

# New Hong Kong office to strengthen links with Thailand



Mrs Carrie Lam, the Chief Executive of the Hong Kong Special Administrative Region

Chief Executive of the Hong Kong Special Administrative Region (HKSAR), Mrs Carrie Lam, is visiting Thailand to open the new Hong Kong Economic and Trade Office (ETO) in Bangkok – a significant milestone for bilateral ties between Hong Kong and Thailand.

“First and foremost, I must thank the Thai Government for their support and full assistance of our work in setting up the Bangkok ETO,” Mrs Lam said. “Thailand was the first overseas country I visited since taking office on July 1, 2017 with a view to deepening relations between Thailand and Hong Kong. In my inaugural

Policy Address in October 2017, I proposed setting up an ETO in Thailand, and fewer than 18 months later we are here to open our new office. I commend everyone involved in bringing this proposal to reality and I look forward to closer collaboration between our two communities in the years to come.”

## Open for business

The Bangkok ETO is one of 13 Hong Kong ETOs overseas, and increases to three the number of such offices in the Association of Southeast Asian Nations (ASEAN), along with those in Singapore and Jakarta.

These offices promote Hong Kong as a global business and financial hub with unique advantages to connect people and businesses for success in Asia and our new vision to develop Hong Kong into an international innovation and technology hub. In this respect, Thailand and Hong Kong are ideal partners: both places have an abundance of talent and entrepreneurial spirit. Hong Kong and Thailand also serve as gateways to wider markets in Mainland China and ASEAN respectively.

Thailand is Hong Kong’s third-largest trading partner among the 10 ASEAN countries and ninth-largest trading partner globally. In 2018, bilateral merchandise trade with Thailand amounted to US\$19.5 billion, up 6.2 per cent compared to 2017.

At the same time, ASEAN is Hong Kong’s second-largest trading partner globally, after the Mainland of China. The value of bilateral merchandise trade between ASEAN and Hong Kong in 2018 amounted to US\$136.5 billion. That represents a 14.2 per cent increase compared to 2017.

## Strengthen ASEAN ties

A new ASEAN-Hong Kong Free Trade Agreement (FTA) and related Investment Agreement, signed in 2017 and set to come into force in the near future, will strengthen economic links between ASEAN and Hong Kong, creating new opportunities for trade and investment.

The FTA and Investment Agreement will bring legal certainty and better market access in respect of trade in goods and services, as well as enhanced protection of investments, thereby creating new business opportunities and further

enhancing trade and investment flows between Hong Kong and countries in the ASEAN region.

Under “One Country, Two Systems”, Hong Kong enjoys a high degree of autonomy and thrives on an open economy, free flows of money and information and the rule of law.

Last month, the United States-based Heritage Foundation ranked Hong Kong No.1 in its 2019 Index of Economic Freedom, a position which Hong Kong has held for 25 consecutive years since the beginning of the ranking.

Hong Kong is also rated as the world’s second-most competitive economy in the Swiss-based International Institute for Management Development World Competitiveness Yearbook 2018 and the fourth-easiest place to do business according to the World Bank’s latest Doing Business Report.

Under a new two-tiered tax system, profits tax in Hong Kong is lowered to 8.25 per cent on the first HK\$2 million (US\$256,000) of profits, after which the prevailing rate of 16.5 per cent applies. Salaries tax is capped at 15 per cent and there is no capital gains tax, no inheritance tax and no VAT or GST in Hong Kong.

## Upholding strengths

With the rule of law and deep-rooted common law heritage as well as abundant local and international legal expertise, Hong Kong

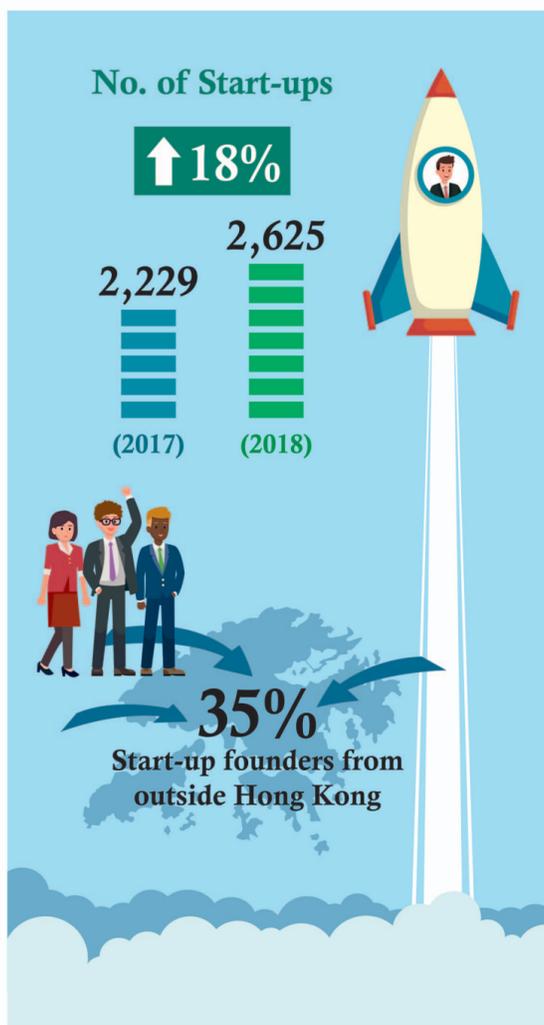
offers a comprehensive range of world-class legal services and a safe and reliable environment for businesses to launch and grow.

“Hong Kong’s common law system is transparent and highly-respected in jurisdictions worldwide,” Mrs Lam said. “In Hong Kong, judges are appointed on merit and deliver reasoned judgments while the media is at full liberty to report on day-to-day activity in the courts.

“Hong Kong arbitral awards are enforceable in over 150 Contracting States to the New York Convention and this is complemented by reciprocal enforcement arrangements with Mainland China and the Macao Special Administrative Region.”

Hong Kong is rated No.1 in Asia and No.8 globally for judicial independence by the World Economic Forum’s Global Competitiveness Report 2018.

These attributes provide a fertile environment in Hong Kong that helps local and international companies expand their business in Asia and fosters a vibrant start-up ecosystem.



## Growing start-ups

According to latest figures from inward investment agency InvestHK, over 8,750 overseas and Mainland China companies operate in Hong Kong, up 6.4 per cent year-on-year, including more than 3,950 that have regional headquarters or regional offices in the city.

Another recent survey also identified a thriving start-up scene in Hong Kong, counting 2,625 start-ups, an increase of 18 per cent compared with 2017, operating in major public and private co-work spaces and incubators across the city. Among them, 35 per cent of founders were from outside Hong Kong.

Hong Kong welcomes more entrepreneurs from Thailand to come and test the water for business start-up and expansion. In this spirit of collaboration, Mrs Lam will attend the Signing Ceremony of Memoranda of Understanding between Hong Kong Cyberport and InnoSpace (Thailand) and between Hong Kong Trade Development Council and InnoSpace (Thailand) respectively, to promote co-operation in innovation and start-up development.

## Creating new frontiers

In addition to the ASEAN-Hong Kong FTA, Hong Kong’s effectiveness as a stepping stone for Thai businesses to tap China opportunities through Hong Kong is reinforced under two major national development strategies – the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) and the far-reaching Belt and Road Initiative.

Creating new opportunities through regional integration, the Greater Bay Area covers nine major cities in Guangdong Province plus the Special Administrative Regions of Hong Kong and Macao. The Greater Bay Area is home to nearly 70 million people and generates GDP of around US\$1.5 trillion. Through closer collaboration and policy co-ordination, the Greater Bay Area is expected to become an even more productive and competitive region. An Outline Development Plan was promulgated on February 18 which will serve as the blueprint for this important development.

The Greater Bay Area is strategically located under the Belt and Road Initiative, which connects Asia, Africa and Europe along two corridors, land-based Silk Road Economic Belt and the seagoing 21st Century Maritime Silk Road, which links major port cities throughout the ASEAN region and beyond.

Given well-established links, shared entrepreneurial spirit and mutual commitment to forging closer relations between Thailand and Hong Kong, Thai businesses and entrepreneurs are most welcome to connect and excel in Hong Kong, Asia’s world city.

### Hong Kong’s Global Rankings

- World’s Freest Economy (25 consecutive years)
- Judicial Independence in Asia (No. 1 HK)
- No. 2 most competitive economy
- No. 4 easiest place to do business

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### Hong Kong-Thailand Bilateral Merchandise Trade

2018: US \$19.5 billion (↑ 6.2% year-on-year)

Hong Kong’s 3<sup>rd</sup> largest trading partner among the 10 ASEAN countries

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