

**Forum on 12<sup>th</sup> Five-Year Plan and Mainland-Hong Kong  
Economic, Trade and Financial Cooperation  
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**Join Hands to Promote Prosperity and Development  
of the Mainland and Hong Kong**

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Ladies and Gentlemen, Dear friends,

Good morning.

With the support of the mainland and Hong Kong governments and all parties involved, this Forum is now convened successfully. Vice Premier Li Keqiang pays high attention to this Forum and delivered an important speech earlier at the Forum in which he portrayed an exciting blueprint of a closer cooperation between the mainland and Hong Kong for common development. It is particularly encouraging that he announced five important measures for sustaining prosperity and stability of Hong Kong.

In the past three decades of reform and opening up, the mainland has sustained speedy economic growth. Taking advantage of this historic opportunity Hong Kong has reinforced its position as an international financial, trade, and shipping hub. Meanwhile, Hong Kong has also played an irreplaceable role in the reform, opening up and modernization drive of the mainland. As the CEPA was signed and implemented, trade and economic cooperation between the mainland and Hong Kong has been lifted up to a higher level. The mainland is now the biggest trading partner of Hong Kong while Hong Kong is the mainland's third biggest export market, biggest entrepot for re-exports and biggest FDI source and outward investment destination. The two-way trade amounted to USD 230.6 billion in 2010, an 88-fold increase from 1978. In the same year the mainland attracted USD 60.6 billion worth of investment from Hong Kong while non-financial investment from the mainland into Hong Kong

reached USD 33.7 billion, accounting for 57.2% and 49.7% of FDI inflow into the mainland and Hong Kong respectively.

At present the international financial market is going through drastic turmoil, making the recovery prospect of the world economy less certain or predictable. The international financial crisis is posing greater pressure on and challenges to the stability of emerging markets. In this context, a stronger economic, trade and financial cooperation will play a more significant role in ensuring the steady and healthy growth of the mainland and Hong Kong economy. To this end, I would like to make the following propositions.

**First, we will strengthen the CEPA and open the mainland's services sectors wider to Hong Kong.** Upon its accession to the World Trade Organization in 2001, the mainland committed to open 100 services sectors based on WTO services sectoral classification. On top of that, the CEPA has further opened the mainland's services market to Hong Kong as 145 services sectors, or 90.6% of the 160 WTO-classified services sectors, have been opened to Hong Kong. Vice Premier Li said earlier that by the end of the 12<sup>th</sup> Five-Year period services trade between the mainland and Hong Kong shall be basically liberalized. To achieve that goal, in the Supplementary Agreement VIII on which the negotiations have started and future agreements we will both add new sectors to increase the width of the agreements and add new liberalization elements to those sectors already opened to increase the depth of the agreements so as to make the CEPA benefit more. At the same time, we will promote trade and investment facilitation and genuinely execute the preferential measures of the CEPA and Supplementary Agreements.

**Second, we will strengthen cooperation with Hong Kong in services sectors in parallel with continued market opening.** During the 12<sup>th</sup> Five-Year period, the mainland and Hong Kong enjoy huge cooperation potential in services sectors including finance, trade, tourism, science and technology, healthcare, education, among others. As Minister Zhang Ping mentioned in his speech, the mainland will start pilot projects of enrolling Hong Kong students from 2012. The mainland supports Hong Kong to set up a Sub-center of the Chinese National Engineering Research Center and a Hi-Tech Commercialization Base, and will increase input to support technology innovation in Hong Kong. While encouraging Hong Kong companies to open travel agencies in the mainland, the mainland side will strengthen in-depth cooperation with Hong Kong in travel-related technology innovation and tourist attractions development, explore new ways for industrial cooperation in tourism, carry out joint talent training

programs, and support Hong Kong to develop cruise tours with Hong Kong as the mother port. The mainland will allow Hong Kong construction professionals who have obtained professional qualifications through mutual recognition to register and practice in Guangdong province with same treatment to local practitioners. The mainland will also strengthen cooperation with Hong Kong in legal services through joint operation of mainland and Hong Kong legal firms within the frameworks of Guangdong-Hong Kong and Qianhai (Shenzhen)-Hong Kong regional economic cooperation.

**Third, we will support Hong Kong to engage in multilateral and regional economic cooperation for greater development space.** Since the multilateral trading system progresses amid twists and turns, free trade areas have become the main trend of world economic development. As a free port, Hong Kong is a highly open economy and enjoys good foundation for participating in regional economic cooperation. Guided by the blueprint drawn by Vice Premier Li, we will fully play the advantages and features of the “One Country, Two Systems” and collaborate with the HK SAR government to improve Hong Kong’s capability of engaging in multilateral and regional economic cooperation, particularly the East Asia economic cooperation as a key. We will immediately start the study on the approaches and formats to incorporate Hong Kong into the free trade agreements signed by the mainland, and fully support Hong Kong to have direct negotiations with those trading partners having FTAs with the mainland. In addition, the mainland will pay special attention to the interests of Hong Kong when participating in global economic governance and executing FTA strategy, and will strengthen coordination and interaction with Hong Kong in the World Trade Organization and the Asia Pacific Economic Cooperation.

**Fourth, we will continue to encourage mainland companies to go global and explore international markets hand in hand with Hong Kong businesses.** While the world economy globalizes, mainland companies are capitalizing on domestic and international markets as well as resources available in the two markets and accelerate their “go global” process. Hong Kong has the most advanced services industry in the world. It is very agile to information of international marketplace and hosts a large number of international professionals. All this gives Hong Kong evident advantages in financial, legal, insurance, taxation, accounting, design and consulting services which are very needed by mainland companies when they go global. Therefore Hong Kong can serve as an important basis for mainland companies to march into international markets. We will provide greater support at policy level and encourage

mainland and Hong Kong companies to play their own advantages and go global together in multiple approaches to explore international markets.

**Fifth, we will maintain processing trade policies stable and continue to guarantee supplies for Hong Kong.** Nearly half of processing trade businesses in mainland are Hong Kong invested and most of them are located in the Pearl River Delta region. We will continue to support stable business growth, transformation and upgrading of HK-funded processing trade businesses in the mainland. We will help them to innovate their management methods, provide them with better employment services and stronger finance insurance support, establish and improve institutions to facilitate processing trade companies to sell their products in domestic market, and push ahead the construction of the Pearl River Delta processing trade upgrading demonstration area. As pressure of food prices rise mounts in the mainland, we will continue to secure grain, meat, fruit and vegetable supplies for Hong Kong and strengthen quality control in order to meet the demands of Hong Kong people. We will also take measures to guarantee the supply of natural sand of which the export is controlled.

Dear friends,

It is made clear in the 12<sup>th</sup> Five-Year Plan to accelerate the transformation of economic development patterns and pursue the Scientific Outlook on Development. This will generate valuable opportunities for the mainland and Hong Kong to push ahead economic and trade exchanges. Let's take the opportunity of this Forum to strengthen cooperation for our common prosperity and development.

I wish the Forum a great success.

Thank you.