

Competition from Shanghai and Macao

Challenge from Shanghai

- Hong Kong's status as China's premier international financial centre remains as strong as ever and it will be some years before Shanghai can seriously threaten Hong Kong. The markets are at different stages of development that compete with and complement each other at the same time.
- Hong Kong's financial industry continues to be the leading capital market overseas for Mainland companies, thanks to its well-regulated and liquid stock market. Hong Kong's healthy, resilient banking system remains the envy of a region where many banks are suffering from bad loans and poor management despite years of restructuring. The city has vigilant regulators and well-tested financial institutions.
- Hong Kong is well ahead of Shanghai in terms of institutions, laws, connections, governance and English-speakers so that catching up will take some time. In June 2007, *The Economist* magazine quoted China's Prime Minister, Wen Jiabao, as saying: "Hong Kong's position as a financial centre, shipping centre and trade centre is irreplaceable."

Competition from Macao

- Hong Kong and Macao have rather different economic structures and development strategies. There is division of responsibility in the development of the Pearl River Delta and we should engender healthy competition between the two.
- In terms of tourism, Hong Kong is renowned for its diversity and cosmopolitan lifestyle, while Macao is a compact destination with novelty and appeal, particularly in the entertainment area. There is much room for co-operation between the two in promoting regional tourism and offering options that give visitors authentic and diversified experience.
- Hong Kong has a track record of playing host to some of the world's most prestigious exhibitions and conventions. We have the international connections, the experience, the global outlook, excellent logistical and venue support, and convenient transportation and telecommunication facilities that are necessary for a successful exhibition or convention. The sixth WTO (World Trade Organization) Ministerial Conference (December 2005) and the ITU (International Telecommunication Union) Telecom World 2006 are time and again cited as prime examples. In 2007, we successfully hosted the Asian Financial Forum and the Asian Aerospace International Expo and Congress (both in September 2007).
- We aim to do even better to promote Hong Kong as a preferred destination and centre of excellence for the MICE (meeting, incentive, convention, exhibition) sector in the Asia Pacific region. To facilitate the staging of larger-scale MICE events in Hong Kong, the Hong Kong

Tourism Board will provide one-stop support service as well as hospitality arrangement for MICE event organisers. We stand ready to offer exciting side travel programmes to MICE event participants for them to explore Hong Kong and our environs. Our city combines the best of East and West, and is eager to invite visitors to sample our colourful and sophisticated metropolitan living culture.

- To give our tourism and MICE sectors an extra boost, the Financial Secretary has proposed in his 2008-09 Budget to waive the hotel accommodation tax. The Financial Secretary has also exempted the duties on wine, beer and all other alcoholic beverages (except spirits) with immediate effect.
- On infrastructure development, the exhibition area of Hong Kong Convention and Exhibition Centre (HKCEC) will increase by 42% with the completion of the atrium link extension in 2009. We are considering with the AsiaWorld-Expo for an early commencement of its Phase 2 project, to bring its total exhibition space up to 100 000 square metres. In parallel, the Government is working closely with the Hong Kong Trade Development Council (HKTDC) to review and address the problems related to the development of Phase 3 of the HKCEC.