners for decades. Over the past five years, the growth rate between us has been about 5 per cent a year, on average.

The Japanese business community in Hong Kong is one of the largest in the Asia-Pacific region. Japan has the second-largest number of regional headquarters and regional offices in Hong Kong. Of the nearly 7 600 overseas companies operating in Hong Kong, nearly 1 400 are Japanese - up about 300 over the last five years. They range from Yamato Transport and Nippon Express to the Bank of Tokyo-Mitsubishi UFJ, Sumitomo-Mitsui Bank and Japan Airlines. Not to mention Osaka companies such as Hong Kong Horticultural Logistics, the Kubota Rice Industry, Kanezen and Mon cher.

The banks, of course, underline Hong Kong's role as Mainland China's international financial centre and one of the world's major financial capitals. In general, the Japanese business presence in Hong Kong speaks of the confidence you have in Hong Kong, and in our distinct advantages as the preferred base from which to do business in Asia.

Those advantages include the rule of law, which is supported by an independent judiciary, our low and simple tax system, free flow of information, capital and goods, as well as superb infrastructure. That infrastructure, which we are constantly expanding, connects us to global, regional and, of course, the Mainland China markets.

Over the past three decades, our free-trade experience and global connections have been instrumental in supporting the Mainland's opening up to the world. More than just being the largest investor in Mainland China, Hong Kong also serves as a springboard for Chinese companies and brands to go global.

Given our strategic location at the heart of Asia, and our deepening economic integration with the Mainland, Hong Kong has long been the world's premier gateway to the Mainland market.

For Japanese companies, we are the fastest and the most efficient route to the Mainland's huge business opportunities. Japanese companies can take advantage of Hong Kong's cross-boundary free-trade pact with the Mainland. The Closer Economic Partnership Arrangement, or CEPA, lowers, even eliminates, barriers to trade in goods and services between Hong Kong and the Mainland.

Established in 2003, CEPA now includes more than 400 liberalisation measures covering a wide range of services areas. And because CEPA is nationality-neutral, Japanese firms incorporated in Hong Kong can use CEPA to gain tariff-free entry into the Mainland market for goods produced in Hong Kong. You can also enjoy

preferential treatment in accessing the Mainland's services sectors, including financial and legal services, logistics, tourism and much more. In short, CEPA can help boost trade ties not just between Japan and Hong Kong, but also between Japan and China as a whole.

As the region's international financial centre, Hong Kong is at the forefront of providing ground-breaking financial services for the Mainland. The latest example of this is the Shanghai-Hong Kong Stock Connect, launched just two months ago. Under the programme, investors from Hong Kong, from Japan and from around the world can trade some 570 Shanghai-listed shares, directly, for the first time in history, using the Hong Kong Stock Exchange. Mainland investors, meanwhile, are able to trade 270 Hong Kong-listed shares, directly, on the Shanghai Stock Exchange.

This brand-new offering expands investment sources for both the Hong Kong and Shanghai stock markets, boosting their competitiveness. It also accelerates the development of our offshore Renminbi business.

Over the past decade, Hong Kong has emerged as the world's largest offshore Renminbi business hub. From personal banking services and trade settlement to financing and the marketing of innovative investment products, Hong Kong plays a critical role in the Renminbi's internationalisation. Our offshore Renminbi business has showcased Hong Kong's unique position as both a major international financial centre and the "super-connector" between the vast Mainland market and the rest of the world.

At the end of last October, our banks held 1.1 trillion yuan in deposits and certificates of deposit. In the first 10 months of 2014, Renminbi trade settlement handled by banks in Hong Kong totalled 5.1 trillion yuan. From 2007 to November 2014, nearly 500 Renminbi-denominated bond issuances were held in Hong Kong, with an outstanding amount exceeding 378 billion yuan.

As good as those numbers are, the internationalisation of the Renminbi has just begun. There is much to look forward to.

And not only with the Renminbi. In Hong Kong, we view the protection, trading and management of intellectual property (IP) as a major innovation driver. Over the past two decades, we have seen a growing demand for IP rights throughout Asia, especially in Mainland China. Since 2012, the Mainland has filed more patents, trademarks, industrial designs and other major IP rights than any other economy in the world.

Good for the Mainland; equally good for Hong Kong. Yes, we've accumulated much experience in cross-border IP transactions, thanks to the Mainland. Indeed, we have become a regional marketplace and service centre for activities ranging from copyright trading and licensing and franchising to design services and technology transfer. Increasingly, we serve as the intermediary between overseas buyers and sellers of IP and their partners in the Asian region.

Hong Kong is also an IP sourcing centre, thanks in part to our high-profile trade shows. And I know Margaret will be happy to tell you more about our trade fairs. It helps, too, that we are blessed with a deep pool of experienced, multilingual IP professionals. Through Hong Kong, overseas IP can be customised to suit the specific needs of Mainland buyers. With the Mainland's own IP rapidly expanding, we are helping their owners find global markets as well.

And that means opportunity for Japanese companies, too. Yes, we can help you manage, market and sell your intellectual property - in the Mainland and beyond.

The high level of investments and trade between our economies are supported by our mutual respect of each other's cultures. In this regard, tourism is also a great connector. And we certainly like to visit each other, both to explore the latest street styles and to experience our respective traditional cultures.

In the first 11 months of 2014, Hong Kong welcomed about 1 million Japanese visitors. That's up some 3.5 per cent year on year. Over the same period, 820 000 people from Hong Kong visited Japan - an increase of 21.7 per cent over the same period the year before.

Then there's the more than 21 000 Japanese who have made Hong Kong their home. They bring welcome business, academic and cultural investment to the Hong Kong community, not to mention Japanese fashion brands and retailers, as well as restaurants, supermarkets and more. Hong Kong people, and that certainly includes me, can enjoy Japan's splendid consumer and cultural offerings without even leaving home.

In so many ways, then, the people of Hong Kong and Japan are connected. But I believe we've only begun to explore the possibilities, and the opportunities. Together, I'm confident we can create a future that rewards us all. That's why we are here today, why the Hong Kong Trade Development Council and Invest Hong Kong are here - in

Japan, and in Osaka. They can help connect Japanese business to Hong Kong, to Mainland China, to a world of vast opportunities.

I know that the Hong Kong mission members with me here today are keen to tell you more, to explain how Hong Kong can help inspire you and your business.

Thank you.

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