Hong Kong and France signed a landmark comprehensive agreement on 21 October for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (CDTA). The agreement was signed by Financial Secretary, Mr John C Tsang during an official visit to Paris. Mrs Christine Lagarde, Minister for Economy, Industry and employment, signed on behalf of the French Government.

Speaking at the signing ceremony, Mr Tsang said that bilateral ties between France and Hong Kong have been growing in breadth and depth for well over a century and a half. Between 2004 and 2008, bilateral trade has grown at an average annual rate of 9%. Despite the global economic slowdown, the value of bilateral trade reached EUR 5 billion in 2009.

“The signing of this CDTA will underpin the strength of our close bilateral relationship. When it takes effect, our business communities will enjoy immediate and tangible benefits: the elimination of double taxation on the same source of income; lowering of withholding tax rates on passive income, including dividends, interest and royalties; and greater certainty of tax liabilities for investors,” the Financial Secretary said.

“This CDTA adopts the prevailing international standard on exchange of information and it underlines Hong Kong’s strong commitment on tax transparency and our support for international efforts on this front.”

Mr Tsang said the agreement represents a win-win situation, bringing benefits for French investors in Hong Kong and Hong Kong investors in France.

This was the 15th comprehensive agreement for the avoidance of double taxation (CDTA) concluded by Hong Kong with its trading partners, coming after those with Belgium, Thailand, the Mainland of China, Luxembourg, Vietnam, Brunei, the Netherlands, Indonesia, Hungary, Kuwait, Austria, the United Kingdom, Ireland and Liechtenstein.

Financial Secretary’s visit to Paris

The Financial Secretary, Mr John C Tsang, paid an official visit to France from 20 to 22 October.

During his visit Mr Tsang signed a landmark avoidance of double taxation agreement with France (see front page). He had meetings with Minister for Economy, Industry and Employment, Mrs Christine Lagarde and Secretary of State for Foreign Trade, Ms Anne-Marie Idrac as well as with a number of business and financial community leaders.

Mr Tsang called on the Chairman of the French Banking Federation, Mr François Perol, and exchanged views with him on the global economic situation in general and the issues confronting the euro area banking sector in particular. The Financial Secretary was also given a tour of the trading floor of Euronext Paris, where he met its chairman, Mr Dominique Cerutti.

On 20 October Mr Tsang attended a business luncheon...
Mr Tsang and Minister Lagarde sharing a joke after signing the tax agreement.

Mr Tsang and Minister Lagarde sharing a joke after signing the tax agreement.

Mr Tsang told Secretary of State for Foreign Trade, Mrs Anne-Marie Idrac and other guests that Hong Kong and France have strong and long-established ties. Hong Kong is home to the largest French community in Asia, numbering some 12,000 people. Some 700 French companies have operations in the city. Hong Kong has Michelin starred restaurants, a growing appetite for French wine and proudly hosts Le French May, the largest French arts festival in Asia.

He noted that wine imports from France increased by more than 30% during the last financial year. Once again this year, Hong Kong hosted a highly popular Vinexpo Asia Pacific, which attracted 880 exhibitors and 12,000 visitors. During this exhibition, Hong Kong signed a new Memorandum of Understanding (MOU) with Bordeaux to further deepen partnership in wine promotion. In collaboration with Bordeaux, Hong Kong also launched the Wine and Dine Festival last year.

Mr Tsang said Hong Kong had rebounded relatively strongly from the global financial crisis. The unemployment rate had returned to pre-crisis levels of 4.2%. Hong Kong exports rose 26% in the first eight months of this year compared to the same period in 2009. He expected GDP growth for 2010 to be between 5% and 6%.

Mr Tsang said that a co-operation agreement signed in April this year with Hong Kong’s neighbouring province of Guangdong, covering a range of policies and facilitating the free flow of people, goods, capital and information, would help speed up cross-boundary infrastructure projects and “promote our goal to jointly create a world-class economic zone of a rather wealthy population of 55 million people”.

“This enhanced cross-boundary co-operation comes at a time of global economic change. In the wake of the financial crisis, the economic centre of gravity is shifting away from traditional markets in the West towards Asia. Much of the focus is on China, and its role in this changing economic landscape”.

Mr Tsang also addressed the plenary meeting of the Hong Kong France Business Partnership at the National Assembly on 21 October. The Partnership is an initiative of the Hong Kong Trade Development Council and UBIFRANCE and its mission is to promote trade, invest-
ment and business co-operation between Hong Kong and France, as well as between the Chinese mainland and France via Hong Kong. Particular focus is placed on bringing their respective small and medium-sized enterprises together to do business.

Mr Tsang told the Partnership’s members that Hong Kong had an agreement with Guangdong that strengthened Hong Kong’s connectivity with Mainland China and would further break down barriers to trade and investment between the two places.

This agreement was in addition to Hong Kong’s unique free trade agreement with the Mainland, the Closer Economic Partnership Arrangement, or CEPA, of which French firms incorporated in Hong Kong could also enjoy the full benefits.

Mr Tsang said that in April this year, fragrance company L’Occitane became the first French enterprise to list on the Hong Kong stock market. It raised EUR 517 million through its Hong Kong IPO.

“As well as raising capital, a listing in Hong Kong can also lift the profile of a company and its products in our part of the world. And because of our city’s reputation as a global financial centre alongside London and New York, an IPO in Hong Kong can add power to a brand.

“I encourage more French businesses to take advantage of Hong Kong’s potential as a capital-raising centre and to leverage on our reputation for quality and reliability.”

During his visit, the Financial Secretary also briefed members of MEDEF International, the French business confederation, on business opportunities open to French companies in Hong Kong.

Mr Tsang underlined that in the post-global financial crisis era, Hong Kong can play a highly effective role as the business and financial centre for French firms in Asia.

Photos:
(Above) Mr Tsang and Minister Lagarde at a breakfast meeting hosted by Minister Lagarde for members of the Hong Kong France Business Partnership.
(Below) Mr Tsang addressing guests at the business luncheon.
Hong Kong and Luxembourg update tax agreement

The Protocol updates the exchange of information article in the agreement to meet the latest OECD standards. The article requires the contracting parties, upon receiving a request for information, to exchange information even when there is no domestic tax interest involved. The Protocol will come into force after the completion of ratification procedures and notification by both sides.

ALFI opens representative office

Professor Chan and Mr Frieden also attended the official opening of the new permanent representative office of the Association of Luxembourg Fund Industry (ALFI) in Hong Kong.

ALFI currently represents over 1,200 Luxembourg-domiciled investment funds, asset management companies and a wide range of service providers.

Chairman of the Board of ALFI, Claude Kremer, said Hong Kong is one of the main distribution hubs of investment funds in Asia and is centrally located in the region.

“Hong Kong’s financial market is characterized by a high degree of liquidity and operates under effective and transparent regulations which meet international standards. While we were studying where to establish a presence in Asia, Hong Kong was undoubtedly our most preferred location”.

ALFI opens representative office

Italian President in Hong Kong

The President of the Italian Republic, Mr Giorgio Napolitano, arrived in Hong Kong on Saturday 30 October, at the end of an official tour of China on the occasion of the 40th anniversary of the establishment of diplomatic relations between the People’s Republic of China and Italy.

He met the Acting Chief Executive, Mr Henry Tang, at Government House. During his stay the president also met with members of the Italian community.
Hong Kong aspires to be leading regional centre for dispute resolution

Hong Kong is an ideal place for international businesses to conduct arbitration. It has excellent facilities, a large pool of highly qualified arbitration professionals and is open to professionals from elsewhere. It also has a mature and trusted legal system that is based on the common law.

The Hong Kong International Arbitration Centre, which celebrated its 25th anniversary in November, has emerged as a key international arbitration centre in the Asia Pacific region. An independent non-profit making company limited by guarantee, it operates under a Council composed of business and professional people of many different nationalities and with a wide diversity of skills and experience.

Arbitral awards made in Hong Kong are readily enforceable by the 144 signatories to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, in all East Asian jurisdictions and in Mainland China.

An arrangement for the reciprocal recognition of arbitral awards was concluded with the Mainland of China in February 2000. In addition, Hong Kong signed a Co-operation Agreement with the China Council for the Promotion of International Trade on 25 October 2010. One of the aims of the Agreement is to strengthen the co-operation between the Hong Kong arbitration and mediation bodies and their Mainland counterparts like the China International Economic and Trade Arbitration Commission (CIETAC). This Agreement is another confirmation of the role of Hong Kong in providing legal services for, and fostering legal co-operation with the Mainland.

Hong Kong reached another milestone in its development as a world-class international arbitration centre with the enactment on 18 November of a new Arbitration Ordinance, making its arbitration law more user-friendly to the international business community. The structure of the new Arbitration Ordinance mirrors that of the Model Law promulgated by the United Nations Commission on International Trade Law (UNCITRAL) in 1985 to provide states with a template for an effective and comprehensive arbitration regime with limited scope for local courts to intervene in the arbitral process.

As large arbitration cases involving Chinese parties are on the rise, some international arbitration bodies are already moving to the Asia Pacific region. The International Court of Arbitration of the International Chamber of Commerce, which is based in Paris, opened its first branch Secretariat in Hong Kong in 2008. This is a significant move by an international arbitration institution of high repute, and a show of confidence in Hong Kong’s position as a centre of dispute resolution.

Hong Kong International Arbitration Centre: http://www.hkiac.org/
“Always include a Champagne Clause”:
Why Hong Kong is the best place for arbitration

Trade dispute resolution expert Teresa Cheng was in Paris on 24 September, where she addressed members of the French Institute for International Relations (IFRI) on ‘Europe, China and Trade Dispute Resolution: the Role of Hong Kong’. Here are some of the main points of Ms Cheng’s introduction to arbitration in Hong Kong.

Why arbitration is preferable to litigation

With the Mainland’s dynamic economic development and the growth of trade with China and Asia generally, the demand for legal and arbitration services is on the rise. In the event of a dispute, a European businessman could find himself ending up in court in another jurisdiction. Litigation is an undesirable option for various reasons. If several parties in different countries are involved, the case may be heard in two or three different courts. The appeals process can be very long. Privacy is also an important issue for many companies who may not want their case heard in open court. Finally, enforceability is the biggest problem with commercial transactions.

For peace of mind, Ms Cheng strongly recommends including a “champagne clause” in contracts. “Before you sign the contract, include a dispute resolution clause and say where you want arbitration to take place. Then open the champagne”.

Why choose Hong Kong?

The “champagne clause” included in a commercial contract has to be valid and enforceable. In Hong Kong, the formulation of such a clause is very simple, just a sentence will suffice.

Although in Hong Kong the court cannot intervene in the arbitration process (unlike in some other jurisdictions), arbitration can benefit from the court’s backing, which makes it very efficient. Hong Kong courts are very diligent in enforcing arbitral awards from all over the world.

Under the “One Country, Two Systems” principle, Hong Kong is a Special Administrative Region of China with a high degree of autonomy and its own commercial law. There is true freedom in Hong Kong, where the press has no fear in speaking out against Government. Hong Kong has a true independent judiciary, which is not fearful of making a case against the Government.

In February 2000, Hong Kong and Mainland China concluded an agreement for the mutual enforcement of arbitral awards under same conditions as the New York Convention. Hong Kong and Taiwan also have an arrangement for mutual enforcement and Hong Kong awards have already been enforced in Taiwan. In fact, Hong Kong has been resolving a number of Mainland-Taiwan commercial disputes.

Hong Kong was the first place in Asia where an arbitration centre was established (in 1985). Over the years Hong Kong has developed a strong arbitration culture. Its lawyers have trained arbitrators in other Asian countries, including Singapore and the Philippines. Hong Kong has a pool of about 300 arbitrators, including international ones from all over the world.

Hong Kong’s expertise and reputation for impartiality have attracted many arbitration cases. In 2009, 600-odd disputes were resolved, including 300 international cases of which one-third involved at least one Mainland Chinese party. Cases involving only Mainland Chinese parties also come to Hong Kong for resolution.

As to the nature of cases most often dealt with, they are construction and building engineering disputes; merger and acquisitions disputes; share transfer disputes; intellectual property disputes; some software and software licensing disputes; some maritime and shipping disputes. Domain name disputes (140 last year) are on the rise and a centre to deal with these has been set up as a joint venture between the Hong Kong International Arbitration Centre and its Mainland counterpart. Hong Kong is set to become a leader among online dispute resolution providers with regard to domain names and e-commerce.

“So remember, when you close the deal, think of including a champagne clause. Think about Hong Kong as a place of arbitration”, Ms Cheng concluded.

Ms Teresa Cheng is a Senior Counsel, Chartered Engineer, Chartered Arbitrator and Accredited Mediator. She is the Vice President of the ICC International Court of Arbitration, Vice Chairperson of Hong Kong International Arbitration Centre (HKIAC), and was elected as Vice President of the International Council of Commercial Arbitration (ICCA) in May 2010.
The Government has long made education its top spending priority, allocating about a quarter of its total recurrent expenditure to education each year. In 2010-11 this will be an estimated HK$52.2 billion (EUR 5.07 billion), 22.7% of total recurrent expenditure. Recurrent expenditure on education has increased by 18% over the past 10 years. About 30% of education spending is on higher education.

This commitment to investing in education stems from the conviction that Hong Kong’s human capital is its greatest asset and that its economic future lies in its strength as a knowledge-based economy. To enhance its competitive edge, Hong Kong needs to nurture talents who can deliver high value-added services and compete with their peers in other countries.

To achieve this aim, the Government is developing Hong Kong’s educational services, identified in the Chief Executive’s 2009-10 Policy Address as one of the six industries where Hong Kong enjoys clear advantages and which will add impetus to the city’s economic development.

The Government is seeking to internationalise and diversify Hong Kong’s higher education sector and to provide an ideal environment to attract talented students, including those from overseas.

English is one of Hong Kong’s official languages and English-speaking tertiary institutions make it easy for overseas students to study there. The cosmopolitan nature of campus life, rich cultural environment and use of Chinese language allow students to develop inter-cultural competences and prepare them for developing their career in Asia and the Greater China region.

In 2008 the Government implemented a series of measures to develop Hong Kong into a regional education hub. These included doubling the non-local student quota for public- ly-funded programmes to 20%; establishing a HK$1 billion (EUR 97 million) HKsAR Government Scholarship Fund, which is also available to non-local students who wish to come to Hong Kong to study; relaxing the restrictions imposed on non-local students regarding employment during their study; and allowing students to stay in Hong Kong for one year after their graduation.

A more diversified higher education sector will benefit students by providing them with more opportunities and a wider choice in pursuing higher education. In this regard, the Government considers that there is tremendous scope for the self-financing sector to complement Hong Kong’s public education sector. It has implemented a number of measures to encourage self-financing institutions and overseas universities to establish campuses in Hong Kong.

These measures include the Land Grant Scheme, under which the Government provides land to eligible non-profit-making applicants, selected through a competition process, at a nominal premium to construct purpose-built college premises. Eligible applicants can also make use of the Start-up Loan Scheme, which provides loans for campus construction or renovation, interest-free for the first 10 years.

In his 2010-11 Policy Address, the Chief Executive announced the establishment of a HK$2.5 billion (EUR 243 million) Self-financing Post-secondary Education Fund. With its investment income, the Fund will provide stable and sustainable resources to support the sector’s long-term development.

Interested institutions may contact the Education Bureau at edbinfo@edb.gov.hk for more details.
Two different league tables published in September gave high rankings to Hong Kong universities.

The Quacquarelli Symonds (QS) World University Rankings rated the University of Hong Kong (HKU) the top university in Asia and 23rd amongst the top 200 universities globally this year. The Hong Kong Chinese University (CUHK) and the Hong Kong University for Science and Technology (HKUST) also made the top 50.

The Times Higher Education (THE) World University Rankings ranked HKU as the world’s 21st and Asia’s number one university.

HKU was awarded a highly impressive score in its citation impact and research influence. HKU Vice-Chancellor Professor Lap-Chee Tsui said this was not surprising as more than 10% (100) of HKU’s professorate staff have long been identified as top 1% researchers by the Institute for Scientific Information.

“The THE ranking reaffirms our belief that the University is taking the right direction in its research strategies and poli- cies,” Professor Tsui added.

HKU also showed consistently high scores on criteria chosen by QS rankings as important for the best universities worldwide, such as academic peer review and internationalisation.
PhD Fellowship Scheme: Attracting the best students to Hong Kong

The Hong Kong PhD Fellowship Scheme was launched in September 2009 to attract the best and brightest students around the world, irrespective of their nationality and ethnic background, to pursue their PhD studies and research in Hong Kong's world-class public institutions.

These are the Hong Kong Institute of Education and Hong Kong's seven public universities: The University of Hong Kong, The Chinese University of Hong Kong, The Hong Kong University of Science and Technology, City University of Hong Kong, The Hong Kong Polytechnic University, Hong Kong Baptist University, and Lingnan University.

The Fellowship provides a monthly stipend of HK$ 20,000 (EUR 1,944) and a conference and research-related travel allowance of HK $10,000 (EUR 972) per year for the awardees for a period of three years. It is expected up to 135 PhD Fellowships will be awarded each year starting from 2010/11.

The first round of the Scheme has brought over 100 top students from 25 countries to Hong Kong to undertake PhD studies in fields ranging from humanities, business and social sciences, to engineering, medical and physical sciences. Applications for the second round commencing in the 2011/12 academic year are underway.

Further information at http://www.ugc.edu.hk/eng/rgc/hkphd/hkphd.htm
Hong Kong and the Netherlands to co-operate in science and innovation research

Academics from Hong Kong and the Netherlands will co-operate in research and exchanges under a new Joint Research Scheme.

The agreement for the Scheme was signed by Hong Kong’s Research Grants Council (RGC) and the Netherlands Organisation for Scientific Research (NWO) on 12 August. The RGC functions as an advisory body on research matters under the aegis of the University Grants Committee, which administers public grants to Hong Kong’s public universities. The NWO is an organisation that funds top researchers at universities and institutes and steers the course of Dutch science by means of subsidies and research programmes.

The new Joint Research Scheme strengthens co-operation in the fields of science and innovation, and promotes scientific research and technological exchanges between researchers in the Netherlands and Hong Kong.

It will operate in the mode of travel and workshop grants, enabling researchers in both places to visit their counterparts or conduct research. The RGC and NWO will provide eight travel grants at an amount of about HK$30,000 (EUR 2,917) for a one-year grant or HK$60,000 (EUR 5,834) for a two-year travel grant for the principal investigator in Hong Kong, and an amount of about EUR 3,000 for a one-year grant or EUR 6,000 for a two-year travel grant for the principal investigator in the Netherlands; and two workshop grants at a maximum of HK$150,000 (EUR 14,585) per grant for a workshop organised in Hong Kong and EUR 15,000 for a workshop organised in the Netherlands under the disciplines of astronomy, chemistry, mathematics and computer science.

Applications will be vetted by a Joint Selection Committee formed by experts nominated by the NWO and the RGC and the results will be announced at the end of April 2011.

Signing the agreement on behalf of NWO, Dr Louis Vertegaal, Director of Astronomy, Chemistry, Computer Sciences and Mathematics, said he was impressed with the research capability of Hong Kong’s higher education institutions. He noted that the research environment in the Netherlands and Hong Kong was very similar. He had high hopes for a long-term cooperation. “I hope that this agreement marks the beginning of a long and successful collaboration between the NWO and the RGC,” he said.

RCG Chairman Professor Roland Chin welcomed the collaboration, noting it was the RGC’s sixth joint research scheme and its fourth with a European country. The other three Joint Research Schemes with Europe involve the United Kingdom, Germany and France.

“These schemes have been operating well to foster academic links and promote international or regional research collaboration among researchers,” Professor Chin said. “They also add new dimension to the local research community through communication and exchange of research experiences with overseas academics”. He added that RGC would further explore co-operation opportunities with other organisations worldwide.

Joint Research Schemes: http://www.ugc.edu.hk/eng/rgc/fund/grants.htm#Research
The first project in a government scheme to revitalise historic buildings has been completed.

The Savannah College of Art and Design Hong Kong (SCAD), Hong Kong’s first foreign private university, held its official opening on 21 October in a building that formerly housed the North Kowloon Magistracy.

Hong Kong’s Chief Executive, Mr Donald Tsang, told the college’s President Ms Paula Wallace and assembled guests that he was impressed by the revitalisation of the old building and the creative use of space that had enabled it to come alive again.

SCAD updated the building with leading-edge technology to create teaching and learning space for professors and students.
students, while conserving and restoring all its important features such as original flooring, furniture, paint colours and other finishes.

The college created a 5,000-volume circulation library, art gallery, dark room, green screen motion capture studio, sound design studio, editing suites, computer labs, classrooms and lecture halls. Environmentally friendly features such as power efficient lighting systems, state-of-the-art cooling systems and solar reducing technology were utilized in the process.

Mr Tsang said that in recent years, the Government has placed strong emphasis on protecting Hong Kong’s built heritage and revitalising its old buildings so that they can continue to benefit future generations and preserve the diversity of the city. The creation of the Revitalising Historic Buildings Through Partnership Scheme was announced in his 2007 Policy Address.

“Eight more projects under the Scheme are in the pipeline. Each historic building – to be revitalised by a non-governmental organization selected through a highly competitive process – will have a fresh function and new place in our community”.

Mr Tsang said that this particular building, once a symbol of law and order, had served Sham Shui Po and the surrounding districts for nearly five decades until 2005.

“Today, it has been transformed into a respected place of learning, where creative endeavours will be nurtured by the convergence of young and creative minds.

“The diversity of visual arts and digital media courses that SCAD offers is most timely. By nurturing our local creative talent and drawing in students from around the region, SCAD will also help to reinforce our position as a regional education hub, with an international learning environment.”

SCAD offers 14 degree programmes in advertising, animation, graphic design, illustration, interactive design and game development, motion media design, photography, and visual effects, further enhancing Hong Kong’s ability to cultivate creative talent for the local creative industries. All the courses are in English.
Hong Kong’s role as wine distribution hub set to grow

Since Hong Kong eliminated wine duties in February 2008, the industry has continued to carve out new opportunities for sales, distribution, storage, marketing and education, and the city’s role as a wine distribution hub is set to expand still further.

In the first eight months of 2010, Hong Kong’s wine imports soared 73% compared to the same period last year, reaching some HK$4 billion (EUR 386 million). This is on the back of 40% year-on-year growth for the whole of 2009 and 80% growth in 2008.

The number of wine shops in Hong Kong has risen by about 850 in the past two years, while about 40,000 people are involved in wine-related industries such as retailing and logistics.

The huge success of the second edition of the Hong Kong Tourism Board’s Hong Kong wine & Dine Festival, a four-day open-air event featuring Bordeaux as this year’s co-organiser, shows the growing interest in wine among the general public. Over 110,000 people visited the festival, held along the spectacular West Kowloon Waterfront Promenade on 28-31 October.

Speaking at the opening ceremony, Financial Secretary Mr John Tsang said, “The aim is to promote our city as a wine and dine paradise, not only for the people of Hong Kong, but also for the millions of vacation and business visitors from around the world.”

The International Wine and Spirits Fair held on 4-6 November welcomed 19% more buyers this year and 700 exhibitors from 30 countries and regions. Italy will be the Partner Country for the 2011 fair.

Hong Kong has replaced London as the world’s second largest wine auction centre. The 34 wine auctions held in Hong Kong in the past two and a half years have netted a total of HK$1.5 billion (EUR 145.8 million) and more auctions are in the pipeline. This success highlights the growing appetite for wine not only as a beverage but as a sound investment.

To consolidate its status as the wine hub in Asia, the government has introduced various supportive measures in areas such as customs facilitation, trade and investment promotion, manpower training and education, the launch of a wine storage certification scheme and combating counterfeits. It has also signed a series of co-operation agreements with wine-producing countries and regions, most recently with Burgundy and Portugal.

Photo:

At the opening of the Hong Kong Wine and Dine Festival, Financial Secretary John Tsang (second from left) drinks a toast with (left to right) Chairman of the Hong Kong Tourism Board James Tien, President of the Chamber of Commerce and Industry of Bordeaux Laurent Courbu and Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) Yvonne Choi.
Hong Kong signs wine co-operation agreement with Burgundy

Hong Kong and Burgundy concluded an agreement on co-operation in wine-related business on 21 October.

The Memorandum of Understanding (MOU) was signed by Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism), Miss Yvonne Choi, who was visiting the region. Signing for Burgundy were Mr François Patriat, President of the Regional Council; Mr Benoît de Charette, President of the Regional Chamber of Commerce and Industry of Burgundy; and Ms Anne Parent, Vice President of the Burgundy Wine Board.

France is Hong Kong’s largest wine supplier, accounting for some 56% of its total wine imports by value in 2009-10. Imports from France to Hong Kong have increased by 97% and 31% respectively in 2008-09 and 2009-10, reaching EUR 173 million and EUR 252 million.

The MOU covers the hosting of events to showcase Burgundy wine and food, partnership between the training institutions of the two places to enhance education and manpower training in wine-related subjects, the promotion of wine-related tourism and wine culture, and encouraging Burgundy companies to set up wine-related operations in Hong Kong. Hong Kong had signed a similar MOU with France in August 2008 and with Bordeaux in October 2008.
Miss Choi said the agreement would further fortify the partnership between Hong Kong and Burgundy in wine-related businesses. Hong Kong would provide the fullest possible assistance to Burgundy in pursuing its wish to set up a regional representative office in Hong Kong.

“Hong Kong’s wine promotion activities provide a good anchor for Burgundy to showcase its fine wines to Asian consumers, particularly those from Mainland China.

“We stand ready to organise, with Burgundy, functions such as gourmet dinners and wine-tasting events targeting high-end buyers,” Miss Choi said.

During her visit to Dijon, Beaune and the Burgundy region on 20-22 October, Miss Choi met with the Regional Council of Burgundy, the Burgundy Wine Board, the respective Chambers of Commerce and Industry of Burgundy and Beaune, the Burgundy Tourism Board and the Ecole des Vins to discuss possible co-operation initiatives.

She also visited some of the most prestigious wine domaines of Burgundy, as well as the Centre of Vocational Training and Agricultural Promotion, a training centre in Burgundy for sommeliers, to discuss opportunities for fostering closer partnership between the training institutions in Hong Kong and Burgundy in wine education.

Photos:

(Above) Miss Choi at the home of Mr Benoît de Charette, President of the Regional Chamber of Commerce and Industry of Burgundy and Director-General of Maison Albert Bichot.

(Below) Wine tasting with Mr Thibault Liger-Belair of the Domaine of the same name at Nuits-Saint-Georges.
(Top left) A visit of the wine cellar of the prestigious Château de la Tour-Clos Vougeot, with producer Mr François Labet.

(Above) At Ecole des Vins, which offers an extensive range of wine courses for professionals and amateurs alike.

(Top right) Inspecting the impressive contents of the cellars of Maison Remoisset Père et Fils in Beaune, guided by Mr Bernard Repolt.
Wine agreement with Portugal uncorks new opportunities

An agreement concluded with Portugal will uncork new opportunities for wine-related businesses, Hong Kong’s Secretary for Commerce and Economic Development, Mrs Rita Lau said.

Mrs Lau and visiting Minister for Agriculture, Rural Development and Fisheries, Mr Antonio Serrano, signed the Memorandum of Understanding (MOU) for Co-operation in Wine-related Businesses on 22 October.

The signing was witnessed by the Consul-General of Portugal in Hong Kong and Macau, Mr Manuel Carvalho; the Honorary Consul of Portugal in Hong Kong, Dr Ambrose So; Acting Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism), Ms Linda Lai; and Commissioner for Tourism, Mr Philip Yung.

The agreement with Portugal covers customs facilitation, trade and investment promotion, manpower training and education, the launching of a wine storage certification scheme and combating counterfeits. It also provides for the promotion of Portuguese food specialities such as cheese, that are ideal accompaniments to wine.

“This not only reflects the importance of food pairing in wine tasting, but also highlights the knowledge and expertise we have in matching different wines with Asian cuisine,” Mrs Lau said.

“There is clearly great potential for producers, exporters, distributors and retailers to introduce wine and wine-associated products and services to Hong Kong and throughout Asia”, she added.

Since August 2008, Hong Kong has entered into similar wine co-operation agreements with France, Spain, Australia, Italy, Hungary, New Zealand and the United States, as well as the wine-producing regions of Bordeaux and Burgundy in France, and Oregon and Washington states in the United States.
**RMB 8 billion bond issue in HK**

The Central People’s Government issued sovereign bonds worth RMB 8 billion in Hong Kong, following a Memorandum of Co-operation signed by the Ministry of Finance and Hong Kong’s Monetary Authority on 22 November. It was the second issuance since September 2009 and has helped further develop Hong Kong’s renminbi bond market and offshore renminbi business.

Monetary Authority Chief Executive Norman Chan said the agreement “marks a milestone of the strengthening of financial co-operation between the Mainland and Hong Kong”.

The sovereign bonds issue was on a larger scale than the last round, with a longer tenor, and issued to institutional investors using a tendering method on the Monetary Authority’s Central Moneymarkets Unit. About RMB 5 billion worth of bonds were issued to institutional investors and the other RMB 3 billion worth of bonds were issued to individual investors.

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**Senior Government Appointment**

The Government has announced that Miss Yvonne Choi, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) since July 2007, will be retiring after 37 years of service with the Government.

She will be succeeded on 17 January 2011 by Mr Andrew Wong, currently Permanent Secretary for the Civil Service.

Mr Wong was head of the Hong Kong Economic and Trade Office in Brussels on two occasions, most recently from March 2004 to July 2005. Following his second posting in Brussels, Mr Wong was Permanent Secretary, Chief Executive’s Office from August 2005 to January 2006.

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**IMF raises its growth forecast for Hong Kong**

The International Monetary Fund raised its forecast for Hong Kong’s economic growth, projecting the economy will expand by 6.75% this year before moderating to 5% to 5.5% next year.

The assessment was made in the Preliminary Conclusions of the IMF Mission published on 18 November, following the 2010 Article IV consultation discussions.

The IMF approved the Government’s graduated response to property price inflation and the recent decision to supply more land and temporarily remove real estate from the investment asset class under the Capital Investment Entrant Scheme.

It recommended that Hong Kong seek opportunities to further develop offshore renminbi business in the city. These efforts should focus on increasing the use of the renminbi as a settlement currency for trade and current account transactions and expanding the range of investment vehicles into which offshore renminbi can be invested.

The IMF Mission also maintained its support of the Hong Kong-US dollar link, which has proven to be a robust anchor of Hong Kong’s monetary and financial stability.
Hong Kong lawyers have an edge in the Mainland

Thanks to Hong Kong’s Closer Economic Partnership Arrangement with China, Hong Kong lawyers have an edge over foreign lawyers in terms of association with Mainland law firms and practising law in the Mainland, Hong Kong’s Secretary for Justice, Mr Wong Yan Lung said.

Speaking in Kuala Lumpur on 25 November, Mr Wong said that up to July 2010, a total of 65 representative offices had been set up by Hong Kong law firms in 14 Mainland cities.

He noted that the Hong Kong legal profession consists of both local talents and experts from other jurisdictions, who are well-versed in financial and international trade matters. Many have extensive experience in assisting the international business communities to establish their business in the Mainland or to collaborate with Mainland enterprises.

Fitch upgrades Hong Kong’s rating to AA+

Financial Secretary John Tsang welcomed Fitch’s upgrading of Hong Kong’s long-term foreign currency sovereign rating to AA+ from AA, with a “stable” outlook, on 25 November.

Fitch attributed the upgrade to Hong Kong’s strong external financial position, solid public finances, well-regulated and capitalised financial system, dynamic and flexible economy, and strong standards of governance. It also recognised the dynamism and resilience of Hong Kong’s economy, which was again demonstrated through the recent global financial crisis and associated downturn.

Fitch last upgraded Hong Kong’s long-term foreign-currency sovereign rating to AA from AA- in July 2007, with a “stable” outlook. The long-term local-currency sovereign rating is AA+ with a “stable” outlook.

Hong Kong and Mainland sign co-operation arrangement on air pollution

Hong Kong and the Mainland signed a new five-year Co-operation Arrangement on tackling air pollution on 26 October. The agreement was signed by the Ministry of Environmental Protection and Hong Kong’s Environment Bureau/Environmental Protection Department.

The two sides have established a close collaboration over the years, sharing experience and professional knowledge in air pollution control. The new Co-operation Arrangement builds on this strong foundation and sets out clearly the co-operation areas between the two parties in the next five years, namely emissions control in both new and in-use vehicles; control on motor vehicle fuels; traffic management measures such as labelling of green vehicles, establishing low emission zones, etc; vehicle emission modelling and compilation of vehicle emission inventory; control of volatile organic carbon emissions and photochemical pollution; and storm dust notification system.

Both sides will draw up annual co-operation plans alongside a five-year work agenda.