

Speech
SFST's opening remarks at Plenary Session of Asian Financial Forum
(English only) (with video)

Monday, January 14, 2013

Following is the opening remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Plenary Session of the Asian Financial Forum today (January 14):

2012 has been a busy year for many governments worldwide. On the political scene:

- * presidential and parliamentary elections were held in many countries including the US, France, Russia, Japan, Korea and Greece, just to name a few;
- * the 18th National Congress of the Communist Party of China was held in November; and
- * in Hong Kong we elected our new Chief Executive and Legislative Council.

Many governments have been dealing with the twin problems of slow growth and high fiscal deficits. Government spending must be kept high to sustain economic growth, and yet the high level of public debt limits the room for fiscal policy.

While governments are forced to borrow more, the increasing level of public debt raises further questions about longer term fiscal sustainability. Entitlement programs are growing with the ageing of the population, and tax reform is politically difficult to carry out.

Another game-changer in global finance is the internationalisation of the Renminbi (RMB). The currency is increasingly being used outside the Mainland not only for trade settlement, but also for investment and funding. Hong Kong is at the centre of this initiative, given that Hong Kong's role as the offshore RMB hub is part of the national policy enshrined in the 12th Five-Year Plan. Additionally, we have the largest offshore RMB liquidity pool, and the operating hours of our RMB Real Time Gross Settlement system overlap with those of the European markets, forming a RMB clearing platform that serves some 200 banks in Hong Kong, the Mainland and overseas.

Coming back to our first Plenary Session today, we have the fortune of having a number of very distinguished speakers who will be sharing their thoughts with us on Asia's role in shaping the global economic and financial landscape.

- * Dr Guo Shuqing, Chairman of the China Securities Regulatory Commission;
- * the Honourable Wayne Swan, Deputy Prime Minister and Treasurer of the Commonwealth of Australia; and
- * Dr Charles Evans, President and Chief Executive Officer of the Federal Reserve Bank of Chicago.

Now, I would like to offer the stage to Dr Guo Shuqing.

Ends