

Speech by CE at France-Hong Kong and Mainland China Economic Forum (English only) (with photo/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the France-Hong Kong and Mainland China Economic Forum in Paris, France today (June 20, Paris time):

Mr LeCourtier (Director General of Business France, Mr Christophe LeCourtier), Mr Wu (Chargé d'Affaires of Chinese Embassy in France, Mr Wu Xiaojun), Jonathan (Chairman of the Chinese General Chamber of Commerce, Dr Jonathan Choi), distinguished guests, ladies and gentlemen,

Good afternoon.

It's a great pleasure to be here today – my second delightful day in Paris and fifth in this great nation of France, after spending fruitful time in the city of Bordeaux and Marseille.

I am very pleased that Christophe has given me an update on where France now stands. Having spent five days in France, I can fully appreciate this slogan – "The great nation of France is back". Congratulations.

Christophe was very kind also to thank me for accepting this invitation to come to speak, but I want you to know, Christophe, and also our French community, that I am a great friend of the French community in Hong Kong. For seven years in a row, I've accepted the invitation of the French Chamber of Commerce to attend the annual gala dinner, and we just had a very enjoyable one two weeks ago. I was invited to open Le French May, and I was invited to open the Lumieres Hong Kong, which was modelled on the Lyon light festival. A few years back, when the French Government celebrated 150 years of presence in Hong Kong and produced this beautiful publication on the relationship between France and Hong Kong, the inauguration and the launching of that publication took place in my official residence. So it is just normal and to be expected for me to come to Business France.

Paris is the overseas city that my family and I visited most, other than London where we had lived for a period over a decade ago. It has so much to offer from heritage to culture, from fine cuisine to fashion, and Disneyland for my children when they were young. As the Chief Executive of the Hong Kong Special Administrative Region, I'm here for all the good reasons that define our prized relations. I'm here to build on our already strong, long-standing trade ties, covering fashion, accessories, wine, aircraft and many other things. I'm here also to boost our valued ties in areas ranging from culture and the arts to education and, in particular, science, technology and innovation. These are the priority sectors of my Government, and also sectors that French companies and institutions have so much to offer.

No less important, ladies and gentlemen, I'm here this afternoon to speak about the promise of the Belt and Road Initiative, that far-reaching plan built on multilateral, multinational co-operation as well as multifaceted connectivity announced by President Xi Jinping in 2013. Five years by now, it has generally been recognised that the Belt and Road Initiative may well drive the global economy deep into the 21st century. Indeed, some 80 countries and international organisations across the three continents of Asia, Africa and Europe are committed to the Belt and Road.

Today, more than 270 agreements or deliverables have been entered into among the economies along the Belt and Road corridors. These agreements and projects are transnational, complex in their goals and their needs. They range from finance, infrastructure and trade and commerce to information technology and digital development, as well as covering such sectors as agriculture, healthcare, environmental protection and conservation.

For Hong Kong, the Belt and Road Initiative promises a wide-ranging window of opportunities. Hong Kong is destined to play an important role in this Initiative. Hence in December last year, we entered into an Arrangement with the National Development and Reform Commission of the People's Republic of China on advancing Hong Kong's full participation in and contribution to the Initiative, which covers six key areas, and they are finance and investment, infrastructure and maritime services, economic and trade facilitation, people-to-people bonds, taking forward the Guangdong-Hong Kong-Macao Bay Area development, and enhancing collaboration in project interfacing and dispute resolution services. As part of the Arrangement, we have set up a platform for regular and direct communication with relevant ministries of the Central Government and the inaugural meeting between the two sides actually took place in Beijing earlier this month.

As a highly open economy, we embrace the free flow of capital, goods, talent and information, even as our economic ties with the Mainland continue to deepen. Both for the Mainland, and for the world at large, Hong Kong already serves as a critical intermediary and a multi-level bridge in managing and facilitating a ceaseless, mutually beneficial two-way flow. Powered by the Belt and Road Initiative, that flow will only expand and accelerate.

This year is a very special year. It is the 40th anniversary of the reform and opening up of the Mainland of China and the world has witnessed with awe how this national strategy has brought economic and social benefits to the Chinese people and uplifted the global economy. Amidst emerging protectionism in some parts of the world, it is reassuring to hear President Xi Jinping speaking at the Boao Forum for Asia in April this year that the Mainland would substantially open up its services and financial sectors, creating a more attractive investment environment. Certainly, there will be broader use of the Renminbi in global trade, investment and foreign reserves and, of course, in Belt and Road projects and their financing. That, ladies and gentlemen, is music to my ears. It puts a spotlight on Hong Kong's

virtuoso ability to perform as a financial and services hub for the Belt and Road. With liquid capital flows and a deep pool of global financial talent, Hong Kong is the ideal centre in which to raise funds for infrastructure, investment and production projects, as well as to provide risk management, insurance and dispute resolution services to some of these projects.

I know President Macron has noted that France is ready to play a leading role in the Belt and Road Initiative, and France is a founding member of the Asian Infrastructure Investment Bank, that is AIIB. Hong Kong looks forward to co-operating with French financial institutions to bridge any funding gaps in your Belt and Road projects.

One area we are keen to target is green financing for the Belt and Road. We are, to be sure, already moving ahead in this growing area. Two years ago, our MTR Corporation took the lead, raising capital through the issuance of green bonds. Then, last November, the China Development Bank issued its first green bonds, which were listed on the Hong Kong Stock Exchange.

To encourage more Belt and Road investors and issuers to participate in the Hong Kong bond market, my Government has announced a three-year Pilot Bond Grant Scheme earlier this year. A Hong Kong Special Administrative Region Government green bond issuance programme with a borrowing ceiling of HK\$100 billion, that is almost 11 billion Euros, is also in the pipeline.

I am confident that green finance will add another dimension to our financial prowess and diversity. The Hong Kong Stock Exchange was the world's number one in initial public offerings in five of the past nine years. Last year, funds raised through IPOs in Hong Kong totalled about 14 billion Euros. We are the largest offshore Renminbi business hub in the world, with a pool of RMB618 billion, which is over 80 billion Euros, at the end of 2017. We handle about 76 per cent of offshore Renminbi transactions worldwide.

Hong Kong is also a premier centre for asset and risk management. Indeed, our combined fund management business has tripled over the past decade. Funds sourced from overseas investors accounted for two-thirds of the total in 2016. That surely underlines our attractiveness as an international asset management centre.

Since its inception in 2016, the Hong Kong Monetary Authority's Infrastructure Financing Facilitation Office has brought together about 80 investment and financial players eager to pursue Belt and Road development. Knowing that a number of major French financial companies operate in Hong Kong, including BNP Paribas, Banking CIC, Crédit Agricole and Bretteville Consulting, I welcome them and other French institutions to join the league.

Infrastructure development is the engine that will drive the Belt and Road Initiative. The numbers certainly bear that out. According to the Asian Development Bank, it is estimated that Asia will require an infrastructure investment of 1.4 to 1.5 trillion Euro a year through 2030. Heavy investment is driving the construction of motorways, mass-transit transport systems and

railways, renewable energy and power plants, gas pipelines, ports, water works, industrial parks and much more. Projects in the communications and IT sectors will also be a significant beneficiary.

These projects demand international-level professional services. In this, Hong Kong welcomes the participation of French companies. The opportunities, all but boundless, include feasibility studies, environmental and social impact assessments, design, construction, project and contract management, accounting, operation and dispute resolution services. A number of French engineering and construction-related companies are very well established in Hong Kong – from the Bachy Soletanche Group and Dragages Hong Kong, to BYME Engineering, Freyssinet Hong Kong and Schneider Electric. I am sure they are ready partners in realising these Belt and Road opportunities.

Those French companies operating in Hong Kong would agree with me that Hong Kong has a distinct advantage in legal services, given our trusted common law system buttressed by an independent judiciary. Local and international companies can be sure that disputes will be resolved in a fair and transparent manner. Indeed, arbitral awards made in Hong Kong are enforceable in more than 150 jurisdictions around the world, including the Mainland of China.

The future is no less promising for trading and investment. Hong Kong's free port status, and our standing as the world's freest economy, is unshakeable. And that can only attract companies looking to tap Belt and Road opportunities.

Hong Kong is the region's trading hub and one of the best-connected cities in Asia. Half the world's population is within five hours' flying time from Hong Kong. Our Hong Kong International Airport is the world's busiest airport for international cargo. Last year, it handled air cargo and airmail throughput of 5 million tonnes, maintaining the title of the world's number one air cargo hub.

And Government efforts are being made to strengthen that hub role. We are now transforming our airport into a three-runway system. The project includes reclamation of about 650 hectares of land, construction of a third runway and concourse, together with state-of-the-art people-moving and baggage-handling systems. On completion, it will have the capacity to handle 100 million passengers and 9 million tonnes of cargo a year, ensuring that Hong Kong remains an Asian aviation power. Just last week, the Hong Kong Airport Authority announced the granting of the right to develop a major logistics centre at the Hong Kong International Airport.

The development on land connectivity is even more exciting. The flow of people and trade and opportunity between Hong Kong and the Mainland, particularly the Guangdong Province, is set to soar, thanks to the opening later this year of two state-of-the-art infrastructure projects. I'm talking about the 42-kilometre Hong Kong-Zhuhai-Macao Bridge and the 26-kilometre Guangdong-Shenzhen-Hong Kong high-speed rail. Each, in its own right, will significantly reduce travelling time between Hong Kong and the Mainland.

Together, they will help fast-track the Guangdong-Hong Kong-Macao Bay Area development.

The Bay Area is another national development priority, which we talked about this morning at another seminar. It will knit together Hong Kong, Macao and nine prosperous Guangdong cities – an economy counting some 68 million people and a collective GDP of some 1.3 trillion Euros, which is comparable to that of Australia. By taking collective advantage of the varying expertise each of the 11 cities can offer, the vision is to develop the Bay Area into a global technology and innovation hub, a modern system of different industries and a quality living circle for the people. Ultimately, this Bay Area will serve as a potent connection point for the Belt and Road Initiative, applying the formidable strengths and experience of Hong Kong and the other Bay Area cities to support the Initiative and China's national development.

Ladies and gentlemen, the Belt and Road will be nothing less than transformative. For the Mainland, for Hong Kong and for all those economies and companies that ride its outsized promise through this 21st century. You can learn more – and, no doubt, find eager partners and projects – if you or your representatives are going to attend our third Belt and Road Summit to be held next week in Hong Kong or future editions of this annual event. Jointly organised by the Government and the Hong Kong Trade Development Council, it has become not only a forum for updating and exchanges on this major Initiative, but also an effective platform for one-to-one business matching among project owners, investors and service providers. This year's Summit is expected to draw close to 5 000 professionals from Hong Kong, the Mainland and all over the world.

Ladies and gentlemen, as President Xi said at the April Boao Forum for Asia, and I quote, "The Belt and Road Initiative may be China's idea, but its opportunities and outcomes are going to benefit the world." I hope you will join us in grasping those opportunities and sharing the benefits.

Finally, my thanks to the organisers – the Chinese General Chamber of Commerce chaired by Jonathan, the China Federation of Industrial Economics and the Comité France Chine – for bring us together today. I wish you all an enjoyable afternoon. Thank you very much.

