

Opening Speech by Andrew K. P. Leung, SBS, FRSA, Honorary Chairman of the China-Hong Kong Economic and Trading International Association on Harbin-Hong Kong-Russia cooperation at an exchange forum in honor of the visiting Harbin delegation led by the Honorable Song Xibin, Mayor of Harbin, at the Hong Kong Convention and Exhibition Centre, Thursday 31 March 2016

Honorable Mayor Song, Chairman Chen Qingdong, Distinguished Guests, Ladies and Gentlemen,

May I first extend a heartfelt welcome to Mayor Song and his delegation to Hong Kong, the city of my birth where I spent the best part of my career over 40 years.

Like Hong Kong, Harbin's origin was enriched by foreign influence. At the end of the 19th century, there were 160,000 foreign immigrants from 33 countries. A census in 1913 showed that 88.5% of Harbin's population were foreigners, including 40,000 Russians. Towards the end of the Second World War, the city was liberated by the Russian Red Army. It became the first Chinese city coming under the rule of the Communist Party of China.

Today, Harbin is a dynamic economic hub of China's Northeast. Its pillar industries are manufacturing including automotive and aircraft, pharmaceuticals, petrochemicals, and food processes, supported by well-endowed R & D and advanced educational institutions.

Service industries now contribute over half Harbin's GDP, including rail transport, tourism and consumer goods. Harbin's rich cultural diversity has earned its reputation as a UNESCO City of Music and a Creative City, rich in heritage of Byzantine and Orthodox architecture.

Harbin's connectivity to international trade including countries like the United States, Russia, India and Brazil has turned it into the leading international metropolis in China's northeast. Its early integration with the Trans-Siberian Railway enables it to play an important role in China's latest One Belt, One Road (OBOR) strategy. Its economic, and high technology zones have made Harbin a major foreign direct investment destination in China's north.

Like Hong Kong, Harbin is also noted for tourism. Since 1985, the annual Harbin International Ice and Snow Sculpture Festival has now become an international

winter sensation. Its unique delicacies like “Khleb and Smoked Red Sausages”(熏红香肠), double-cooked pork slices (锅包肉) etc are mouth-watering legends.

Harbin’s tourism has grown by leaps and bounds in recent years, with the number of visitors and revenue increasing by multiples. Harbin is ideally placed to provide self-help tourism, eco-tourism, and leisure and sports tourism. These are meeting the needs of Hong Kong’s affluent young tourists.

Yesterday, Mayor Song introduced Harbin’s attractive ecological environment for retirees. In the Internet era, Hong Kong’s pensioners could enjoy a retirement lifestyle in Harbin of exceptional value and also maintain close contact with their loved ones in Hong Kong. Harbin’s health care and hospitals are of exceedingly high quality. In any case, the flights between Hong Kong and Harbin are convenient. So the idea of building a 5-star Hong Kong Retirement Village is worth exploring.

The world is facing a looming "demographic cliff ". Supporting an aging population, "silver-hair" businesses will have enormous market potential. Hong Kong can take advantage of Harbin’s pharmaceutical strengths to pioneer "Health Supplement" and "health food" products, through joint ventures, brands and highest GMP standards manufacturing, with a view to also expanding into the Asian market.

In an increasingly competitive and rapidly changing world environment, both Harbin and Hong Kong will need to expand and enhance their respective strengths. For this, Russia provides a good opportunity in fields such as tourism, consumer and luxury goods, including jewelry, branded Chinese healthcare products, trade, investment, logistics, telecommunications, and water and mineral resources. These opportunities are not only confined to the Russian market, but also extend to exports to the EU and other parts of the world.

Russia has the world's largest territory, spanning both Europe and Asia. It has a huge variety of natural resources with a population numbering over 143 million, including many high-tech talents, who have laid Russia’s excellent technological foundation.

From 2000-2004, I was the Hong Kong Government’s highest-ranking official representative in 14 European countries, including Russia. I had met senior Russian ministerial officials and representatives of the Duma, its parliament. I was

also privileged to have the chance of viewing the exquisite jewelry collection in the Kremlin of Czarina Catherine the Great.

This huge country has given me good memories, including its exotic Red Square, and the dazzling rich treasures in the Hermitage Museum in St. Petersburg, not to mention its famous Russian borsch.

Russia's population is aging. With the collapse of energy prices in the world, the country is seeking a way out through diversification. This coincides with the Motherland's new OBOR strategy, connecting China with Europe, Eurasia and Moscow. It also coincided with China's increasingly influential role in the world. So this morning's exchange forum on cooperation with Russia cannot be more timely.

Hong Kong prides itself, and for the motherland, as the Pearl of the Orient. It has consistently earned international recognition of the U.S. think tank Heritage Foundation as the world's freest economy 22 years in a row. Under One Country Two Systems, its Common Law with independent judiciary, combined with world class infrastructure including Asia's leading deep-sea port, has established Hong Kong as a much sought-after international business hub. As a leading global financial center and a regional arbitration center, it is well placed to tap into the many exciting business opportunities coming up with OBOR.

What is more, according to the World Economic Forum, the world economy is in the midst of a "*Fourth Industrial Revolution*, embracing exponential technological breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, big data, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing. The world of business is unlikely to remain the same.

Ladies and gentlemen,

Both Harbin and Hong Kong have many similarities. At the same time, both cities need to double down on enhancing our respective regional competitiveness in the changing global environment. As the motherland is shifting towards a new model of development under the 13th Five Year Plan (2016-20), there should be lots of room for partnership and cooperation.

Many possibilities come to mind. For example,

- Closer logistic links between Hong Kong and Harbin.

- Joint commercially-sponsored R & D on adapting *Fourth Industrial Revolution* new technologies. There are plenty of talents amongst Harbin's ten million and Hong Kong's seven million populations.
- As "silver hair" businesses are likely to gain momentum, Hong Kong and Harbin could jointly business opportunities of branded "health medicine" and "health food supplements" for the Asian market.
- Harbin's hydro and thermal power equipment manufacture accounts for about a third of China's total installed capacity. This is solid ground to tap into for Hong Kong's capital, entrepreneurship and research capabilities with a view to expanding this sector's global market reach, including cities along the OBOR.
- OBOR is likely to deepen China-Russian economic cooperation. Many investment and business opportunities are likely to emerge for Harbin and Hong Kong in joint corporate ventures or partnerships in developing the vast markets and resources of Eurasia.
- As the tourist industry is facing increasing challenges, the possibility could be explored of organizing "twin-city tour packages" to attract more tourists for both cities, perhaps with special themes e.g. winter attractions, famous local cuisines, heritage sites etc.

Ladies and gentlemen, the above list of possibilities is only by way of throwing a sprat to catch a whale. I have no doubt that leveraging our respective unique strengths, Harbin and Hong Kong may prosper together as the motherland forges ahead in a new era of global inter-connectivity.

May I wish the Mayor and his Harbin delegation a most successful visit.

Thank you.