

Speech

Speech by SFST at the Hong Kong Society Gala Dinner in London (English only)

Saturday, June 11, 2011

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Hong Kong Society Gala Dinner in London today (June 10, London time):

Distinguished guests, friends, ladies and gentlemen,

It is a great pleasure for me to join you for this gala dinner. I wish to thank Mr Leeks and Captain Guy for inviting me to this event. May I congratulate all those who put in the hard work to make this magical evening come true.

This dinner celebrates the very close friendship between the UK and Hong Kong. I am honoured to be here this evening to celebrate this special bond.

Our special relationship is apparent to anyone who knows anything about us. We not only have a long history of shared experience but also share the same approach to managing our economies, which has brought us prosperity.

Hong Kong's role as a global financial centre

Hong Kong has come a long way from the days when the British foreign minister famously referred to our home as a "barren rock". We have for many decades acted as a gateway to businesses, including British businesses, into and out of Mainland China.

Since China's opening, we have been an important testing ground for new ideas in China's economic reform.

With the increased weight of China in the world economy, supporting China in reaching out is reinforcing Hong Kong's importance on the world stage. We are proud to assist our nation in its economic opening up, and the Central Government recognises the importance of Hong Kong as its most international financial centre to execute its reforms. Mainland China has made clear its intention to support Hong Kong's strategy in developing its international financing, asset management and offshore RMB (Renminbi) business.

After all, Hong Kong is China's most international financial centre. We enjoy the best of both worlds under the "One Country, Two Systems" policy. Our strengths as a global financial centre will be familiar to you: the rule of law supported by an independent judiciary, a clean administration, a level playing field for business and the free flow of news and information.

For the past two decades, Hong Kong has turned to these strengths to broker many marriages between mainland companies and international investors. More recently, we have had the pleasure of adding international companies from outside China to our stock exchange listings. This week, Prada is starting to sell its shares in Hong Kong, continuing on from its magic in dazzling Chinese women in its flagship stores in Hong Kong.

These examples demonstrate the great matchmaking skill of our bankers. We have been ranked number one in the world for IPO funds raised for the past two years.

Our bankers are ready to perform on the world stage, like London's do, in the area of international finance. That world stage will be truly a stage shared by all countries. You can choose to see a Western symphony or a classical Chinese orchestra.

Royal wedding

I have spoken about the matchmaking skills of our bankers and how we aspire to perform on the world stage. But the biggest wedding on the world stage took place here in London.

As you know, I am the minister responsible for financial services and the treasury in Hong Kong. It is my job to study how other countries have been recovering from the global financial tsunami. In Britain, the Chancellor of the Exchequer cleverly devised a series of financial and economic measures. His Herculean efforts are commendable but they have been eclipsed by your secret weapon, one that you dispatch every 30 years: a royal extravaganza.

From an economic and financial markets perspective, I must say there are some striking similarities between now and 1981, when Prince Charles and Diana kissed on the palace's balcony. The early 1980s was a time of spending cuts, rising unemployment, special taxes for banks, inflation, unrest on the streets and a brand new, untested government struggling to convince the public that its bold and unpopular policies were the way forward to a stronger economy.

Both royal weddings boosted retailers in Britain as well as abroad. Any bars in Hong Kong smart enough to broadcast the royal wedding live did roaring business. And wearing my finance minister hat again, my stakeholders, our investors, are hoping that, just like the royal wedding year of 1981, 2011 will turn out to be the start of an extended equity bull market.

Hong Kong is indebted to the royal family in more ways than one. On Prince William's first day back at work after his big day, he galloped in, not on a white horse as princes do, but piloting a helicopter, to rescue a former judge from Hong Kong who had suffered a heart attack while hiking in the Welsh mountains.

Let me just recap exactly what has been going on. A handsome prince who swept his Cinderella off her feet, resuscitated the British economy along the way and then rescued an old man from the mountains. Doesn't all this sound like a fairy tale on steroids? This is something only the British can choreograph.

Hong Kong's shared interest with the UK and its people goes far beyond the royal family. Mr Martin Wheatley, the head of our securities watchdog, the Securities and Futures Commission, is a true Brit who came to us from the London Stock Exchange. He is returning to Britain this week after seven exciting years in Hong Kong, during which time we fought the battle of the global financial crisis and nursed back to health its victims, the minibond investors.

Our friendship is bonded by mutual admiration. We are fascinated by your royal family, we respect the brains and experience of your professional talent, we are mesmerised by your artistic talent and we intensely enjoy your football games. You come to us for something completely different - in the financial and services sector, you admire our transparent and stable tax conditions. It is without fail that every time your government whispers "tightening tax and capital requirements", your local banks immediately commission a study on the benefits of moving their headquarters to Hong Kong.

Ladies and gentlemen, any special relationship must be nurtured and looked after. We have something good going on and, as in all treasured friendships, we must never take each other for granted. The closer we work together to overcome problems like the global financial tsunami, the better both of us can emerge from it.

I thank the Hong Kong Society for working closely with us as we enter a new era of opportunities presented by the economic miracle taking place in China.

Tonight is a celebration of a true friendship. I hope that as we dance the night away, we will not quite forget the significance of harmonious relationships, the rhythm of the international markets, and our particular unique relationship.

Thank you.

Ends