

Belgium Hong Kong Society Newsletter #2

Celebrating our 25th Anniversary in 2011



WTO Members commend Hong Kong for its free trade regime

Members of the World Trade Organization (WTO) again commended Hong Kong for its open and free trade policies at a Trade Policy Review meeting held in early December.

It was the sixth such WTO Review focusing on Hong Kong. Members acclaimed Hong Kong for the transparency and openness of its trade and investment regime and the constructive role it played in the Doha Development Agenda.

In his concluding remarks, the Chairman of the WTO Trade Policy Review Body, Ambassador Bozkurt Aran of Turkey, praised Hong Kong for being one of the freest economies, its strong commitment to the multilateral trading system and its efforts to further develop trade with new markets around the world.

He concluded that the review of Hong Kong's trade policies, practices and measures had been highly positive.

Chairman's Message

I wish you all our members and readers a very happy Lunar New Year. Or as we say in Hong Kong: Gung hay fat choy. 2011 is the Year of the Golden Rabbit, which begins on February 3 and ends on January 22, 2012. People born in the **Year of the Rabbit** are friendly individuals who enjoy the company of a group of good friends. They are artistic, good counselors and communicators, but also need their own space. For those of you who are Rabbits (2011 1999 1987 1975 1963 1951..), you are in the good company of some famous Rabbits including Edith Piaf, Angelina Jolie, Einstein and Steven Vanackere.

We celebrate the Lunar New Year with our annual, festive Chinese New Year Reception on Friday, February 4, at the Albert Hall in Brussels. We are delighted to welcome the Belgian Foreign Minister, H.E. Mr Steven Vanackere as our guest of honour, a sign of the close relationship between Belgium and Hong Kong.

This year the BHKS will also celebrate its 25th Anniversary, 25 years of interesting activities and exchanges between Belgium and Hong Kong. One of the highlights was undoubtedly when Belgium became the first country to have negotiated, signed and ratified in 2004 a double taxation avoidance treaty with has undoubtedly helped strengthen the economic ties with the Territory. We also benefited from regular visits to Brussels of the highest officials of Hong Kong. We are planning various special events to mark our 25th Anniversary.

I would also like to acknowledge the election of our Vice-Chairman, Mr Georges Legros as Chairman of the Federation of the Hong Kong Business Associations Worldwide. Georges has been elected to head the Federation for 2 years. I proudly wish Georges, on behalf of the BHKS a very successful chairmanship.

BHKS Chairman, Piet Steel

IMF backs Hong Kong's linked exchange rate

The International Monetary Fund (IMF) released its Staff Report on Hong Kong on 3 December 2010, in which it welcomed the Government's efforts in maintaining financial stability and reiterated its support for the Linked Exchange Rate system. IMF also remarked that Hong Kong remains in a strong position to guarantee financial stability.

The financial system has been prudently managed and is well supervised and regulated. In addition, banks generally have robust internal risk-management systems and recent regulatory measures to tighten the underwriting standards for mortgage lending will help insulate the financial system from the effects of a housing downturn.

[For more information](#)

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HKMA welcomes Renminbi settlement

The Hong Kong Monetary Authority (HKMA) welcomed the expansion of the list of Mainland enterprises that are eligible for participating in the cross-border renminbi trade-settlement scheme.

On 6 December the People's Bank of China and relevant Mainland authorities announced that the list of Mainland enterprises that can settle merchandise exports in renminbi had swelled to 67,359 - up from 365. The cross-border renminbi trade-settlement scheme's coverage was expanded in June, from trade transactions between five Mainland cities and the ASEAN economies to all trade transactions of 20 provinces and cities on the Mainland with the rest of the world.

Hong Kong expands network of tax agreements

Hong Kong is continuing to expand its network of tax agreements with its trading partners. As at 6 December 2010, Hong Kong has already concluded 18 comprehensive agreement for the avoidance of double taxation with its trading partners. They include Belgium, Thailand, the Mainland of China, Luxembourg, Vietnam, Brunei, the Netherlands, Indonesia, Hungary, Kuwait, Austria, the United Kingdom, Ireland, Liechtenstein, France, Japan, New Zealand and Switzerland.

The legislative amendments which enable Hong Kong to adopt the latest 2004 OECD standard on Exchange of Information (EoI) were commenced on 12 March 2010. Since then, Hong Kong has been moving a big step forward to align with the international standard on EoI and enhance her position as a transparent tax jurisdiction

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Upgrade of Hong Kong's Ratings

Moody's decided to upgrade Hong Kong's government bond ratings to "Aa1" from "Aa2" with "Positive" outlook in November 2010. Moody's decision was attributed to the city's continued and improving financial strength, particularly in comparison to other sovereigns rated in the Aaa and Aa range; also to the lessening vulnerability of Hong Kong to external shocks, as demonstrated by the continued health of the financial sector and the increase in external financial assets; and the favourable prospects for China's economic performance in the coming years, which will provide support for economic growth and financial developments in Hong Kong.

Moody's also upgraded China's government bond ratings to Aa3 with "Positive" outlook.

Fitch announced on 25 November that it has upgraded Hong Kong's long-term foreign-currency sovereign rating to "AA+" from "AA". Fitch also affirmed Hong Kong's long-term local-currency sovereign rating at "AA+".

The outlook on both ratings are "Stable". Fitch attributed the upgrade to Hong Kong's strong external financial position, solid public finances, well-regulated and capitalized financial

system, dynamic and flexible economy and strong standards of governance. Fitch also recognised that the dynamism and resilience of Hong Kong's economy was again demonstrated through the global financial crisis and associated downturn.

S&P announced 16th December that it had upgraded Hong Kong's long-term local- and foreign-currency sovereign ratings to "AAA" from "AA+", with "Stable" outlook. S&P attributed the upgrade to Hong Kong's large net external creditor position, the recurring current account surpluses, the Government's accumulated fiscal reserves, and the above-average growth potential for a high-income economy. S&P also noted that the upgrade reflected its positive reassessment of the risks the Hong Kong economy faces from its exposure to changes in administrative policies and less-developed civil institutions in China.

S&P also considered that the strong growth in Mainland China, and the deepening economic and financial links between Hong Kong and the Mainland, have boosted Hong Kong's short- and long-term growth prospects.



Year of the Rabbit

Chinese New Year Reception

4 February 2011 ~ Free!

One of the signature events of the BHKS is the large-scale Chinese New Year (CNY) Reception. The BHKS, together with the Hong Kong Economic and Trade Office (HKETO), Brussels and the Hong Kong Trade Development Council, will organize an evening buffet reception with cultural performance by Hong Kong talents to celebrate the new year. This time, we have invited the world-renowned young Hong Kong cellist, Mr Trey Lee to perform. A variety of Chinese and Western cuisine will also be served.

Time: 18:30

Venue: Albert Hall, 9 Avenue Eudore Pirmez,
Carrefour de la Chasse, Brussels

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Economic Highlights

The Hong Kong economy remained robust in the third quarter of 2010. Real GDP expanded briskly further by 6.8% year-on-year, following a strong growth of 7.2% in the first half of 2010. The GDP growth forecast for 2010 as a whole is revised upwards to 6.5%.

In November 2010, the forecast rate of headline consumer price inflation for 2010 as a whole was revised upwards, from 2.3% to 2.5%.

The seasonally adjusted unemployment rate declined further from 4.2% in August – October 2010 to 4.1% in September – November 2010, while the underemployment rate remained unchanged at 1.9%.

4m more Mainland Tourists eligible to visit Hong Kong

Shenzhen will expand the Individual Visit Scheme to allow non-Guangdong residents to apply for individual visit endorsements in Shenzhen to visit Hong Kong from 15 December. About four million additional residents will be eligible. The measure was welcomed by the Hong Kong Tourism Board, which noted that in the first eleven months of this year, 20 million Mainland visitors came to Hong Kong. The new measure would encourage more visits to Hong Kong, especially same-day visits for shopping.

Congratulations BHKS!

The BHKS won the 1st-runner-up of the Outstanding Membership Award 2010 under the Europe region. Mr Georges Legros, Vice Chairman of the BHKS was elected as the Chairman of the Federation of Hong Kong Business Association Worldwide at the Hong Kong Forum. See below for more on this.

Hong Kong's official foreign currency reserve assets amounted to US\$266.1 billion at the end of November. Hong Kong is the world's ninth-largest holder of foreign currency reserves based on the latest published figures, after the Mainland, Japan, Russia, Taiwan, India, South Korea, Brazil and Switzerland. The total assets of the Exchange Fund amounted to \$2.2797 trillion in October 31, up \$13.8 billion in the end of September.

Visitor arrivals to Hong Kong grew to 3,258,537 in October, up 18% year on year. In the first 10 months of the year, total visitor arrivals grew 23% to 29,434,487, year on year, with 18.53 million being Mainlanders.

Exclusief Hong Kong – March 19, 2011

The "Exclusief Night 2011" will be held on 19 March 2011 at Kursaal Ostend. Hong Kong will be the focus of the whole event. Over 2000 Belgian VIPs from the business, political and entertainment circles will be present. Apart from the delicious Chinese food and spectacular cultural performance from Hong Kong, another highlight of the event will be a Fashion Show of an internationally renowned Hong Kong fashion designer, Mr William Tang. There are still lots of Hong Kong elements waiting for you to explore at the Exclusief Night 2011.

Offscreen Film Festival in Brussels 17 February 2011 ~ Free!

A special collection of the Shaw Brothers Classics from Hong Kong will be screened during the 4th Brussels Offscreen Film Festival from 9 to 27 February 2011. An opening reception for the Shaw Brothers Classics sponsored by the HKETO, Brussels will be held on 17 February 2011 at 19.00 hrs at Champagnothèque, Galeries Royales Saint-Hubert / Koninklijke Sint-Hubertusgalerijen.

A screening of the timeless classic The 36th Chamber of Shaolin (1978) will follow. BHKS members are most welcome to join. For registration: muriel.albert@hongkong-eu.org. Seats will be on the first come, first served basis

HKIA scoops "Best Airport in China" Award

Hong Kong International Airport's (HKIA) dedication to providing a pleasant and memorable airport experience for worldwide passengers has once again been recognised with the bestowal of the "Best Airport in China" award in Shanghai in November 2010. Over the past decade, HKIA has crowned the world's best airport for more than 30 times.

In addition to this recognition, HKIA has received more than 10 other local and international awards related to airport facilities and services this year. These include being named "Best Airport" at the 21st TTG Travel Awards 2010; as well as being selected as "World's Best Airport" by the Airports Council International among airports with an annual passenger throughput of over 40 million.

[Click here to read more](#)

Renew your Membership

Renew your membership of the Belgium Hong Kong Society and continue to receive invitations – for the annual Chinese New Year event and much more. See www.bhks.be for more information.

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11th Hong Kong Forum 1-2 December 2010

The Belgium Hong Kong Society is one of the 33 member associations from 24 countries which constitute the Federation of Hong Kong Business Associations Worldwide. The highlight in the programme of activities of the Federation is the Hong Kong Forum which is held every year in Hong Kong. The 11th Forum was attended by some 400 participants from all around the world.

The aim of the 2-day programme is to give first time visitors as well as people who already know Hong Kong a complete and up-to-date view of what makes Hong Kong such a unique place to do business in China and in Asia. The programme is intense, varied and very much interactive. Last year, it included two keynote luncheons with high level speakers Victor Fung, Chairman of the International Chamber of Commerce and The Hon Wong Yan Lung, Hong Kong Minister of Justice; two panel discussions with two prominent regional business leaders and the heads of three outstanding Hong Kong based companies; a presentation by the director-general of Invest HK; a choice of practical workshops; a choice of company visits. For the first time, a dialogue with two China CEO's was organized: the audience was fascinated by their fascinating stories. During the coffee breaks, luncheons, cocktail party and especially the lively farewell dinner there are plenty of opportunities for networking, exchanging experiences and developing contacts. Highlights of the programme can be seen on video by consulting the Federation's website.

Before or after the Forum, the Federation organizes a side trip to China, usually in the Pearl River Delta region. This time, the delegation visited Guilin, Yangshuo and Nanning in Guangxi Province. The trip combined discussions with senior government officials with company visits and a bit of tourism. Participants were impressed by the amazing development in the province. Close to Vietnam, Guangxi is China's gateway to the ASEAN countries. The realized as well as planned infrastructure developments (railways, ports, expressways) are truly mindboggling.

Participation in the Hong Kong Forum is reserved to members of the Federation. Members of the Belgium Hong Kong Society are entitled to attend and participation is basically free of charge (a symbolic registration fee of around 50 Euros) and represents outstanding value. The 12th Forum will be held in Hong Kong on 29-30 November 2011, with an optional side trip to China on 1-2 December. Last year, only 2 members of the BKHS attended. I hope that more members will take advantage of the opportunity and join this year.

Georges Legros
Chairman
Federation of Hong Kong Business
Associations Worldwide

For more information on Federation of Hong Kong Business Associations Worldwide, visit their website: <http://hkfederation.org.hk/>
Here you will find a full account of the 2010 Hong Kong Forum, hear up-to-date news on Hong Kong, read about business opportunities and much more. See also the Membership benefits section – for members of the Association, which includes all paid-up members of the Belgium Hong Kong Society.

HKEx decides to extend trading hours to strengthen competitiveness

Hong Kong Exchanges and Clearing Limited (HKEx) decided to extend the trading hours of the securities and derivatives markets in two phases beginning in March 2011, subject to regulatory approval and market readiness.

Starting on 7 March 2011 (the first Monday of the month), the continuous trading session of HKEx's securities market will be from 9:30 am to 12:00 noon and then from 1:30 pm until 4:00 pm.

Beginning on 5 March 2012 (also the first Monday of the month), the continuous trading session of HKEx's securities market will be from 9:30 am to 12:00 noon and then from 1:00 pm until 4:00 pm.

HKEx believes the proposed changes will improve the price discovery function for Mainland-related securities by increasing the overlap of trading hours with the Mainland exchanges. This will also strengthen HKEx's competitiveness by narrowing the gap between its trading hour duration and those of regional competitors.

[For more on this story](#)