



HONG KONG REVIEW

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New Zealand Consulate-General, Hong Kong

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Conclusion of Trade Negotiation between New Zealand and Hong Kong

New Zealand and Hong Kong concluded 7 months of negotiations on a Closer Economic Partnership (CEP) during APEC meetings in Singapore. The announcement was made by Prime Minister John Key and Hong Kong's Chief Executive Donald Tsang on 13 November. Officials must now complete legal verification of the agreement before details are able to be made public and put before Ministers for signature, probably in the first half of 2010.

Hong Kong is New Zealand's 9th largest export market and 8th largest source of Foreign Direct Investment. New Zealand's trade with Hong Kong has steadily increased over the past decade and is currently worth HK\$4.7 billion.

Trade Minister Tim Groser said "The conclusion (cont'd on P. 2, right column)

Minister of Trade Hon Tim Groser Signs Wine Cooperation Arrangement



New Zealand's Minister of Trade Hon Tim Groser and Secretary for Commerce and Economic Development Mrs Rita Lau signed an Arrangement on Co-operation on Wine-related Business between New Zealand and Hong Kong (cont'd on P. 2, left column)

Minister of Trade Hon Tim Groser and Secretary for Commerce and Economic Development Mrs Rita Lau exchange documents after signing the Arrangement. Witnessing the signing are Consul-General Ms Adele Bryant (left), Financial Secretary Mr John C Tsang (centre) and Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) Miss Yvonne Choi.

Currency Exchange Rates

HK\$7.74=US\$1.00 (approx)
HK\$5.70=NZ\$1.00 (approx)

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Food Safety Assured

Minister for Food Safety Hon Kate Wilkinson visited Hong Kong on 27 October and met Secretary for Food and Welfare Dr York Chow to discuss Hong Kong's food safety laws and regulations and to affirm New Zealand's commitment to ensuring the safety and quality of its food exports. In her capacity as Associate Minister for Immigration, Ms Wilkinson attended a briefing by Hong Kong's Director of Immigration Mr Simon Peh and discussed the operation of the Hong Kong-New Zealand Working Holiday Scheme. Ms Wilkinson also visited the Mai Po Reserve with WWF Hong Kong to observe a "stop over" site for birds migrating to New Zealand along the East Asian IV Australasian Flyway, and learn more about the issues facing conservation in Hong Kong.

(cont'd from P.1, "Minister of Trade Hon Tim Groser Signs Wine Cooperation Arrangement") on 28 October in Hong Kong.

The Minister's opening remarks focused on telling the "New Zealand wine story": how in a short period of time New Zealand's struggling wine industry had emerged as a sophisticated player on the international stage, and now plays a significant role in the country's economic development. The Minister congratulated Hong Kong on removing wine tariffs - seeing it as a bold and forward looking move - and which in 2008 had contributed to a year-on-year increase of almost 80% in the total value of New Zealand's wine exports to Hong Kong.

Investment Opportunities in New Zealand

October was a golden month for New Zealand investment promotion starting with the visit of the Minister of Finance (see below). ANZ Bank, with support of NZTE and the Consul-General, ran a "Kiwi Day" featuring seven of the top New Zealand companies in their sectors. During his visit to Hong Kong Mr Groser opened a New Zealand investment promotion event set up by Investment New Zealand and the Consulate. It was attended by four New Zealand venture capital funds and members of the Hong Kong investment sector. The activity tapped in to the Hong Kong/Mainland based investment community with the aim of attracting investment in New Zealand's new and developing venture capital market.

Deputy Prime Minister Hon Bill English in Hong Kong to Strengthen Investor Relations

Hon Bill English visited Hong Kong from 4 to 6 October to raise New Zealand's profile with bankers, investors and business groups, and to share ideas about the next steps in economic recovery. Mr English is of Finance and Minister of Infrastructure.

Mr English met Chief Secretary Mr Henry Tang, Secretary for Development Ms Carrie Lam and Hong Kong

Monetary Authority (HKMA) Chief Executive Mr Norman Chan to exchange views on trade relations between Hong Kong and New Zealand, infrastructural development in Hong Kong and on the foreign exchange and economic situations in Hong Kong and China.

Mr English also spoke on "Growing up small: How Kiwis are hatching a recovery" to over 100 business and media people at a luncheon organised by the New Zealand Chamber of Commerce in Hong Kong. He participated in a Roundtable on Pearl River Delta Developments and met members of the New Zealand Business Advisory Board.



Minister of Finance Hon Bill English (right) speaks to Reuters

(cont'd from P. 1, "Conclusion of Trade Negotiation between New Zealand and Hong Kong") of this CEP will raise the profile of New Zealand businesses in this market and will provide a springboard for diversifying our goods and services exports to Hong Kong and developing deeper investment links. Our agreement further enhances New Zealand's economic integration with the region through our existing high quality free trade agreements with Thailand, Singapore, China, ASEAN and most recently with Malaysia.



Asia New Zealand Foundation Chairman Mr Philip Burdon



Consul-General Ms Adele Bryant (far right) at the opening of "Unlocked by Chris Charteris"



Welcome-Home reception for 12 New Zealand Student Ambassadors

Influenza Type A H1N1 Has Become Widespread

The Centre for Health Protection of the Department of Health estimated that **several hundred thousand people have been infected** since the virus began circulating in Hong Kong early this year. The no of fatal cases so far is 32.

The Centre warned that a second wave of human H1N1 flu might hit Hong Kong early next year. Vaccines are available from December. Further information can be found on www.chp.gov.hk

Strengthening New Zealand Links with Asia

Asia New Zealand Foundation Chairman Mr Philip Burdon and Chief Executive Dr Richard Grant were in Hong Kong from 26 to 28 October to develop education, cultural and business links. They met with Wiseman Education, ANZ Bank, The Greater China Culture Global Association, ANZF Young Leaders and attended a business luncheon hosted by the Foundation's Honorary Adviser for Hong Kong, Mr John Chan.

The Foundation organises and facilitates various events and programmes including scholarships, seminars, internships, educational support, Track 2 unofficial diplomacy, in-house and commissioned research - all designed to equip New Zealanders with first-hand experience of Asia and to forge valuable links to the region.

Consul-General Opened Chris Charteris Exhibition

Consul-General Ms Adele Bryant officiated the opening of the exhibition "Unlocked by Chris Charteris" at Koru Art Gallery on 4 September. Charteris creates work bringing together the influence of his Pacific Island heritage and the New Zealand environment. Guests at the opening enjoyed organic Sauvignon Blanc wine from Richmond Plains, New Zealand.

Consul-General Welcomed Back New Zealand Student Ambassadors

On 12 August, Consul-General Ms Adele Bryant hosted a Welcome-Home Reception for 12 New Zealand Student Ambassadors who had just returned from their visit to New Zealand.

The student ambassadors learnt about New Zealand's culture and way of life and developed a unique bond with New Zealand. They are now ready to share their experiences with their peers in Hong Kong.

The New Zealand Student Ambassador Programme was organised by New Zealand Trade and Enterprise, Hong Kong Education Bureau, Wiseman Education, Wing On Travel and other sponsors (including Comvita HK Ltd, Air New Zealand and the University of Canterbury). The programme gave Hong Kong and Guangdong secondary school students the opportunity to study at local schools and live with host families in New Zealand.

The event was attended by the guest of honour, Under-Secretary for Education Bureau Mr Kenneth Chan, as well as representatives from supporting organisations.

Victoria University's International MBA Association and Alumni Gathering

Victoria University of Wellington held two events for alumni in Hong Kong. In November Vice-Chancellor Professor Pat Walsh welcomed some 60 alumni to a sociable networking event at the Consul General's residence. In August the Victoria International MBA Alumni Association was inaugurated with Programme Director, Dr James Richard, and Vice-Consul Ms Holly Warren.

Victoria runs its International MBA programme in Hong Kong alongside Chinese University.

The Association will play a pivotal role in promoting the IMBA programme and to fostering business and social relationships among alumni and students of the programme, including with New Zealand.

New Zealand Wine Dinner, Macau

On 13 November, Consul General Ms Adele Bryant and invited guests were treated to fine food and wine prepared and selected by New Zealand Chef Tony Bullock and wine writer Simon Tam at The Rocks Hotel in Macau. New Zealand Trade and Enterprise, with Macau Fisherman's Wharf, arranged for Maori cultural group "Pounamu" to perform. New Zealand companies provided products for guests as well as participated in the Beer, Wine and Seafood Festival which ran as part of Macau Fisherman's Wharf's international cultural and food festival between 13-22 November. The objective was to showcase New Zealand food and wine and create opportunities for New Zealand to supply more to Macau's hotel and entertainment sector.

In September, Vice Consul Ms Holly Warren visited Macau to meet with consular contacts and the New Zealand business community based in Macau.



Hong Kong Chief Executive Mr Donald Tsang (right) and Guangdong Governor Mr Huang Huahua at the conference

2009/2010 Policy Address

In his fifth Policy Address entitled "*Breaking New Ground Together*" released on 16 October, Chief Executive Mr Donald Tsang set out strategies for Hong Kong's economic development and sustainable growth. Mr Tsang introduced measures to support Hong Kong's **four traditional pillar industries** of tourism, trading and logistics, professional services and the redevelopment of industrial buildings. To diversify Hong Kong's economy, he also proposed to develop **six industrial sectors** where Hong Kong enjoys clear advantage. He said that his Government would adhere to a "**big market, small government**" policy to help promote these industries.



Chief Executive Mr Donald Tsang

The six sectors are: **Education Services** (new measures will be introduced to allow mainland senior secondary school pupils to pursue short-term studies in non-local programmes at Hong Kong's universities and to study at local private secondary schools. Students from the mainland and Taiwan may use Hong Kong as a base to study offshore and at off-campus higher education programmes provided by overseas tertiary institutions), **Medical Services, Testing and Certification Services, Environmental Industries** - A green procurement policy will be promoted. **Innovation and Technology and Cultural and Creative Industries**. Details of the proposals for the economic pillars are available at www.news.gov.hk/en/category/businessandfinance/091014/html/091014en03009.htm

Full details of the policy address are available at www.policyaddress.gov.hk/09-10/eng/index.html

Cooperative Agreements between Hong Kong and Guangdong

A number of cooperation agreements focussing on implementing Beijing's framework for developing the Pearl River Delta were signed between Hong Kong and Guangdong in August.

The key agreement involves the joint development of the Qianhai area of western Shenzhen, which will become a stop on a proposed railway linking Hong Kong and Shenzhen airports.

Other areas include the development of high-end industries in Shenzhen, financial development, disease control, education, environmental protection and intellectual property protection.

Hong Kong retained its top spot as **China's most competitive city** in an annual study by the China Institute of City Competitiveness. Hong Kong also topped the world-class cosmopolitan city rankings as well, followed by Shanghai and Beijing. Canadian think tank Fraser Institute's latest report ranked Hong Kong as the **most economically free market** of 141 economies.

Hong Kong overtook the European Union to become the **largest exporter of services to the Chinese mainland for the first time in 2008**, a senior official of the Chinese Ministry of Commerce confirmed. Export of services from the mainland to Hong Kong grew 35.1% yoy to US\$41.9 billion in 2008, while import of services from Hong Kong to the mainland grew 28.1% yoy to US\$26.3 billion.

Former Director of the Chief Executive's Office, **Mr Norman Chan** up his appointment as the new Chief Executive of the Hong Kong Monetary Authority on 1 Oct 2009 for an initial five-year term, succeeding Mr Joseph Yam, who has retired. Mr Chan confirmed that there was **no plan to change the currency peg to the US dollar**. His biography is available at www.info.gov.hk/gia/general/200907/17/P200907170202.htm

Mr Raymond Tam will succeed Norman Chan as the Director of the Chief Executive's Office from 1 August. His biography is available at www.info.gov.hk/gia/general/200907/17/P200907170137.htm

HSBC said that **cross-border Renminbi trade settlement** could result in almost US\$2 trillion of China's annual trade being conducted in the mainland currency within three years, which would equate to up to half of the mainland's total trade and make the Renminbi, currently not freely convertible, one of the world's top three currencies.

Updated economic indicators for the third quarter of 2009:

Note: Details of the second quarter economic updates are available at www.info.gov.hk/gia/general/200908/14/P200908140234.htm

Latest Hong Kong Economic Indicators

Indicator	Figure	Period	Change
1. Gross Domestic Product	US\$215.2 bn	FY2008	+2.5%
2. Economic growth	-2.4 %	2nd Q 2008	preliminary
	-3.3%	FY2009	revised forecast
3. Population	7.008 mil	30 Jun 2009	+0.4% yoy
4. Fiscal surplus	HK\$64.8 bn	Apr-Sep 09	+33% yoy
5. Foreign currency reserves	US\$240.1 bn	Oct 2009	+55.1% yoy
6. Monetary base	HK\$891.4 bn	Oct 2009	+145.7% yoy
7. Hang Seng Index	21,753	31 Oct 2009	+55.7% yoy
8. Inflation rate	0.5%	Sep 2009	-
9. Prime interest rate	0.5%	Oct 2009	-
10. Property transactions			
a. sales value	HK\$45.45 bn	Oct 2009	+140% yoy
b. no of transactions	11,112	Oct 2009	+83.5% yoy
11. Retail sales value	HK\$21.4 bn	Sep 2009	+2.4% yoy
12. Unemployment rate	5.3%	Jul-Sep 09	provisional
13. a. Total exports	HK\$225.9 bn	Sep 2009	-8.6% yoy
b. Total imports	HK\$255 bn	Sep 2009	-3.1% yoy
c. Re-exports	HK\$220.8bn	Sep 2009	-7.8% yoy
14. Visitor arrivals	2.422 mil	Nov 2009	-1.1% 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)

Business & Other Updates - Hong Kong

Food Exports - Small Volume Exemption Process Underway: The 2008 mandatory nutrition labelling regulations for pre-packaged food will take effect from July 2010. Guidance notes and other technical documents on the scheme are now available from the Centre for Food Safety at www.cfs.gov.hk/english/programme/programme_nifl/programme_nifl.html. The Centre has also set up a hotline (2868 0000)

for enquiries on the scheme. Of interest to New Zealand food exporters will be the small volume exemption process which began accepting applications on 1 September 2009. This exemption is for products with sales volume less than 30,000 units.

Hong Kong remains the **world's number-two recipient of foreign direct investment**, attracting US\$63 billion in 2008, nearly 16% more than in 2007.

Domestic - Macau



Dr Fernando Chui met President Mr Hu Jintao during his visit to Beijing

Business & Other Updates - Macau

Macau's casino **gross gambling revenue rose 22.3% in the third quarter** to a record high of 31.78 billion patacas (US\$3.81 billion), from 25.99 billion patacas a year earlier. The strong revenue growth is likely to continue into the fourth quarter because of a low comparison-base effect, but the rapid growth of the recent past is unlikely to return soon, according to analysts. Macau's August monthly figure was also triple the monthly average of US\$470 million earned by casinos on the Las Vegas Strip over the past year.

The total number of **H1N1 flu cases** in Macau has exceeded **2,800**, including **two fatalities**. Macau's pandemic alert for the H1N1 virus remains at level VI. The Health Bureau announced that it will start inoculating local residents with H1N1 flu vaccines in January.

During the first eight months of the year, Macau received a total of 14.2 million visitors, a 9.6% fall. The number of visitors to Macau from the mainland fell by 14.5% to a total of 7 million, following alterations to the individual visitation scheme.

The Macau Government announced that it would review the size and growth of the gambling industry to prevent "unlimited expansion". The number of gambling tables is expected to be reduced and the minimum age limit for casino entry and employment will be raised from 18 to 21. At the end of September there were 4,610 gaming tables in Macau's casinos - more than four times the number in 2004 when the sector was liberalised - and 14,175 slot machines, a six-fold increase from 2004.

Dr Fernando Chui Appointed Third Chief Executive of Macau

Dr Fernando Chui Sai On, 52, was officially appointed the third Chief Executive of the Macau Special Administrative Region by the Central Government on 10 August for a five-year term commencing 20 December 2009. Dr Chui was a directly elected legislator from 1992 to 1996 and Secretary for Social Affairs and Culture from 1999.

Mr Chui said that his Government will focus on reform and innovation to strengthen integrity, improve education, set up a financial reserve system and a food safety centre and push forward economic diversification.

Three new appointments in his government team are: Fong Man-chong (former Judge) as Commissioner against Corruption; Cheong U (the former anti-corruption Commissioner) as Secretary for Social Affairs and Culture; and, Ho Veng-on (former CE office chief) as Commissioner of Audit. Existing members of government to keep their portfolios are: Jose Proenca Branco, Police Chief; Lau Si-io, Secretary for Transport and Public Works; Cheong Kuocva, Secretary for Security; Florinda da Rosa Silva Chan, Secretary for Administration and Justice; Francis Tam Pak-yuen Secretary of Economy and Finance; Ho Chio-meng, Prosecutor-general; and, Choi Lai-hang, Customs Chief.

GDP Contracted 13.7% in 2Q2009

Macau's GDP contracted 12.8% and 13.7% yoy in real terms in the first half and in the second quarter of 2009 respectively, the biggest fall since 1998 for the three months ended 30 June and widening from the revised 11.9% contraction in the first quarter. Macau's GDP started contracting in the fourth quarter of last year.

The **unemployment rate** stood at **3.8%** in the period from June to August, up 0.1 percentage points from the May to July period.

