

# Speech by FS at Think Business, Think Hong Kong Symposium in Jakarta (English only) (with photos)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Think Business, Think Hong Kong Symposium in Jakarta, Indonesia, today (January 8, Jakarta time):

Deputy Minister Dr Edi Prio Pambudi (Deputy Minister for Coordination of International Economic Cooperation of Indonesia), Dr Peter Lam (Chairman of the Hong Kong Trade Development Council (HKTDC)), distinguished guests, ladies and gentlemen,

Good morning. Selamat Pagi. I am delighted to be back here in Indonesia; here in Jakarta for the Think Business, Think Hong Kong Symposium. The last time I visited this beautiful country was in November 2022, for the G20 Leaders' Summit in Bali.

Today, I am glad to be joined by a 100-strong delegation from Hong Kong – comprising senior executives, innovators, start-ups and professional service providers, as well as important facilitators of business and investment between Hong Kong and Indonesia.

My thanks to Peter and his colleagues at the Hong Kong Trade Development Council for organising this event, bringing us all together for a day of information sharing and networking.

Partnering with Indonesia for success

Allow me to set the scene for today's discussions, and tell you why I believe Hong Kong and Indonesia are ideal partners for business success.

To begin with, Indonesia is a country of vast opportunities with solid growth, averaging 4.2 per cent per year over the past decade. Your young and industrious workforce, rising middle class, growing consumer market and rapid urbanisation are all strong pull factors for global investments.

So what does Hong Kong offer for our bilateral partnership to flourish?

I would have to start with the "one country, two systems" principle that defines Hong Kong's uniqueness. Hong Kong is the only place in the world where the China advantage and the global advantage converge in a single city. And these advantages enable Hong Kong to play the special roles as a "super connector" and a "super value-adder" between China and the rest of the world. Let me explain.

Under "one country", we enjoy the full support of our motherland to develop as international financial, shipping and trade centres, as well as an international hub for high-calibre talent. We also benefit from the national

development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, or GBA.

As one of the three major regional economic powerhouses in China, the GBA is home to a population of some 87 million – roughly equivalent to that of Jakarta plus Banten, Central Java and West Java combined. It has a GDP of around US\$2 trillion, which is roughly the same as Italy – the ninth largest economy in the world. The per capita GDP stands at some US\$23,000, or US\$40,000 in terms of purchasing power parity.

It suffices to say that the GBA is not just a huge consumer market. It pools together the financial and professional services capabilities of Hong Kong, as well as the tech and advanced manufacturing capabilities of Shenzhen and other cities like Dongguan and Huizhou.

So why is all this important to businesses, investors and innovators here in Indonesia?

In a nutshell, as part of this "9+2" city cluster, Hong Kong is your most efficient entry point to the GBA and Greater China. In fact, Hong Kong plays a pivotal role in facilitating foreign investment into the Chinese Mainland, serving as the largest source of overseas direct investment in the whole of China and a crucial gateway for channelling foreign capital into the Chinese economy.

And now, thanks to the "two systems" arrangement, foreign companies with a presence in Hong Kong, including Indonesian companies, can leverage on the Closer Economic Partnership Arrangement (CEPA) between the Mainland and Hong Kong to gain easy and unparalleled access to the immense Mainland market. In other words, enterprises from around the world can simply establish a foothold in Hong Kong and explore the Mainland market with preferential treatment for both goods and services.

Of course, the advantage of doing business in Hong Kong goes far beyond CEPA. Under the "two systems" arrangement, we offer a common law system and an independent judiciary, a free port that allows free flow of capital, goods, talent and information, a simple and low tax regime, and business practices that are aligned with international best standards.

All these are appreciated and acknowledged by the international business community, as illustrated in key global rankings: Canada's Fraser Institute consistently ranks Hong Kong as the freest economy in the world. The latest Global Financial Centres Index 36 Report ranked Hong Kong as Asia's top financial centre and number three globally; and Switzerland's IMD (International Institute for Management Development) ranked our city fifth in global competitiveness – to name just a few.

The confidence of international investors in Hong Kong is in fact also manifested from other facts and figures. For example, the asset under management of our city's asset and wealth management business amounted to US\$4 trillion as at end of 2023, representing some 30 per cent growth compared to 2018. And in 2024 alone, the number of Mainland and foreign

companies in Hong Kong had increased by about 10 per cent, reaching a historic high of around 10 000, with significant growth in the number of companies from Europe, the United States and the United Kingdom.

What is for sure is that there is significant potential for more Indonesian companies to come establish themselves in Hong Kong, and get connected to the favourable business environment and opportunities that Hong Kong has to offer.

Now, allow me to zoom in on the key areas where Hong Kong can create value for Indonesian businesses.

## Financial services

First, financial services. As I alluded to earlier, Hong Kong is the top financial centre in Asia. More than 70 of the top 100 global banks and seven of the world's top 10 insurance companies operate in our city. But what really distinguishes us is our wide range of fund-raising services. The most notable is, of course, our securities market. It has a market capitalisation of over US\$4.4 trillion, 12 times our GDP, and gathers both Mainland and international capital. In particular, the Connect Schemes we have established with the Mainland allow Mainland investors to access stocks, bonds, ETFs (exchange-traded funds) and derivatives in the Hong Kong market. In other words, any Indonesian company listed on the Hong Kong Stock Exchange will be able to tap into both Mainland and international capital.

That is why we believe Indonesian companies will find it attractive and advantageous to consider listing on both the Indonesian Stock Exchange (IDX) and the Hong Kong Stock Exchange. To facilitate this process, the Hong Kong Stock Exchange added IDX to its list of Recognised Stock Exchanges in 2023.

Meanwhile, with Indonesia's ambitious national development plan involving huge investments in infrastructure in the coming decade, we encourage your infrastructure projects to seek funds via our stock exchange through IPOs (initial public offerings) or other avenues like REITs (real estate investment trusts) and bonds. We are also committed to innovative financing arrangements that help broaden the investor base of infrastructure projects. Most notably, through securitisation of infrastructure loans, packaging mature, brownfield projects, more capital could be freed up for expediting greenfield projects in the pipeline.

What's more, we have been stepping up our effort to further enhance our capital market's attractiveness to Islamic markets, particularly in terms of product offerings. Apart from facilitating the issuance of Islamic bonds, or sukuk, you will be interested to note that Saudi Arabia listed an exchange-traded fund in Hong Kong in October 2023 that tracks Saudi-listed equities.

So all these fund-raising options are there for you to explore. And Hong Kong stands ready to service your funding needs.

Now, the trade between China and Indonesia has been growing strongly over the years. As the world's largest offshore Renminbi (RMB) business hub,

Hong Kong also offers a multitude of RMB-denominated investment and risk-management products, providing foreign companies with various avenues for investments of their RMB holdings. In the meantime, Indonesian companies can also conveniently raise in Hong Kong RMB funds that they need to support their business growth on the Mainland.

A story about our financial services would not be complete without mentioning a fast-growing area, that is green and sustainable finance. Hong Kong is Asia's leading green finance hub, with green debts issued amounting to some US\$63 billion on average per year over the past three years. But our ambition goes beyond volume. We are actively contributing to global green standards setting and financial reporting. Our efforts also include promoting "transition finance"; that is, allowing allocation of capital to projects in the process of becoming green, thereby preventing green washing. We are also working to build a stronger voluntary carbon credit market through the Hong Kong Stock Exchange.

### Green technology

And Hong Kong's green future is not just underpinned by finance, but also green technology. We aspire to become an international green finance and green tech hub. Our vibrant and thriving I&T (innovation and technology) ecosystem is home to many green tech start-ups, many of which are clustered in our Science Park and Cyberport. These start-ups are keen on collaborating with their counterparts in Indonesia, exporting innovative green solutions as well as finding application scenarios in this country and beyond.

### High-value supply chain management centre

Before I conclude, let me highlight one more of our city's development directions which would be of interest to you.

Amidst geopolitical tensions in the region, many enterprises now seek to diversify their risks through realigning or restructuring their industrial and supply chains across different countries, particularly in the Global South. They need project and trade financing, effective management of their corporate treasury and logistics activities, professional consultancies, as well as extensive international connections. As a "super connector" and "super value-adder", Hong Kong has all these on offer. We welcome Indonesian companies to establish international or regional business headquarters, a corporate treasury centre and a supply chain management centre in our city.

### Welcome to Hong Kong

Ladies and gentlemen, like Indonesia, Hong Kong is a place with boundless opportunities. The representatives from the Hong Kong business and innovation communities are going to show you just that and share their perspectives in the upcoming sessions.

And our doors are wide open to business and talent from Indonesia. Our colleagues here from Invest Hong Kong, the HKTDC and our Hong Kong Economic and Trade Office in Jakarta stand ready to help you.

There is, I believe, something for everyone in our city. Today, I encourage you all to "Think Business, Think Hong Kong", and come visit us in Asia's world city to see for yourselves the great potential for a successful partnership between our two economies.

But before that, I would like to show you a video which will give you a good taste of the city.

Thank you and I wish you all a fruitful day ahead and the best of business in 2025.

