



HKETO
Government of the HKSAR

Hong Kong – The Gateway to China



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Hong Kong Economic & Trade Office (HKETO)

- Representative office of the Government of the HKSAR
- Assists companies to expand and explore business opportunities in Hong Kong through *InvestHK*
- Works closely with *Hong Kong Trade Development Council* and *Hong Kong Tourism Board*



Overview of Hong Kong

	Hong Kong	New Zealand
Population	7.1 million	4.4 million
Area	1,100 sq km	270,000 sq km
Density	6,455 per sq km	16 per sq km
GDP (2011) #	USD242.9 billion	USD168.8 billion
GDP per capita (2011) #	USD34,176	USD38,227
Total Trade in 2011	Exports(incl re-exports): USD429 billion Imports: USD484 billion Total: USD913 billion	Exports(incl re-exports): USD39.1 billion Imports: USD38.3 billion Total: USD77.4 billion

International Monetary Fund (IMF) – World Economic Outlook Database, September 2011 Edition.

History

Before 1997

Hong Kong was a British colony starting from 19th century

After 1997

- The UK and China signed the Sino-British Joint Declaration (in 1984), agreeing to transfer sovereignty of Hong Kong back to China
- Hong Kong became a Special Administrative Region of China, under the principle of "one country, two systems" starting from 1 July 1997



One Country, Two Systems

- High degree of autonomy, except in defence and foreign affairs
- Hong Kong retains:
 - Own government, police, customs, tax, fiscal policy, etc.
 - Own legislature and laws
 - Common law legal system upheld by an independent judiciary
 - Freedom of speech, religion, occupation, etc.
 - English as the language of business
 - Level playing field for business
 - Free flow of information
 - Free flow of capital, with stable and freely-convertible currency linked to US dollar
- Hong Kong negotiates and signs its own economic/trade agreements
 - Hong Kong is a full & separate member of WTO, APEC, etc.
 - Hong Kong is a separate customs territory from rest of China

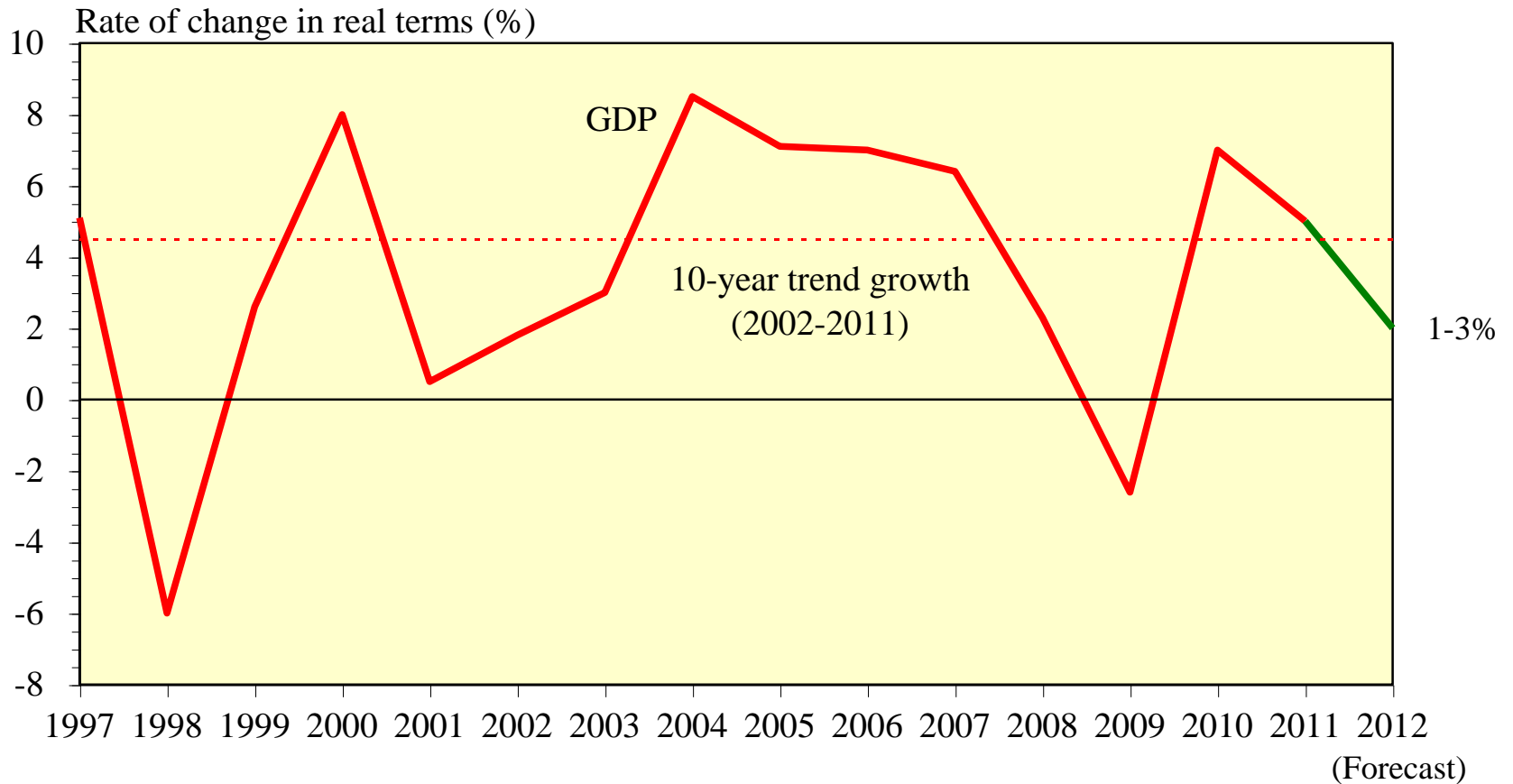


Economic Performance

- Economy grew by **5%** in 2011
- Unemployment at **3.4%** (Jan-Mar 2012)
- Forecast economic growth of **1-3%** in 2012.



Economic Performance



Major Drivers of Economy

Services sector: 93% of HK's GDP

Four key industries (58% of GDP)

- trading and logistics
- financial services
- tourism
- producer and professional services

Six emerging industries (8.4% of GDP)

- educational services
- medical services
- testing and certification
- innovation and technology
- cultural and creative industries
- environmental industries



Hong Kong's Advantages



Strategic Location

Strategically located at the **heart of East Asia**, Hong Kong is within a five-hour flight of half of the world's population.

Flight duration from Auckland to HK:
10 hours 45 mins approx.

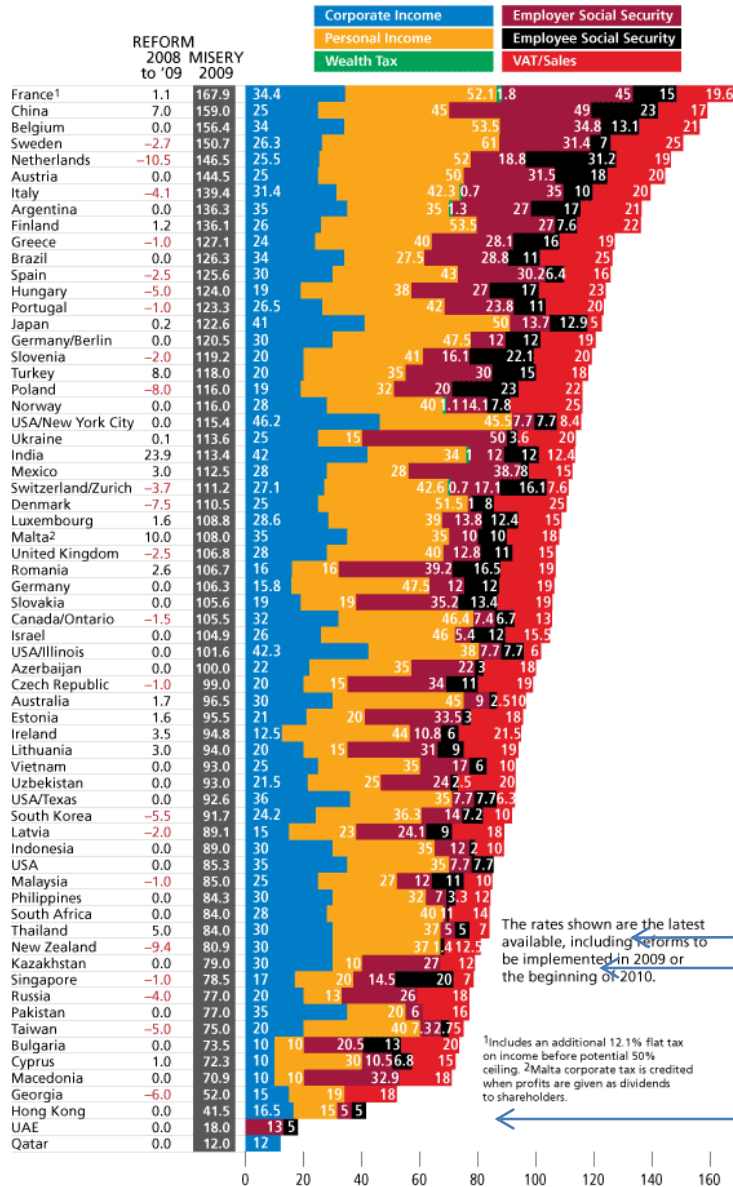


Stable, Low & Simple Tax System

- Profits (Corporate) Tax : **16.5%**
- Salary (Income) Tax : **15%**
- No GST/ VAT
- No capital gains tax
- No fringe benefits tax



Forbes Tax Misery Index 2009



China

New Zealand
Singapore

Hong Kong

The rates shown are the latest available, including reforms to be implemented in 2009 or the beginning of 2010.

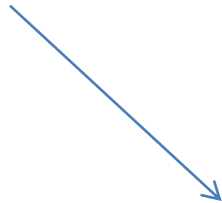
¹Includes an additional 12.1% flat tax on income before potential 50% ceiling. ²Malta corporate tax is credited when profits are given as dividends to shareholders.

Hong Kong – World's Freest Economy

2012 Index of Economic Freedom

Top 10 Countries

WORLD RANK	COUNTRY	OVERALL SCORE	CHANGE FROM PREVIOUS
1	Hong Kong	89.9	0.2 ^
2	Singapore	87.5	0.3 ^
3	Australia	83.1	0.6 ^
4	New Zealand	82.1	-0.2 v
5	Switzerland	81.1	-0.8 v
6	Canada	79.9	-0.9 v
7	Chile	78.3	0.9 ^
8	Mauritius	77.0	0.8 ^
9	Ireland	76.9	-1.8 v
10	United States	76.3	-1.5 v



Hong Kong – Gateway to China



Pearl River Delta



Strong Business Links with Mainland China

- Hong Kong remains China's most important entrepôt, handling about 17% of its foreign trade.
- Hong Kong is the largest external investor in the Mainland, (40% of total realised direct investment)
- Over 100,000 Hong Kong enterprises in the Pearl River Delta (PRD) region, employing over 10 million people.
- About 213,000 Hong Kong people work in the Mainland.

China's Global Financial Centre

- 3rd most competitive financial centre in the world
- Global leader in IPOs since 2009
- Home to 70 of the world's 100 largest banks

Ranking	City
1	London
2	New York
3	Hong Kong
4	Singapore
5	Shanghai, Tokyo
7	Chicago
8	Zurich
9	Geneva
10	Sydney, Toronto

Hong Kong as the Offshore RMB Centre

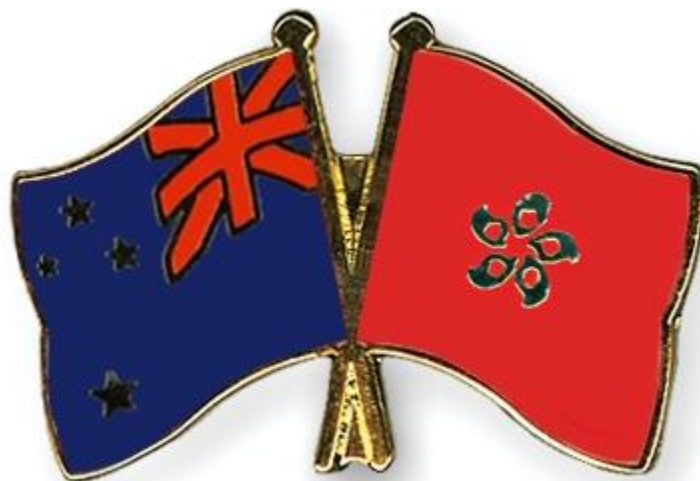
- RMB deposits
- RMB trade settlement
- RMB bonds and investment products



People's Bank of China Deputy Governor Hu Xiaolian and Monetary Authority Chairman Norman Chan sign a supplementary memorandum of co-operation on the expansion of the renminbi trade-settlement scheme.



Hong Kong-New Zealand Relations



Bilateral Trade

- Annual growth in Hong Kong-New Zealand bilateral trade: **11%** in 2011
- In 2011, about **6%** of the trade (US\$0.5billion) between New Zealand and the Mainland was routed through Hong Kong.
- **88%** of Hong Kong's re-exports to New Zealand were of Mainland origin.



Hong Kong's imports from New Zealand (2011)

- Meat / animal products (18%)
- Dairy products and birds' eggs (18%)
- Fish, crustaceans, molluscs and aquatic invertebrates (14%)



HK-NZ Closer Economic Partnership Agreement (CEP)

Signed in March 2010

Came into force on 1 January 2011



HK-NZ Closer Economic Partnership Agreement (CEP)

It offers New Zealand:

- greater **security of duty-free access** to the Hong Kong market
- **clearance of New Zealand goods within 48 hours** of the time of arrival
- guaranteed ongoing access to Hong Kong's **government procurement market**
- secure services access for sectors of key interest for New Zealand, including **private education, business services, environmental services and logistics**

Other Cooperation between Hong Kong & New Zealand

Since 2009, Hong Kong and New Zealand also signed:

- MOU on Wine-related Businesses (October 2009)
- Arrangement on Cooperation between Audio-visual Industries (November 2009)
- Comprehensive Agreement for the Avoidance of Double Taxation (December 2010)
- Arrangement on Education Co-operation (October 2011)

Opportunities for NZ companies to enter China Market



Increasing no. of Visitors to HK

- A record **42 million** people visited HK in 2011, 16% more than in 2010.
- Two-thirds of the visitors were from Mainland China and they were also the biggest daily per capita spenders.
- Growing demand in high-quality food and products from countries such as New Zealand.

Increasing Demand for NZ products

- In 2011, Hong Kong's imports from New Zealand
 - Vegetable products increased by **46.8%**
 - Animal or vegetable fats and oils increased by **24.6%**
 - Live animals / animal products increased by **2.8%**
- Since eliminating duties on wine in 2008, the value of wine imports from New Zealand has increased by **188%**.
- The value of wine imported from New Zealand in 2011 reached US\$10.7 million, up **25%** compared to 2010.

Conclusion

- With simple & law tax regime, English as language of business and familiar commercial law, Hong Kong is **an easy place** for New Zealand companies **to do business**.
- Hong Kong's strategic location and strong business links with China make it New Zealand enterprises' **best gateway to the Mainland China** and other burgeoning Asia markets.
- The rise of the middle class in China and the increasing no. of visitors to Hong Kong boost the **demand for high quality food and beverage products**.
- Hong Kong is an ideal place for New Zealand business to **promote products, as well as services, especially tourism to Mainland Chinese consumers**.



HKETO
Government of the HKSAR

HKETO is ready to help you expand your business in Hong Kong – your gateway to the Mainland market

Website: www.hketosydney.gov.hk

facebook : “Hong Kong in Australia and New Zealand”

www.facebook.com/HK.AU.NZ

Toll-free line: 0800 030 631 (within New Zealand)