



HONG KONG REVIEW

April-June 2009

New Zealand Consulate-General, Hong Kong

Highlights in this issue:

MORE BILATERAL

Visit of New Zealand Navy Ships HMNZS Te Mana and Endeavour to Hong Kong

Bilateral Meeting between Chief Executive Mr Donald Tsang and Prime Minister Hon John Key

Closer Economic Partnership Negotiations

New Vice-Consul Ms Holly Warren

DOMESTIC - Hong Kong

GDP Contraction of 7.8% in 1Q2009 Prompts HK\$16.8 bn Stimulus Measures

Breakthrough in Hong Kong-Taiwan Relations

DOMESTIC - Macau

Dr Fernando Chui Sole Candidate for Chief Executive

Negative GDP Growth of 12.9% in 1Q2009

Hong Kong to Benefit from New Pilot Scheme for RMB Trade Settlement

Bilateral - Hong Kong

ANZAC Day Commemoration at Hong Kong Cenotaph

Each year on 25 April, New Zealand commemorates ANZAC Day, which marks the anniversary of the first major military action fought by the Australian and New Zealand Army Corps during World War I.

This year the official ANZAC Day ceremony was

hosted by New Zealand at the Hong Kong Cenotaph, with the assistance of the Hong Kong authorities. Consul-General Ms Adele Bryant and the Consuls-General of Australia, the United Kingdom and Turkey, along with members of the Australian and New Zealand communities in Hong Kong and representatives from the Australian International School and returned servicemen's organizations laid wreaths in tribute to the New Zealanders and Australians who have served and died in conflicts that both countries have been involved in. Many participants joined the traditional 'gunfire' breakfast held after the commemoration.



Acting Australian Consul-General Mr David Livingstone and New Zealand Consul-General Ms Adele Bryant lay wreaths (Copyright: Australian Consulate-General)

New Ambassador to China Dr Carl Worker Visits Hong Kong

New Zealand Ambassador to China Dr Carl Worker visited Hong Kong from 18 to 25 April before taking up his new position in Beijing.

During his visit, Dr Worker renewed his contacts with many old friends and colleagues. Dr Worker served as (cont'd on P. 2)

Currency Exchange Rates

HK\$7.75=US\$1.00 (approx)
HK\$4.85=NZ\$1.00 (approx)

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Commander Blair Gerritsen greets reporters and visitors on board HMNZS Te Mana

(cont'd from P. 1) Consul-General to Hong Kong and Macau from 1994 to 1998.

Dr Worker replaced Mr Tony Browne, who returned to the Ministry of Foreign Affairs and Trade headquarters in Wellington



Ambassador Dr Carl Worker

Visit of New Zealand Navy Ships HMNZS TE MANA and ENDEAVOUR to Hong Kong

New Zealand Navy frigate HMNZS Te Mana and supply replenishment tanker HMNZS Endeavour arrived in Hong Kong on 30 April for a three-day port visit. It was the third New Zealand navy visit to Hong Kong since October 2004. The visit focused on defence diplomacy and rest and recreational activities.

With a total of 212 crew members, the ships were undertaking a three-month deployment to North East Asia, South East Asia and Australia. The first port of call was Qingdao, China, where the ships joined with those of 15 other Navies to celebrate the 60th anniversary of the founding of the modern Chinese Navy. Sailors from both ships also attended ANZAC Day commemorations in Beijing and Hong Kong.

During the port visit, Te Mana Commander Blair Gerritsen and Endeavour Commander David Toms made an official call on Hong Kong Secretary for Security Mr Ambrose Lee. The Commanders and the Consul-General hosted an official reception on board Te Mana for some 140 guests including Deputy Commissioner of the Commissioner's Office of China's Foreign Ministry in the HKSAR, Mr Zhan Yongxin and Chief Officer (Visits) of the Protocol Division of the Hong Kong Government Secretariat, Mr Alan Tang. A range of business contacts and members of the New Zealand expatriate community were also in attendance.

On 1 May, a press tour was conducted on board Te Mana. Crew members performed a traditional Maori Kapa Haka to welcome the guests on board. Various groups, including Sea Cadets and Student Ambassadors and the New Zealand community in Hong Kong, were also invited to take tours aboard Te Mana. We would like to congratulate Commander Gerritsen on his appointment to the New Zealand Order of Merit on the occasion of the celebration of The Queen's Birthday.

New Vice-Consul Ms Holly Warren

On 1 June we welcomed our new Vice-Consul to Hong Kong and Macau, Ms Holly Warren, who succeeds Ms Melissa Crawford who has returned to Wellington for a new position in the Trade Negotiations Division.

Ms Warren moved to Hong Kong from her previous role as a desk officer in the South East Asia Unit of the Asia Division at the Ministry of Foreign Affairs and Trade in Wellington. Ms Warren holds a double degree in Law and Arts from the Victoria University of Wellington and previously practised law in a commercial law firm in Wellington.



Vice-Consul Ms Holly Warren

Bilateral Meeting between Chief Executive Mr Donald Tsang and Prime Minister Hon John Key

Taking advantage of their attendance at the Boao Forum in Hainan Island on 18 April the two leaders met for their first formal bilateral meeting. They discussed the current financial crisis and steps to strengthen relations between Hong Kong and New Zealand. Both look forward to the rapid conclusion of the Closer Economic Partnership negotiations which restarted this year.

New Zealand New Thinking Leadership Programme 2009

Consul-General Ms Adele Bryant presented awards to 12 New Zealand Student Ambassadors from Hong Kong and Guangzhou at an official ceremony on 24 April for the New Zealand New Thinking Leadership Programme. In mid-July, the Student Ambassadors will join a two-week learning programme in New Zealand tailor-made by six New Zealand institutes.

Jointly organized by New Zealand Trade and Enterprise, the Hong Kong Education Bureau and Wiseman Education, the Programme provides an opportunity for students to experience a taste of New Zealand culture through living with local families and participating in extra-curricular activities and cultural events. The Programme is sponsored by Air New Zealand, Comvita HK Ltd and Education New Zealand.



New Zealand Consul-General Ms Adele Bryant with the Student Ambassadors



Fisher and Paykel Appliances (www.fisherpaykel.asia) opened their first showroom outlet for their range of home appliances in Hong Kong on 10 June. At the opening were (from left) Richard St John, General Manager Sales and Marketing Asia, Fisher and Paykel, Consul-General Ms Adele Bryant, Trade Commissioner Ms Sharon-May McCrostie of New Zealand Trade and Enterprise and Andrew Paykel, Chief Operating Officer Asia, Fisher and Paykel. (Photo courtesy of Fisher and Paykel Appliances)

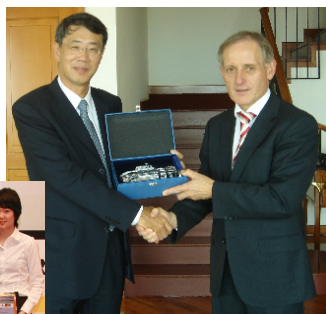
Closer Economic Partnership Negotiations

The first negotiating round took place in Wellington, New Zealand from 5-8 May. In recent weeks a number of New Zealand officials have visited Hong Kong for talks covering issues such as technical barriers to trade, sanitary and phytosanitary matters and government procurement. It is hoped that these talks have paved the way for a productive 2nd negotiating round, taking place in Hong Kong from 5 to 11 July. To follow these negotiations or to provide input to the New Zealand negotiators please contact us or refer to www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Agreements/Hong-Kong/index.php

Seriously Asia Visitors to New Zealand

Professor Albert Chen of the Faculty of Law, University of Hong Kong, visited New Zealand from 26 April to 1 May to meet the Rt Hon Chief Justice Dame Sian Elias and legal practitioners and constitutional academics as a sponsored visitor under the Ministry of Foreign Affairs and Trade Seriously Asia Programme.

Journalist Mr Edwin Yue, International Page Editor for Ming Pao Daily, also visited under the Seriously Asia Programme. He met members of the local Hong Kong community in Auckland, enjoyed a range of tourism experiences from the relaxing to the adventurous and was introduced to New Zealand's high quality food and clothing export industries.



Hong Kong Customs and Excise Commissioner Mr Richard Yuen (left) and New Zealand Customs Service Comptroller Mr Martyn Dunne

Other Visits to Hong Kong

A delegation of New Zealand Customs Service officials, led by Customs Comptroller Mr Martyn Dunne, visited Hong Kong for customs cooperation talks.

New Zealand Securities Commission Chairman Ms Jane Diplock, also Chairwoman of the IOSCO Executive Committee and member of the Financial Crisis Advisory Group, visited Hong Kong on 20 May. She met a broad

range of securities industry and investment contacts interested in New Zealand's regulatory framework.

Investment New Zealand Director Mr Graham Matthews visited Hong Kong for discussions with investors and to promote New Zealand opportunities and value as an investment destination.

Finally, Mr Charles Mabbett, Media Adviser for The Asia:New Zealand Foundation, met media organisations during his visit to Hong Kong with a view to investigating exchange opportunities for journalists.

Domestic - Hong Kong



Financial Secretary Mr John Tsang



Secretary for Constitutional and Mainland Affairs Mr Stephen Lam (right) meets with Mainland Affairs Council Deputy Minister Mr Fu Don-cheng

CEPA Supplement VI Expands Liberalisation Measures

Supplement VI to the Mainland-HK Closer Economic Partnership Arrangement (CEPA) (www.tid.gov.hk/english/cepa/index.html) was signed on 9 May, expanding the total number of service sectors covered from 40 to 42. Mainland China will introduce 29 liberalisation measures covering 20 sectors, including two new sectors - research and development, and rail transport - with effect from 1 October. Among the new provisions, mainland tourists will be able to visit Hong Kong and Taiwan on a single permit, and there will be closer financial cooperation between Hong Kong and the mainland.

CEPA was first signed in June 2003, and five supplements were subsequently signed between 2004 and 2008.

GDP Contraction of 7.8% in 1Q2009 Prompts HK\$16.8 bn Stimulus Measures

Hong Kong's economy suffered its worst contraction since the Asian financial crisis in the first quarter of 2009 with a 7.8% negative GDP growth, leading the Government to reduce **its full-year GDP forecast for 2009 to -6.5%**. The quarter-on-quarter contraction was 4.3%, the worst since 1990. In the first quarter of 2009, total merchandise **exports plunged 22.7%** yoy, a 55-year-high, and the **unemployment rate** rose to **5.2%**.

Financial Secretary Mr John Tsang forecast that economic decline in Hong Kong will narrow this year and the economy will grow slightly next year, if there is no major change in the global economic situation.

To help Hong Kong people face the severe economic challenges, Financial Secretary Mr John Tsang unveiled a new round of relief measures worth HK\$16.8 billion, bringing **the total value of all relief measures** announced since last year's Budget to **HK\$87.6 billion, or 5.2% of GDP**.

The latest measures include additional tax rebates, student subsidies, an extended waiver period for property rates and public housing rents, financial backing for SMEs to borrow more from banks and the creation of more jobs to improve hygiene to combat H1N1. The financial sector estimated that the relief package could help boost GDP growth by 0.5%.

Breakthrough in Hong Kong-Taiwan Relations

On the invitation of Taiwan's Mainland Affairs Council (MAC), Secretary for Constitutional and Mainland Affairs Mr Stephen Lam made an official "ground-breaking" visit to Taipei from 5 to 6 June to discuss measures to enhance cooperation between Taiwan and Hong Kong, becoming the highest ranking Hong Kong official to visit Taiwan in an official capacity since 1997.

After a meeting with MAC officials, Mr Lam announced that a new bilateral mechanism called the Hong Kong-Taiwan Business Co-operation Committee will be set up to promote business between Hong Kong and Taiwan.

Earlier on 15 April, the Hong Kong Government had organised the first Hong Kong-Taiwan Inter-City Forum with Taichung City to discuss bilateral issues relating to tourism, business and trade, which was attended by Taichung Mayor Mr Jason Hu, and 500 representatives from relevant trade and industries in Hong Kong and Taiwan. It was the first time that the Hong Kong Government had invited an official delegation from Taiwan to visit Hong Kong.

Secretary for Home Affairs Mr Tsang Tak-sing was also in Taiwan from 26 March to 2 April, in his capacity as the Hon Head Delegate of the Delegation of Hong Kong & Macau Buddhism of the 2nd World Buddhist Forum.

All these recent developments have been hailed as major breakthroughs in Hong Kong-Taiwan relations.



Secretary for Food & Health Dr York Chow

Hong Kong to Benefit from New Pilot Scheme for RMB Trade Settlement

The State Council has approved a pilot programme for using Renminbi (RMB), instead of the US dollar, for cross-border trade settlements, to be initially applied to firms in Shanghai and four Guangdong cities (Guangzhou, Shenzhen, Dongguan and Zhuhai) on a trial basis.

Chief Executive Mr Donald Tsang welcomed the new initiative, which will facilitate Hong Kong as a regional RMB clearing centre and underpin its position as an international financial hub.

Hong Kong and Guangdong to sign Framework Agreement by Year End

Chief Secretary Mr Henry Tang revealed that Hong Kong and Guangdong will sign a framework agreement by late 2009 which will outline the policies for the development of the Pearl River Delta (PRD).

According to the latest official statistics, direct overseas investment in Guangdong had fallen by 2% in the first two months of 2009, but Hong Kong and Macau companies had increased their investments in Guangdong dramatically by 32% during the same period.

Novel Influenza Type A (H1N1) 09 Outbreak in Hong Kong

Hong Kong's Fight the Pandemic campaign is now in a mitigation phase as the total **number of confirmed H1N1 cases reached 785 as of 30 June** with no fatalities so far. Thirty-nine schools had to suspend classes for 14 days due to the discovery of clusters of locally transmitted cases among students.

To reduce pressure on isolation facilities in public hospitals, starting from 18 June, only confirmed patients and those with severe clinical conditions will be admitted to hospital. The administration of directly observed chemoprophylaxis or quarantine of, close contacts of confirmed patients will be stopped. Flight passengers in close contact with confirmed patients will not be traced. Household contacts of confirmed patients will be put under medical surveillance.

The latest updates on the H1N1 outbreak in Hong Kong are available at www.chp.gov.hk

Latest Hong Kong Economic Indicators

Indicator	Figure	Period	Change
1. Gross Domestic Product	US\$215.2 bn	FY2008	+2.5%
2. Economic growth	-7.8 %	1st Q 2008	preliminary
	-5 to -6%	FY2009	forecast
3. Population	7.008 mil	end-2008	+0.8% yoy
4. Fiscal surplus	HK\$1.4 bn	Apr 08-Mar 09	-
5. Foreign currency reserves	US\$207 bn	June 2009	+31.3% yoy
6. Monetary base	HK\$690.3 bn	May 2009	+112.3% yoy
7. Hang Seng Index	18,379	30 June 2009	-16.8% yoy
8. Inflation rate	no change	May 2009	-
9. Prime interest rate	0.5%	June 2009	-
10. Property transactions			
a. sales value	HK\$49.7 bn	June 2009	-1.4% yoy
b. no of transactions	13,805	June 2009	+35.3% yoy
11. Retail sales value	HK\$21.7 bn	May 2009	-6.2% yoy
12. Unemployment rate	5.3%	Mar-May 09	provisional
13. a. Total exports	HK\$204.4 bn	May 2009	-14.5% yoy
b. Total imports	HK\$215.4 bn	May 2009	-17% yoy
c. Re-exports	HK\$199.3 bn	May 2009	-13.7% yoy
14. Visitor arrivals	2.028 mil	May 2009	-13.4% yoy

(Sources: 1, 2, 3, 4, 8, 11, 12, 13. Hong Kong Census & Statistics Department 5,6,7. Hong Kong Monetary Authority 9. HSBC 10. Hong Kong Land Registry 14. Hong Kong Tourism Board)



Former Secretary for Social Affairs and Culture Dr Fernando Chui

Business & Other Updates - Macau

As of 30 June, Macau has confirmed 28 cases of Type A H1N1 infection - nine locally infected and 19 imported cases. The level of alert remains at six, signifying a moderate local situation.

A recent report by the Economist Intelligence Unit indicated that Macau's short-term outlook has become less certain as investment and casino revenue are both forecast to continue to decline and its real GDP in 2009 also looks set to contract. However, it says that Macau will have the opportunity to "address infrastructure bottlenecks".

The Government will grant around US\$12.5 million (100 million patacas) in subsidies over the next six months to boost the tourism sector with effect from May.



The Government subsidy will be a boost to Macau's tourism sector

Domestic - Macau

Dr Fernando Chui Sole Candidate for Chief Executive

Dr Fernando CHUI Sai On, who resigned from the post of Secretary for Social Affairs and Culture in May, is the sole candidate for Chief Executive of the Macau SAR with effect from 20 December 2009 for a five-year term.

The next Chief Executive will be elected on 26 July by a 300-member committee comprising members of the Macau Legislative Assembly, delegates from the National People's Congress and the Chinese People's Political Consultative Conference.

Dr Chui received 286 nominations from the 300 electoral college members. Since the threshold to become a candidate in the Chief Executive Council is to receive 50 nominations, this makes Dr Chui the sole candidate for this election.

At his campaign launch, Dr Chui presented his manifesto entitled "Continuity and innovation to create social harmony", stressing that he would fight corruption and build a clean administration.

Born in Macau in 1957, Dr Chui graduated from the California State University and later obtained a master degree and a PhD from the University of Oklahoma. He served on the Legislative Assembly from 1992 to 1995. He was appointed Secretary for Social Affairs and Culture in August 1999 and was re-appointed for a second term in December 2004.

Negative GDP Growth of 12.9% in 1Q2009

Macau's GDP for the first quarter of this year contracted 12.9% yoy in real terms, bringing the economy into technical recession, as the city also saw a 7.6% yoy decline in its GDP in the last quarter of 2008. The first quarter contraction was also the steepest GDP decline in the Greater China area.

The Government attributed the steep GDP fall to the high comparison base of the same quarter of last year, which stood at a real yoy growth of 32.5%. In the first quarter of 2009, Macau also saw a nominal yoy decline of 12.7% in gross gaming revenue, a 16.7% drop in total visitor spending, a 49.9% fall in exports and a decrease of 32.1% in gross fixed capital formation in real terms due to the suspension or slowing down of a number of large-scale construction projects. In the private sector, total investment dropped 32.4%. The unemployment rate remained unchanged at 3.8% in the February to April period.

Business & Other Updates - Hong Kong

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Financial Secretary Mr John Tsang reported that, since the abolition of sales tax on wine in his February 2008 Budget, the value of Hong Kong's wine imports almost doubled year on year, and

the average price of wine has subsequently fallen by 20%.

The Government proposes to launch a **HK\$100 billion (US\$50 billion) Government bond programme** for the third quarter of 2009 as part of its plans to deepen the local bond market. It is expected to shortly seek Legislative Council approval to issue the bonds in September. The funds will be kept separately from the general government revenue for investments

Fitch Ratings has revised its economic forecast for Hong Kong's contraction for 2009 from 6.4% to a record 9.1% - worse than the Government's prediction of between 5.5 and 6.5% and the forecast by the Hong Kong General Chamber of Commerce of 4.5%. By comparison, Hong Kong's GDP fell about 6% during the Asian financial crisis in 1997.



Financial Secretary Mr John Tsang abolished duty on wine in his 2008/09 Budget

Hong Kong remained the **most competitive urban city in China** among 294 cities on the mainland, Hong Kong, Taiwan and Macau for the sixth year in the China Urban Competitiveness Report prepared by the Chinese Academy of Social Sciences, a Central Government think-tank. The report says that Hong Kong's position as an international financial centre will not be threatened by Shanghai as the two have different focuses, though it advises Hong Kong to place more emphasis on cultural and technological development.

Consumer confidence levels in the first half of this year **plunged to a new low of 70**, significantly lower than the global average of 77 and down from 88 in the second half of last year, according to the latest **Nielsen consumer confidence report**. Out of the 14 Asian economies covered by the survey, Hong Kong ranked 11th in terms of level of confidence in the economy.

Some 150,000 people attended the **June 4th candlelight vigil** held in Victoria Park in Hong Kong to commemorate the 20th anniversary of the crackdown on student protesters in Tiananmen Square in Beijing. Organisers said that another 50,000 people who could not get in gathered outside the park. The police put the number inside the park at 62,800.