

**WELCOME SPEECH BY ANTONIO PRADO, ECLAC DEPUTY EXECUTIVE  
SECRETARY, FOR THE VISIT OF MR. DONALD TSANG,  
CHIEF EXECUTIVE, GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION  
ECLAC, Santiago, Chile, April 12, 2012**

Honorable Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China and distinguished delegation.

Your Excellency,

It is with the greatest pleasure that I welcome you and your delegation to this, the house of the United Nations in Latin America and the Caribbean, which is a living expression of the economic and social development aspirations of the peoples of our region.

On behalf of the Executive Secretary, Ms. Alicia Bárcena, who had to travel to Cartagena de Indias, Colombia, to attend the Summit of the Americas, I would like to express that it is a great honour for ECLAC that you have chosen to come to our institution to share your views on the role of the Hong Kong Special Administrative Region in China's Development.

Your visit follows that of Vice-President Xi Jinping of the People's Republic of China in June 2011, and that of the President, Jiang Zemin, who spoke from this very podium, about the Sino-Latin American relations, in April, 2001.

Dr. Tsang

As you might be aware, the first decade of the twenty-first century witnessed significant advances in the trade relationship between Latin America and the Caribbean and the People's Republic of China. In just a few years China has become a major partner in the region's trade strategies and international positioning policies. We estimate that China could well displace the European Union as the region's second largest trading partner in the next few years. Robust Chinese demand for primary products has benefited countries that export those goods by allowing them to improve their terms of trade and stimulate growth. At the same time, China's commodity boom enabled the region to weather better the 2008/2009 international financial crisis.

Let us also recall that during the past decade, the region was China's most dynamic trading partner. During 2005-2010, China's exports to and imports from the region grew twice as fast as its trade with the world overall. This not only underscores the growing importance of the region as a destination for Chinese exports but also explains, in part, the resilience showed by Latin America and the Caribbean during the global crisis and the post-crisis recovery.

Undoubtedly, China's demand for raw materials presents a tremendous opportunity for the region, particularly South American economies. However, trade flows between China and the region are almost exclusively inter-industry, in which the region exports primary products and their processed goods and imports manufactures.

Another important challenge is to attract higher levels of Chinese foreign direct investment (FDI) in the region, especially investment directed towards manufacturing and services, improving infrastructure, promoting diversification of production and encouraging business partnerships. In this regard, the recent announcement by the Government of China to create a one billion dollar fund with the Inter-American Development Bank points to a new move of China into financing in the region.

Your Excellency

As we all know, Hong Kong is the world's freest economy and one of the most open economies in the world, with total value of trade in goods and services exceeding 400% of Gross Domestic Product (GDP). When intra-European Union trade is excluded, Hong Kong was the world's 5th largest importer and 6th largest exporter of goods in 2010. Re-exports remained the key driver in overall trade with the vibrant trade flows of the Mainland with which roughly half of Hong Kong's trade is conducted. Currently Hong Kong's exports to and imports from Latin America and the Caribbean reach almost US 6 and 5 billion dollars, respectively, and more 98% of total Hong Kong exports to the region are re-exports by way of *entrepôt* trade.

Hong Kong's services sector is among the most developed in Asia. It was the world's 7th largest services exporter and the world's 11th largest importer in 2010, excluding intra-European Union trade. In addition, the Hong Kong Special Administrative Region is a major recipient and source for foreign direct investment (FDI) worldwide; its inward and outward foreign direct investment (FDI) reached 69 and 76 billion dollars in 2010, accounting for 5.5% and 5.7% of world total, respectively. Hong Kong also begins to play an intermediary role for the internationalization process of the Chinese currency, the yuan renminbi (RMB).

Hong Kong topped the World Economic Forum's 2011 index of financial market development, supplanting the U.S. and U.K. As a leading regional and international financial centre, Hong Kong continues to strengthen its competitive advantages and expand and deepen its capital markets. In the future years, developing Hong Kong's yuan renminbi (RMB) business will give this financial center a huge additional boost. By establishing appropriate linkages with Hong Kong's offshore yuan renminbi (RMB) platform, banks in different parts of the world will be able to provide a comprehensive range of yuan renminbi (RMB) banking and financial services to meet the rapidly increasing demand of their customers. So, we are eager to hear from you how the internalization of the yuan renminbi (RMB) will affect our region.

The Hong Kong Special Administrative Region Government strives to further enhance its competitiveness and to develop the city into an innovation and technology hub for the Asian region. Hong Kong aims at building on its strengths (i.e. emerging research and development capability, excellent infrastructure, robust intellectual property protection regime and close proximity to the Mainland) to promote the development of innovation and technology. As I said earlier, the countries of the region urgently need to develop new linkages to strengthen innovation, productivity, competitiveness, diversification of the productive and export base, a more qualified workforce, and a less unequal income distribution. I am convinced that Hong Kong Special Administrative Region can, and should, be an active partner of the region in this endeavour.

The impressive progress that Hong Kong has made over the years makes these systemic issues excellent candidates for future mutual cooperation between Hong Kong and the countries in the region. The list of cooperation areas includes, among others: Trade in Services including Tourism;

Science and Technology including Nanotechnology and Advanced Materials; Education; Small and Medium-sized Enterprises (SMEs); Information and Communications Technologies (ICTs); Logistics and Supply Chain Management enabling technologies including trade facilitation measures such as paperless trade and customs and ports modernization.

Your Excellency

We think the relationship between China and Latin America and the Caribbean is mature enough to think about enhancing quality. This is the time to identify, in a cohesive manner, the region's priorities with respect to its relationship with China and come up with ideas on how the Hong Kong Special Administrative Region can contribute to achieving this goal.

We clearly understand that we should work actively to strengthen and intensify our relations with the proper the Hong Kong Special Administrative Region as well. Your visit to our continent bears witness to that fact. Your presence here does this Commission a great honour, and I wish to reiterate our commitment to promoting and supporting the development and consolidation of relations between the Hong Kong Special Administrative Region, the Mainland China, and our region.

Without further ado, I would like to offer the floor to you Sir.