

Speech
Speech by SFST at CPA Congress 2013 (English only)

Friday, November 1, 2013

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the CPA Congress 2013 this morning (November 1):

Mr (Peter) Lee (Divisional President - Greater China, CPA Australia), Mr (Paul) Tighe (Australian Consul-General, Hong Kong and Macau), Mr (Alex) Malley (Chief Executive, CPA Australia), Mr (Po) Chung (Co-founder, DHL International), distinguished guests, ladies and gentlemen,

Good morning.

It is a real pleasure to speak to you today at the CPA Congress. I would like to welcome you all to Hong Kong and congratulate CPA Australia on organising this successful event. This is an excellent opportunity for professionals and business leaders to meet and discuss the opportunities and challenges we face today - and from an Asian perspective in particular.

The business ties between Hong Kong and Australia are very close indeed. As many as 80,000 Australians are living in Hong Kong today, while 32 regional headquarters, 43 regional offices and 78 local offices of Australian companies were located in Hong Kong as at June 1 this year. And in 2011, Australia was the 6th largest destination for outward direct investment from Hong Kong.

We are also key partners in the campaign underpinning the rise of Asia. The OECD predicts that China, India and Southeast Asia will grow by an average of 7.4 per cent per year over the next five years. The value of intra-regional trade in the Asia Pacific (Asia + Oceania) rose by more than 250 per cent between 2002 and 2012. Intra-regional trade has stabilised at around 60 per cent of total trade over the past 10 years.

Asian financial integration, however, has lagged behind the integration of trade and the real economy in the region. Financial integration among Asian economies will help channel regional savings into investments, while a deepening of the financial markets will bring about sustainable regional economic growth. Hong Kong and Australia have two of the region's most sophisticated financial markets, and this is an area where we can do more together.

Despite Asia's growing influence, Asia does not have a cohesive voice in the area of financial regulation. As a result, rules made by international governance bodies sometimes do not adequately reflect the Asian situation.

The current agenda in financial regulation and proposed solutions to the global financial crisis were largely influenced by the Western developed world. While it is necessary to adopt regulations that recognise the global nature of financial flows, attention should also be given to the needs of smaller economies to access capital. It is also important that there is an Asian voice in the design of these regulations to ensure that they will not put Asian economies at a disadvantage. Asian governments and financial regulators need to work together and present a cohesive Asian view.

The good news is that we are already making some progress. Regulators from Australia, Hong Kong, Japan and Singapore are working closely with their overseas counterparts in the "Regulators Group" to address issues and uncertainties arising from market regulations for cross-border OTC derivatives. Hong Kong now chairs the Asia-Pacific Regional Committee of the International Organization of Securities Commissions (IOSCO), joining hands with Australia and other Asian regulators to study more such cross border regulations with a view to voicing Asian needs.

To turn the vision of the Asian century into reality, we need to encourage further trade and financial integration in our region. Hong Kong and Australia have much to contribute to this process, and private sector initiatives are important. Professionals like you, working in our financial and service sectors, can help us identify and promote these opportunities.

Thank you.

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