

HONG KONG VISIT

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(13- 19 March 2011)

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Hong Kong and Vicinity



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I. MEETING HIGHLIGHTS

Hong Kong

- | | |
|---|---|
| ➤ <i>Unrivalled Location</i> | ➤ <i>Rule of Law</i> |
| ➤ <i>Gateway to China</i> | ➤ <i>Clean Government</i> |
| ➤ <i>Hub for International Business</i> | ➤ <i>Skilled Workforce</i> |
| ➤ <i>World's Freest Economy</i> | ➤ <i>International Lifestyle</i> |
| ➤ <i>Free Flow of Information</i> | ➤ <i>Asia's premier service economy</i> |
| ➤ <i>World Class Infrastructure</i> | |
| ➤ <i>Low, Simple, Predicable Tax Regime</i> | |

Key Economic Facts

- With total population of 7.00 million in mid-2009,
- Hong Kong's Gross Domestic Product (GDP) increased by 6.8% and accounted 1748.090million HK Dollar Thanks to the strong growth in the Mainland Asia In 2010, its GDP growth forecast for 2011 is % 5 percent.
- Hong Kong's Inflation rate was 2.4% in 2010 and in 2011 its Inflation forecast is around 4.5% higher with Food and energy import as the main reason for inflation
- Services sector constituted a share of 92.6% of Hong Kong's GDP. [link](#)
- As the employment market improved and income increased, private consumption expenditure registered a growth of 5% percent in 2010.
- Unemployment rate dropped 3.8% in 2010
- Estimated surplus of the government budget for 2010 is 71.3 billion HK Dollars.
- Compared to December 2009, in December 2010, the volume of Hong Kong's re-exports of goods increased by 4.6%, while that of domestic exports increased by 16.0%. The volume of total exports of goods increased by 4.9%. Compared to 2009, the volume of Hong Kong's re-exports of goods increased by 18.1% while that of domestic exports increased by 15.5%. The volume of total exports of goods increased by 18.1%. Compared to December 2009, the total export volume to the USA, Japan, Taiwan and the mainland of China (the Mainland) increased by 6.8%, 5.8%, 5.1% and 1.5% respectively. On the other hand, the total exports volume to Germany decreased by 2.8%.
- In December 2010, the volume of Hong Kong's imports of goods increased by 6.3% over December 2009. Compared to 2009, the volume of imports of goods increased by 18.6%. In

December 2010, a double-digit increase was recorded for the import volume from the USA (+15.9%) over December 2009. Concurrently, the import volume from Singapore, the Mainland, Taiwan and Japan increased by 6.6%, 5.2%, 5.0% and 1.8% respectively. For figures on Hong Kong's trade with trading partners under different categories. [link](#)

- Since October 1983, Hong Kong has been adopting the linked exchange rate system under which the Hong Kong dollar is linked to the US dollar at the fixed rate of HK\$7.80 to US\$1.
- In 2010, there were 100 Initial Public Offerings listed on the Stock Exchange of Hong Kong and raised over 445 billion HK Dollar (57 billion USD), ranking 1st globally.

Key Industries in the Hong Kong Economy

- Financial services
- Logistics
- Tourism
- Professional services

Hong Kong has the highest concentration of insurers in Asia with an average annual growth of 8.8% for the past 5 years. In the third quarter of 2010, there are 205,600 people employed in financial services industry accounting for 6% of the total employment and 15% of GDP.

6 other Industries in Hong Kong:

(Identified by the Hong Kong Government as the indicator for further development)

- Cultural and Creative Industries
- Medical Services
- Education Services
- Innovation and Technology
- Testing and Certification Services
- Environmental Industries in Hong Kong

Investment Environment in Hong Kong

- 2010's 4th largest FDI recipient, highest FDI stock in Asia (9122billion USD)
- in 2010 November, 1146 new project was approved in Hong Kong and accounted for USD 18 billion
- 70% of the world's biggest and famous banks has invested in Hong Kong
- Hong Kong has the 3rd Lowest Tax Place in the World:
 - 16.5% Corporate tax
 - 15% salary tax
 - No sales tax or VAT
 - No dividends tax
 - No capital gains tax



- Setting Up a Company is Fast, Easy & Inexpensive,

Steps of Setting up a Business in Hong Kong

Select Company name and Structure



Company Incorporation and Business Registration

1 Director/Shareholder, no residency requirement
Minimum Nominal / Paid-up Capital: No statutory requirement
Processing Time: 4 working days



Open business bank account

Select business premises

Hire staff
(for foreign nationals taking up

Employment in Hong Kong

Processing time: 4 to 6 weeks)

- Hong Kong has world's 2nd lowest costs of doing business and business risk
- Hong Kong continues to have the best opacity in Asia Pacific and 2nd in the world after Finland. Opacity measures high-frequency, low-impact risks which indicate poorly functioning governments and increased cost of doing business and business risk: corruption, legal system, efficiency, economic and enforcement policies, accounting standards and regulatory effectiveness.
- Hong Kong government's Anti Corruption agency works very effectively which makes Hong Kong consistently rated as one of the least corrupt places in the world and second cleanest in Asia in the Transparency International's Corruption Perception Index. ICAC-Independent Commission combats graft effectively in both public and private sectors.

More info on Setting up business in Hong Kong: [link](#)

Hong Kong's Legal System

HKSAR's legal system is based on rule of law and the independence of judiciary. Under the principal of ``one country two systems`` the HKSAR legal system is different from Mainland and is based on the common law supplemented by local legislation. Hong Kong still practices British Law, mainland's Law and Regulation is not been practiced in Hong Kong. [link](#)



Mainland and Hong Kong

The HKSAR of the PRC was established on 1 July 1997 under the principal of;

- One country two systems, Socialist System shall not be practiced in HKSAR
- High Degree of Autonomy
- Hong Kong people governing Hong Kong
- Chief Executives must be a Hong Kong citizen, not from Beijing. [link](#)

Mainland cannot interfere with its domestic, trade, environmental issues in Hong Kong, but they maintain a close working relationship with mainland authorities. Hong Kong enjoys a big autonomy; Beijing is responsible on its Foreign Affairs. Only in tourism as an international matter that Hong Kong still keep the high degree autonomy in order to keep Hong Kong as a global international city.

Beijing army also has base in Hong Kong

HKSAR also practices on its own as a full member in international organizations and conferences

- independent member of APEC-Asia Pacific Economic Cooperation
- independent member of WTO-World Trade Organization
- independent member of World Customs Organization

Greater China Opportunities:

Hong Kong is the global financial centre and has offshore RMB business centre to attract capital and talent and with a quality financial services in Asia. It's the only place outside Mainland that banks provide RMB services and the first place outside Mainland which possesses a RMB bond market

Hong Kong increases the contribution to modernization of Mainland financial system and particularly the internationalization of the RMB and the increased convertibility of Mainland's capital.

New measures recently implemented include:

- Expansion of RMB Trade Scheme: 20 provinces and cities in the Mainland and their trade transactions with any part of the world can settle in RMB through Hong Kong banks.
- Banks in Hong Kong are able to establish RMB accounts and provide related service to financial institutions.
- In the end of January 2011, there had been 31 RMB bond issued (with a total issuance size exceeding RMB 70 billion)

GUANDONG: Link between Mainland and Hongkong

Guangdong is the closest economic partner of Hong Kong due to its natural geographical location. Both government set up high level Annual Joint Conference to promote the economic integration between Hong Kong and Guangdong. Issues discussed in the conference include the development of cross-boundary infrastructure as well as assist Hong Kong companies upgrade their operations in Guangdong

In 2010 National Development and Reform Commission released ``the Outline of the Plan for Reform and Development of the Pearl River Delta (PRD) 2008-2020`` the Main objective of the plan is to

strengthen the cooperation among PRD, Hong Kong and Macao. Hong Kong manufacturers operate more than 50,000 facilities in the PRD, and employ some 9 million people.

Although most of the manufacturing companies moved in PRD, food, medicine, aircraft production still operates in Hong Kong. Companies' Operational Centre for foreign trade still remains in Hong Kong as well as Research and Development Centers. They mainly do product development, procurement for raw materials and they send it to Southern China then produced in Mainland and bring it back to Hong Kong to send it abroad.

Hong Kong's Investment in Mainland

Hong Kong is the largest external investor in the Mainland. According to numbers given by the Hong Kong Constitutional and Mainland Affairs Bureau, the cumulative value of Hong Kong's realized direct investment in Mainland reached USD 380 billion in the end of 2009, accounting for 40% of the total external direct investment in Mainland. Hong Kong's investment is concentrated largely in Guangdong. Its Scope of investment varies from industrial processing to other sectors such as hotels and tourist related services, real estate, retail trade, infrastructure construction and business and communication services. Foreign companies' first settle in Hong Kong and extend the business in Mainland by using Hong Kong experience.

Mainland's Investment in Hongkong

By the end 2007 the stock of inward direct investment from Mainland amounted US\$479 billion, accounting for 41% its total. (Info given by Hong Kong Constitutional and Mainland Affairs Bureau)

Financial Links between Mainland and Hong Kong

Four State-owned commercial banks of China, Bank of China, China Construction Bank, Agricultural Bank of China, Industrial and Commercial Bank of China holds Hong Kong Banking Licenses. Hong Kong Banks also have been increasing their presence in the Mainland. In January 2004, the People's Bank of China started Renminbi (RMB) Business in Hong Kong, and offers: RMB services, deposits, exchange remittances and RMB bank cards. Recently mainland authorities took a new move to allow Hong Kong's Banks or Enterprises, which have abundant business in the Mainland, to issue RMB bonds in Hong Kong. We believe that this shows Mainland's recognition of Hong Kong as its premier international financial centre.

Mainland and Hong Kong's Closer Economic Partnership Arrangement (CEPA)

In 29 June 2003, Mainland and Hong Kong signed CEPA. CEPA is the first trade agreement concluded by the Mainland China and Hong Kong aiming to further enhance the level of economic and trade exchanges and cooperation between the Mainland and the Hong Kong Special Administrative Region.

It is an important initiative between China and Hong Kong in order to promote investment and trade relations between two sides. Hong Kong promotes it to attract foreign investment to China thru Hong Kong.

CEPA's Objective:

CEPA's objective is to further liberalize trade in services in the Mainland for Hong Kong, to strengthen cooperation in the area of finance, and to promote trade and investment facilitation. CEPA opens up huge markets for Hong Kong goods and services, greatly enhancing the already close economic cooperation and integration between the Mainland and Hong Kong. On trade in goods, the Mainland

has given all imported goods (over 1,500 categories) of Hong Kong origin (except prohibited articles) tariff free treatment, upon applications by local manufacturers and upon the CEPA rules of origin criteria being agreed and met. On trade in services, from 1 January 2011, the Mainland shall further relax the market access conditions in 14 areas, namely, construction, medical services, technical testing and analysis services and product testing services, specialty design services, audiovisual, distribution, banking, securities, social services, tourism, cultural services, air transport, qualification examinations for professionals and technicians and individually owned stores, on the basis of the commitments on liberalization of trade in services under CEPA.

CEPA offers enhanced access opportunities for Hong Kong Banks. A new measure added in CEPA in relation to banking sector branches establish by a Hong Kong Bank in Guangdong Province. [link](#)

How foreign Companies can benefit from CEPA

Under CEPA, Hong Kong service suppliers can enjoy preferential access in 44 service sectors in the Mainland market. Any nationality company can apply if it:

- is incorporated in Hong Kong
- has operated for 3 to 5 years (depending on the sector)
- is liable to pay Hong Kong profits
- employs 50% of its staff locally

With the continuing liberalization of service areas under CEPA, Hong Kong is well-placed to expand its investment opportunities in Mainland. In this frame we agreed that, it can be a useful channel for Turkish companies to enter China's market. Since Hong Kong has the international law and international business rules it may be easy for companies to enter China thru Hong Kong and use CEPA as the leverage for understanding and market access to China.

II. MESSAGES GIVEN TO HONG KONG GOVERNMENT AND PRIVATE SECTOR ON TURKEY AND ITS SYNERGIES

- Turkey: Is the nearest European Country to China
- Turkey is an important energy link in the East-West energy corridor channelling the Caspian and the Middle Eastern energy to Europe and world markets. For China Turkey also can be a energy corridor
- Turkey has a young and dynamic population to produce and consume
- Turkey has a Custom Union Agreement with EU since 1996, Mainland and Hong Kong companies can enjoy zero tariff with EU when they produce in Turkey
- Turkey has a transparent investment environment
- Door to Central Asia, Russia, Gulf, Balkans
- In couple of years Turkey will be one of the world's most important energy hubs. Energy sector is a key area of cooperation in the new landscape of the 21st century within which the world's economic regions are dependent on each other for ensuring energy security and economic stability.
- Turkey is always open and ready to offer opportunities for business people planning to invest in Turkey having growth potential, dynamic economic structure and young and motivated human resources
- With China and Hongkong as one of the world's dominant suppliers of manufactured goods and services, and Turkey's geographic location at the Eurasian crossroads makes it the gateway to the millions of potential consumers in the Middle East, the Balkans, Europe and beside its sustainable local growing market, a strategic partnership between two emerging

- markets will create more business opportunities between our countries and will bring a much greater success on both developing economies.
- Turkey and Hong Kong can cooperate in many sectors such as energy, tourism, infrastructure, manufactured goods, as well as in automotive and machinery industries and services. Hongkong is the important element of the Turkey economic relations with this part of the world.
- TÜSİAD is the major non-governmental and voluntary organization of the Turkish private sector. TÜSİAD's members and their companies realize 80% of Turkey's foreign trade excluding energy import, 65% of industrial production and 50% of the registered employees except agriculture and public servants. Through its representative offices based in Brussels, Paris, Berlin, Washington and Beijing, TÜSİAD follows the economic and political developments in different parts of the world and promotes Turkey's interests in these regions.
- TÜSİAD attaches special importance to China. In November 2007, we opened our fifth representative office in the world in Beijing, which is a clear indicator of the importance we attribute to this country. Through this office we are closely following the economic and political developments in this part of the world. We are also informing Chinese business circles about the Turkish business environment and conducting business development activities for the Turkish business with our Chinese counterparts particularly on exports, investment and partnerships. In 2007, TÜSİAD and CCPIT signed a Memorandum of Understanding in order to promote bilateral cooperation in trade and investments.
- Within the framework of our agreements every year we send delegations to China to promote bilateral economic relationships and hold seminars, business forums together with your organization. All these events were very fruitful and we believe that these activities have increased understanding and awareness of Turkey and China's potentials in business. And we do hope to continue such activities in the future, and hold one of our Development Visit to Hong Kong.
- Energy, transportation, construction, tourism, telecommunication, logistics, high-tech, automotive are the promising sectors for joint investments between Turkey China and Hongkong.
- We need a long-term vision based on our strengths and advantages to change the future of our relations.

Future Potential activities

TÜSİAD International should organize Development visit to Hong Kong

Turkey Stock Exchange head should be invited to China and Hong Kong

After the visit we realized that HKTDC, FHKI and HKGCC can be the counterpart organizations to TÜSİAD in Hong Kong

This visit can be the model for Turkey to introduce its Investment Environment

There is an opportunities for Turkish Business in Hong Kong since Hong Kong is an international door for mainland with its free economy, international law and English speaking ability

Chinese people has started to show its consuming power and most of the rich Chinese goes Hong Kong for shopping. Turkish brands can be introduced to mainland consumers through Hong Kong.

Hong Kong is a model on new trends and tourist destinations for the Mainlanders. In this frame, to create a new trend in tourism for Chinese visitors TURSAB head should also be invited Mainland and Hong Kong to cease the tourism opportunities.

It's suggested that we should hold one Tourism Focus event in Turkey with Chinese and Hong Kong counterparts.

Meeting with Hong Kong Consul general of Turkey

Attendees: Turkish Hong Kong Consul General Raif Karaca; Hong Kong Commercial Attaché and Turkish Companies in Hongkong

Turkish Consul General to Hong Kong Consul General Raif Karaca briefed us on the development of Hong Kong and its relations with Turkey. As mainland, Turkey has a trade deficit with Hong Kong. In 2010, the trade volume between Turkey and Hongkong amounted to USD970 million. Turkey's export to Hong Kong amounted to USD 241 million. At present there is not so much interest in Hong Kong from Turkish Business community.

Main topics discussed:

- They are very happy on TÜSİAD presence in China
- Turkish Airlines is very important segment for Turkish business both in Mainland and Hong Kong. Turkish Airlines now will fly 6 days to Hong Kong, but we believe 7 days a week and some days 2 flights will help to boost tourism and economical relations between Hong Kong and Turkey, so does China
- Istanbul and Hong Kong has many similar synergies, we can bring them together and can promote cooperation in many fields, such as tourism, finance, construction, food, energy among other things
- There are also many opportunities for Turkish famous brands in Asia and Hong Kong can be the gate to Mainland for Turkish brands.
- Wine and olive oil, flower, nuts, jewelries, leather goods and house appliances has a big potential in the market and can be one of the focuses for Turkish companies' imports to Hong Kong and through Hong Kong to China
- There are lots of infrastructure projects in Hong Kong which Turkish Companies can join the procurement bids. Please click for the bidding announcements link, link
- Barsan Logistics, a Hong Kong based Turkish logistic company, brings into attention that they are waiting for Turkish Companies to ask for their and other Turkish companies support on business development by using their services

I. VISITED ORGANIZATIONS IN HONG KONG

Information Services Department of Hong Kong Special Administrative Region (HKSAR) Government

The Information Services Department provides a communication link between the Government and the people through newspapers, television, radio, magazines and other media. Provides professional PR advice and promote Government policies and services with a view to projecting an accurate image of the city within and outside Hong Kong

Trade and Industry Department of Hong Kong Special Administrative Region Government;

Trade and Industry Department of HKSAR support and facilitate the development of trade and industry of Hong Kong. Assist the trade and industry in safeguarding and maximizing their access to the global market; help Hong Kong enterprises including small and medium enterprises (SMEs) enhance their competitiveness and add value to their products and services; safeguard the integrity and credibility of Hong Kong's trade regime; and further develop staff skills, support structures and systems to enable the Department to meet new challenges. Also works on World Trade Organization and Organization of Economic Cooperation and Development, Regional Cooperation Matters, European Union Matters, Public Relations Information, Policy on HKSAR's participation in World Trade Organization (WTO), HKSAR's participation in WTO, Multilateral discussion on Trade in Services, Multilateral discussions on Market Access, Government Procurement, and Information Technology Agreement, Multilateral trade matters on Anti-dumping, Rules of Origin, Subsidies and Safeguards, Overseeing the policy and the Secretariat of the Review Body on Bid Challenges established under WTO Agreement on Government Procurement, Bilateral commercial relations with Europe, Africa and Middle East, Collection and dissemination of information on developments which may affect HKSAR's external trade with Europe, Africa and Middle East, Policy on Regional and Free Trade Agreements (FTAS), Investment Promotion and Protection Agreements, Rice Control Scheme, Multilateral discussion on Trade Facilitation, Trade and Competition, and Trade and Investment, Multilateral trade matters on Agriculture, Trade-related aspects of Intellectual Property Rights and Development.

Services:

Consulting

Gives wide range information on the requirements of access to other markets. Hong Kong's important industrialist's consult with them on doing business outside of Hong Kong. Platform for business circle to exchange their experiences on doing business in China and abroad. Foreign companies can also access this information tool.

Funding

The SME Loan Guarantee Scheme (SGS) aims to help small and medium enterprises (SMEs) secure loans from participating lending institutions (PLIs) for acquiring business installations and equipment; and meeting working capital needs of general business uses. The overall objective is to assist SMEs to enhance productivity and competitiveness. The amount of guarantee for an SME is 50% of the approved loan, subject to a maximum amount of \$6 million. The guarantee can be used to secure loans for either business installations and equipment or working capital, or a combination of both. The guarantee period is up to a maximum of five years, counting from the first drawdown date of the loan.

The SME Development Fund (SDF) aims at providing financial support to projects carried out by non-profit-distributing organizations operating as support organizations, trade and industrial organizations, professional bodies or research institutes to enhance the competitiveness of Hong Kong's SMEs in general or SMEs in specific sectors. Applicants shall either be a statutory organization or a registered organization under the laws of Hong Kong Special Administrative Region. The maximum amount of funding support for any approved project will be HK\$2 million, or 90% of the total project expenditure (whichever is lower).

The SME Export Marketing Fund (EMF) aims at helping small and medium enterprises (SMEs) expand their businesses through participation in export promotion activities.

Businesses which are registered in Hong Kong under the Business Registration Ordinance and fulfill Government's definition of the SMEs, as follows, can apply for grant under the EMF - (a) any manufacturing business which employs fewer than 100 persons in Hong Kong; or (b) any non-manufacturing business which employs fewer than 50 persons in Hong Kong. The maximum amount of grant for each successful application will be 50% of the total approved expenditures incurred by the applicant or \$50,000, whichever is the less. The maximum cumulative amount of grant that an SME may obtain from the EMF is \$150,000.

Hong Kong General Chamber of Commerce (HKGCC)

HKGCC founded in 1861. It's a Non-profit organization. HKGCC has 4,000 members. Members composed by mix of International, Mainland and Hong Kong companies. HKGCC is an Independent body representing the diverse interests of the entire business community in the HKSAR.

SMEs: 75%

Service Companies: 90%

HKGCC is authorized by the HKSAR to issue full range of certificates of Origin under protection of non-government certificates of origin ordinance chapter 324.

Certificates of Origin; A Certificate of Origin (CO) is an export document to certify the country of manufacturing of a shipment. It is normally required for overseas customs clearance, consulate endorsement, and fulfilling bank L/C requirements.



Document Endorsement; The Chamber provides endorsement services for assorted trade documents to facilitate customs, L/C or consulate requirements. Documents for endorsement may include packing list, price list, B/L, Lab Test Report, Health Certificate and etc.

Consulate Endorsement Facilitation; Traders not having enough experience or the latest information may have their applications rejected for amendment. To complete an application, one may have to visit the consulate office several times. It is not only time-consuming and costly, it may even cause delay in customs clearance and bank payment of your exports. HKGCC is helping traders to ensure accuracy and compliance with the latest *consulate requirements*.

Paper to EDI Conversion; In co-operation with Global e-Trading Services Limited, the Chamber provides Import and Export Trade Declaration (TDEC) electronic data interchange (EDI) services to paper document users. Applications received will be converted into electronic format and delivered to related departments on the same day.

At the meeting mentioned that HKGCC can be a counterpart of TUSIAD in Hong Kong and can sign an MOU between two organizations in order to promote future business cooperation opportunities.

Independent Commission against Corruption-ICAC

The Independent Commission against Corruption (ICAC) of the Hong Kong Special Administrative Region enforces the Prevention of Bribery Ordinance, which defines corrupt offences in both public and private sectors. Apart from law enforcement, ICAC is trying to enhance ethical standards as the best means to crush corruption. ICAC directly reports to Chief Executive of HKSAR.

Hong Kong Government has adopted a policy of zero tolerance against corruption. The business sector has become increasingly engaged in the campaign against graft.

ICAC has 3 departments;

1. Operation Department which practices Law Enforcement
2. Corruption Prevention Department
3. Education Department

ICAC closely collaborates with foreign organizations in order to improve business ethic and business environment in Hong Kong. They have training programs both in Hong Kong and in Mainland.

Punishment for corruption in Hong Kong:

1. Public sector, 10 year in prison and 1 million HK Dollar
2. Private sector, 7 years in jail, 500.000 HK Dollar

Corruption issue is very important for the foreign investors. Turkey should follow the same model while lobbying on its investment environment and corruption related info briefing must be included in the introduction program. This model can be used by ISPAT in order to promote Turkish investment environment. Sample Code of Conduct for Private Sector: [link](#)

Financial Services & Treasury Bureau of HKSAR

The Treasury Branch is mainly responsible for:

- Overall resource planning including drawing up and applying overall public expenditure guidelines based on the medium range forecast (MRF).
- Managing and coordinating the annual resource allocation exercise (RAE) and compiling the annual Estimates.
- Advising and supporting the Star Chamber in the regular baseline reviews and the annual RAE. Managing the Government's revenue policy and administration, both to ensure that sufficient revenue is raised, and to keep the tax system as simple, stable and productive as possible.
- Laying down and implementing policies and procedures to ensure effective control and management of public revenues and expenditure, including assets and investments.
- Exercising those specific authorities which it would not be prudent to further delegate to bureaux and departments.
- Encouraging and promoting value for money in public investments and expenditure.
- Providing the formal interface between the Administration and the legislature on all financial matters. Assisting policy bureaux in formulating policy and, specifically, ensuring that the financial implications of policy proposals are taken fully into account.
- Exercising policy responsibility for - taxation, rates, fees and charges; government accounting arrangements; procurement and tendering; land transport; printing; and the Government estate.

Hong Kong Banking System remains sound and resilient, no bank failure

- Clearing and settlement system remains smooth and efficient
- No nationalization of financial institution
- Special Loan Guarantee Scheme for SMEs (As regards the Small and Medium Enterprises Special Loan Guarantee Scheme, details can be found at the following [link](#))
- Financial Dispute Resolution Centre; Bureau issued a strep paper to the Legislative Council Panel on Financial Affairs earlier this year to set out their plans for the establishment of an Investor Education Council and Financial Dispute Resolution Centre. *Click to read Copies of the relevant consultation document and consultation feedback on the proposals are also enclosed [link1](#) [link2](#)*
- Hong Kong Monetary Authority: *Information on the supervisory cooperation between Hong Kong Monetary Authority with other regulators in Hong Kong and overseas can be found at the [link](#)*

InvestHK;

Established in July 2000, InvestHK is the department for foreign direct investment, under the policy purview of the Commerce and Economic Development Bureau of the Hong Kong SAR Government which is responsible for attracting and facilitating foreign direct investment into the city. InvestHK supports overseas, Mainland and Taiwanese companies to set up and expand business in Hong Kong. InvestHK partners with clients on a long term basis and are available to help at any stage of your business development process. All services given by InvestHK are free. Vision; is to confirm and strengthen Hong Kong as the leading international business location in Asia. Mission is to attract to

and retain in Hong Kong economically and strategically important investment. Has representatives based in 27 key business cities worldwide.

InvestHK will be happy to assist Turkish Business people and TUSIAD members on doing business in Hong Kong and work seamlessly to support Turkish companies to setup and expand business in Hong Kong.

The Federation of Hong Kong Industries (FHKI)



Mr. Dennis Yau, Director General of FHKI

FHKI founded in 1960, is a member driven Non Governmental Organization. It has 3000 members. FHKI brings the members together and help the individual industry groups meets regularly, enabling them to be in touch with the Federation and with their counterparts more often.

FHKI gives consulting services to SMEs on how to sell in Mainland. Usually, Hong Kong produces in Mainland to distribute in the whole world but no or only little sales in the Mainland. They promote and foster the interests of Hong Kong's industrial and business communities promote trade, investment, technological advancement, manpower development, and business opportunities in Hong Kong represent business's views and advise the government on policies and legislation which affect business.

They are planning and looking forward on signing an MOU with Ankara Chamber of Commerce and at the same time more than willing to work closely with TUSIAD in order to promote Turkey and Mainland and Hong Kong business co- operations.

The Commerce and Economic Development Bureau of HKSAR



Ms. Linda Lai, Deputy Secretary for Commerce and Economic Development

The Commerce and Economic Development Bureau comprises the Commerce, Industry and Tourism Branch, the Communications and Technology Branch and the Office of the Government Chief Information Officer. The Commerce, Industry and Tourism Branch is responsible for policy matters on Hong Kong's external commercial relations, inward investment promotion, intellectual property protection, industry and business support, tourism, consumer protection and competition. The Communications and Technology Branch is responsible for policy matters on broadcasting, film-related issues, overall view of creative (including film) industry, and development of telecommunications, innovation and technology, and control of obscene and indecent articles.



The Office of the Government Chief Information Officer is responsible for policy, strategy and execution of information technology programs and initiatives.

The Bureau is working closely with other WTO Members and encouraging more enterprises from the Mainland, Taiwan and the emerging markets in Russia, India, the Middle East and South America to invest in Hong Kong and helping Hong Kong enterprises tap the business opportunities in these markets; and strengthening aftercare services and support to those enterprises already established in Hong Kong to encourage them to upgrade their presence.

Working closely with the Mainland authorities to ensure the smooth and effective implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); and exploring further trade liberalization and facilitation measures under CEPA, particularly for early and pilot implementation in Guangdong Province to facilitate regional economic integration.

In the meeting it was suggested that Turkey can be also be added in their market which can be an interest for Hong Kong companies, they are also willing to promote Turkish Business World in Hong Kong in order to cease the business opportunities in Turkey market.

The Central Policy Unit (CPU)

CPU came into being in 1989 and has retained its structure after 1997. Its major function is to provide advice on policy matters to the Chief Executive, the Chief Secretary for Administration and the Financial Secretary. They have experts in China and work closely with National Development and Reform Commission and China Academy of Sciences. They have a close relationship with universities and economic institutions in Mainland. The CPU assesses public opinions for Government's reference in decision making, through public opinion polls, focus group discussion, social networking and dialogue. Following the establishment of the Strategic Development Research Group under the Hong Kong Guangdong Cooperation Joint Conference, the CPU represents Hong Kong in collaboration with Guangdong organizations to initiate research in support of Hong Kong/Guangdong cooperation. Our partners include the Guangdong Development Reform Commission, the Guangdong Development Research Centre and the Guangdong Policy Research Institute.

They are also concern on the economical issues in Hong Kong and trying to increase people's life standards.

They are also trying to bring a retirement system, medical care assistance, public transport subsidy for the ageing population and push text book subsidies for students.

In the Past few years, Hong Kong real estate market prices are getting higher and CPU is working through its experts to ensure land supply, control property prices.

Hong Kong Trade Development Council (HKTDC)

Established in 1966, HKTD is an NGO but has %15 income subsidy form HKSAR. Their main aim is to create opportunities for Hong Kong companies. They focus on promoting trade in goods and services, while connecting the world's small and medium-sized enterprises through Hong Kong's business platform. They also help global trade and promote Hong Kong as a platform for doing business with China and throughout Asia. They bring the buyers to different markets and prepare specific report on different markets. 700,000 buyers come to Hong Kong each year to which 15% are from China.



HKTDC have 41 representatives around the world and has representative in Turkey, Istanbul and have 11 offices in China. They are interested to work with TUSIAD as a counterpart organization in Turkey and want to explore Turkey's energy, renewable energy market.

International Financial Corporation Hong Kong (IFC HK)

IFC has coordinated its East Asia and Pacific business in its regional hub office in Hong Kong in the last 10 years. IFC credit has been established in the Hong Kong dollar market over the past 20 years.

IFC's East Asia and the Pacific investment portfolio totalled nearly \$4 billion in more than 180 companies. A network of Private Enterprise Partnership programs and facilities is dedicated to helping the private sector acquire the capacity to support sustainable development. Hong Kong has been IFC's regional hub in East Asia and the Pacific region since 2000 and currently employs 40 staff, with a further 15 slated to join by the end of this year. Since Hong Kong is rich region they don't invest in Hong Kong, through Hong Kong Office they support Midwest China, East Asia and Pacific.

IFC in Hong Kong issues Chinese renminbi-denominated bonds in Hong Kong, SAR, using the proceeds to finance private sector projects in support of China's rural development and cleaner production.

IFC is placed to tap the Hong Kong renminbi market in smaller denominations to fund specific priority projects in China," "IFC's renminbi bond program supports pipeline of rural sector and climate change-related projects where Chinese private sector clients cannot yet directly go to the market to raise medium-term renminbi financing.

In October 2005, IFC became the first international financial institution to issue Panda Bonds, a renminbi-denominated bonds from a non-Chinese issuer sold in the domestic bond market of the People's Republic of China. The first bond raised 1.13 billion renminbi to support four domestic projects, and was followed by a second Panda Bond issue of 870 million renminbi in November 2006 that funded three more projects.

IFC's strategic priorities to address the climate change challenge through renewable energy development, clean tech investments and innovative energy efficiency financing.

They finance project more than 10 million USD, in which they request physical collateral.

IFC involves indirectly to SWF projects which is very active in China. They also indirectly finance SMEs through banks.

Li&Fung Group

Li & Fung Limited operates two core businesses: on the one hand, it designs, develops and sources consumer products for retailers worldwide, and on the other, it operates an extensive distribution and logistics network serving major brands in Asia and beyond. Our third core business is retailing, where we offer convenience stores and bakeries through Convenience Retail Asia Limited, luxury menswear through Trinity Limited, and toys and children's products through Toys (Labuan) Holding Limited. The Li & Fung Group employs over 35,000 staff across 40 economies worldwide, with total revenue of over US\$16 billion in 2009

Li&Fung Group chose Turkey as its base for the Europe, The Middle East and Africa. With its popularity in Turkey, Li&Fung opened its European regional office in Istanbul. Li&Fung has total purchase value of USD 1.4 billion in Turkey. They mainly purchase textile in Turkey.

Mr. Victor Fung is the Chairman of the company, and President of the International Chamber of Commerce (ICC), which has a significant position in the G20 and also a member of Young Presidents Organization.

During our visit to Hong Kong, Mr. Fung hosted a dinner for the YPO members who were visiting Hong Kong. During the dinner, some of the issues discussed were; Japanese earthquake and Nuclear Power issue, Libya Revolution and Turkey's position in the region.

The Constitutional and Mainland Affairs Bureau

Constitutional and Mainland Affairs Bureau of HSAR is responsible for overseeing the full and faithful implementation of the Basic Law. Developed and maintained a constructive working relationship between the HKSAR Government and the Central People's Government and other Mainland authorities in accordance with the principles of "One Country, Two Systems", "a high degree of autonomy" and "Hong Kong people running Hong Kong".

With effect from 1 July 2007, the Constitutional Affairs Bureau has been re-titled as the Constitutional and Mainland Affairs Bureau to reflect more clearly the Bureau key function of coordinating and promoting closer ties and cooperation with the Mainland. The Mainland Affairs Liaison Office of the Bureau is tasked to coordinate liaison between the HKSAR Government and the relevant Mainland Authorities, as well as to promote various regional cooperation initiatives between Hong Kong and the Mainland. It also oversees the operation of the Office of the Government of the HKSAR in Beijing, and the Hong Kong Economic and Trade Offices in Guangdong, Shanghai and Chengdu.

The Bureau is responsible for ensuring that external affairs matters relating to the HKSAR are handled in accordance with the Basic Law and in the interests of Hong Kong. The Bureau is also responsible for the coordination of liaison between the HKSAR Government and Taiwan organizations in Hong Kong.

Legislative Council of HKSAR

Hong Kong became a Special Administrative Region of the People's Republic of China on 1 July 1997. Under the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, which came into effect on the same day, the HKSAR is vested with legislative power and the Legislative Council is the legislature of the Region.

Functions and Powers of the Legislative Council

The Legislative Council of the HKSAR exercise the following powers and functions:

- To enact, amend or repeal laws in accordance with the provisions of the Basic Law and legal procedures;
- To examine and approve budgets introduced by the Government;
- To approve taxation and public expenditure;
- To receive and debate the policy addresses of the Chief Executive;
- To raise questions on the work of the Government;
- To debate any issue concerning public interests;

- To endorse the appointment and removal of the judges of the Court of Final Appeal and the Chief Judge of the High Court;
- To receive and handle complaints from Hong Kong residents;
- To summon, as required when exercising the above-mentioned powers and functions, persons concerned to testify or give evidence.

Hong Kong Issuer Marketing Department Hong Kong Exchanges and Clearing Limited (HKEx)

HKEx is the market choice in Asia for companies from Hong Kong, Mainland as well as overseas companies, seeking to go public and raise funds.

The first state-owned Mainland Chinese enterprise was listed in Hong Kong in 1993.

As China's International financial centre, Hong Kong is the country's key link to global market.

Between 2010-2012 HKEx committed to attract new listing from Greater China and other important markets. In this regards Turkish companies can also enter HK Stock Exchange market. Turkey also can reach China's SWF through Hong Kong

HSBC Hong Kong

Established in Hong Kong in March 1865 and in Shanghai one month later, The Hongkong and Shanghai Banking Corporation is the founding member of the HSBC Group. It is the Group's flagship in the Asia-Pacific region and the largest bank incorporated in Hong Kong.

With Hong Kong IPO is getting bigger and stock market rising. HSBC's new strategy is to now focus in China. Even though the inflation rate is getting higher in China there won't be decline in people's spending. Until end of the 2009 HSBC's profits one third comes from EU, one third from US and one third was from Asia. In 2010 half of the benefit came from China itself.

Intellectual Property Office of HKSAR

IP Office work to maintain the protection of intellectual property rights to the highest international standards, so that Hong Kong, China remains a place where creativity and talent can flourish. Provides high-quality and responsive patent, trademark and designs registration services to the public in Hong Kong, China. Promote awareness of intellectual property rights of the individual, and a respect for the rights of others.

They Provide Intellectual Capital Management which allows organizations to tap into reservoirs of knowledge and expertise that they already possess but may not be exploiting effectively. They have also Intellectual Capital Management Light for the SMEs which can complete in 6 hours. They have the same services for Foreign Companies operates in Hong Kong

Advices on IPR

Do not rely on the law much and don't wait to problem to come. Unlike having investment in EU, US in China you must take previous action. Prevention better than cure and do risk analysis, research risk elements.



In order to protect trade secrets in China, foreign companies should sign a Non Disclosure Agreement with the staffs both while hiring and firing To read more about trade secrets (**Undisclosed Commercial Information**) [link1](#)

Sample of Agreements: [link2](#) [link3](#)

Hong Kong Science and Technology Park Corporation (HKSTP)

HKTPS is a statutory body set up by the Government of HKSAR. HKTPS provides innovative and technology driven infrastructure and support facilities which include market focused and clustered laboratory services enabling Hong Kong industries and services to be more competitive.

- HKTPS report directly to Innovation & Technology Commission
- Companies invest by themselves to the Park; they pay very competitive rent compare to the town. HKSTP provides utilities and laboratory.
- Around 330 tech companies invested into park
- Park has an supporting schemes for the companies which wants to a develop new technologies
- They can access government funding for R&D
- Companies can easily find partners through the park
- Companies invested in the park, mostly have production facilities or partner in the Mainland
- No limitation for foreign companies/foreign in the park
- Tax system also equal both Hong Kong people and foreigners
- For laboratory services, for the special researches they require a fund from government to supply machineries
- Company doesn't need to pay for the equipments
- Park provides engineers
- Park has a high degree of IPR protection

HKTPS focuses on 5 sectors:

- IT & Telecom
- Electronics
- Biotechnology
- Precision Engineering
- Green Technology

III. INTERVIEW: TURKEY LATE TO DISCOVER CHINA ECONOMIC TREASURES, TRADE LEADER SAYS

[Interview_Kaslowksi.pdf](#)

By Chris Yeung

China's high-speed economic train may have begun to slow, but for Aldo Kaslowksi, it is better late than never as he tries to get aboard the 1.3 billion-strong Chinese express.

Kaslowksi runs a family chemicals business in Turkey. He is also the chairman of the advisory council of the Turkish Industrialists and Businessmen's Association (TUSIAD), which was inaugurated in 1971 as the "voice of business in Turkey". In 2007, TUSIAD set up an office in Beijing, its fifth in the world and first in China, marking a belated venture to tap the potential of the China market.



Speaking to the Hong Kong Economic Journal's EJ Insight during a visit to Hong Kong in mid-March, Kaslowksi said: "I should say eight or nine years ago Turkey and China were completely ignoring each other. Even policymakers never exchanged visits. It's really funny. Can you imagine?"

"Yes, we have diplomatic ties, but no official visits. No Turkish people were looking at China or vice versa. Most probably [our] priorities were different."

Bilateral trade surges

Trade figures say something about the growing economic ties between the two countries. In 1999, the volume of bilateral trade was less than US\$1 billion. It jumped to US\$19.26 billion in 2010. The deficit of the Turkish side was US\$17.02 billion.

Kaslowksi said China has markedly increased its investments in Turkey in recent years, focusing on sectors including telecommunications, energy, ports and logistics. "China's priority was not industrial needs but energy for obvious reasons, and also communications and logistics because they are linked with energy.

"Chinese companies have come also because they discovered that doing [business] in Turkey is like investing in Europe because of our customs duty arrangement... It is also like doing business with Central Asian countries. There are 380 million Turkish people there."

Kaslowksi met with government officials, business and political leaders during his visit. "I'm here to find out how we can improve the relationship between Hong Kong and Turkey because knowledge here on Turkey is almost zero.

Turkey a gateway to Europe

"Istanbul and Hong Kong have quite a lot of synergy because both are important hubs: Turkey is a gateway to Europe and Hong Kong to China."

Located at the Eurasian crossroads between the East European, Mediterranean, Black Sea, Near East and the Caspian Sea regions, Turkey could give full play to its geo-political position to boost its economy, Kaslowski said.

Although the country has no natural energy resources, it has served as an energy transport hub through pipelines linking neighboring regions, he said. "Otherwise, they [oil importing countries] will have to go through the Indian Ocean, which is more difficult politically and strategically.

"We are going to build more pipelines. In a way, Turkey is going to be a transit point for energy and at the same time a consumer hub of energy, which is a driving force for growth. How can China become so big without energy?"

Energy was identified by the two governments for greater cooperation after a visit by Turkish President Abdullah Gul to China in 2009. A memorandum of understanding signed between both sides covers areas including renewable energy, hydroelectricity, hydrocarbon exploration and production, solar energy, thermal power and nuclear energy.

China has also stepped up investments in Turkey's railway, mining and automobile sectors. These include a deal between Chery of China and Turkish automaker Mermerler Otomotiv to build a Chery plant in Turkey, which will produce Chery's A3/Niche, Change sedan and small sport utility vehicles. The project is estimated to cost about US\$500 million. The plant is expected to hit the target of 100,000 units per year by 2017.

'Just the beginning'

Kaslowski said: "It's just the beginning... The Chinese community is growing as well. The Chinese restaurants are coming. So are Chinese banks, which followed trade and industrial investments."

He dismissed concerns that Uyghur separatist activities in China's northwestern Xinjiang region could adversely affect relations between the two countries. Turkey is a Muslim country with a sizeable population of Uyghur people.

He said: "This will not affect our relations at all... We have discovered China belatedly, but we have discovered [it]."

Although surrounded by countries not known for political stability, Turkey has not been affected by political turmoil that is sweeping North Africa and the Middle East, Kaslowski said. "We may eventually be affected by migration coming from those countries. We have a lot of such immigrations.

"If you look at our neighboring countries, none of them are really secure, mature and stable. Armenia, Iraq, Iran, Syria, Jordan, Lebanon... Turkey is standing there very strong... What is happening [in those countries] is not about democracy. It's because they don't have enough food or water.



"Turkey is also a Muslim country. If you think this is a Muslim disease, it's not. Turkey has democracy. We are also a founder of the European Community, a co-member of almost all international agreements. There's a big, big, big difference."



IV. PROGRAM

13 March 2011 (Sunday)

1540 Arrive in Hong Kong

14 March 2011 (Monday)

1130 – 1200 Meeting with Mr TSE Cheung-hing, Deputy Director of Information Services

1230 – 1400 Lunch-cum-briefing hosted by Ms Carol YUEN, Deputy Director-General of Trade and Industry
(on supports to Hong Kong industries)

1430 – 1515 Meeting with Ms Erica NG, Director for Chamber Programs, Hong Kong General Chamber of Commerce

1545 – 1630 Meeting with Mr Mehmet Raif KARACA, Consul General of Turkey

19:00 Dinner hosted by Mehmet Raif KARACA, Consul General of Turkey

15 March 2011 (Tuesday)

0930 – 1015 Meeting with Ms Monica YU, Executive Director of the Hong Kong Ethics Development Centre, Independent Commission Against Corruption

1045 – 1130 *Meeting with Ms Selene TSOI, Principal Assistant Secretary for Financial Services & the Treasury (Financial Services)*
(on Hong Kong as an international financial centre)



1500 – 1545 Meeting with Mr Dennis YAU, Director General, The Federation of Hong Kong Industries

16 March 2011 (Wednesday)

0930 – 1015 Meeting with Ms Linda LAI, Deputy Secretary for Commerce and Economic Development

(on Hong Kong's bilateral trade relationship with Turkey)

1030 – 1115 Meeting with Mr Robin IP, Deputy Head, Central Policy Unit

1130 – 1230 Meeting with Ms Margaret FONG, Deputy Executive Director, Hong Kong Trade Development Council, followed by a tour of the SME Centre

1400 – 1500 Meeting with Ms Nathalie LOUAT, Portfolio Head of Financial Markets, East Asia and Pacific, International Finance Corporation, World Bank Group

1530 – 1645 Meeting with Dr Victor FUNG, Chairman, Li & Fung Group

17 March 2011 (Thursday)

0930 – 1015 Meeting with Hon Audrey EU, Member of Legislative Council

1030 – 1130 Meeting with Mr Eric LANDHEER, Head, Issuer Marketing Department, Hong Kong Exchanges and Clearing Limited (HKEX), followed by a visit to HKEx.

(on prospect of fund-raising by Turkish companies through listing in Hong Kong)

1145 – 1215 Meeting with Mr George LEUNG, Advisor, Strategy and Economics ASP, The Hongkong and Shanghai Banking Corporation Limited



- 1430 – 1530 Helicopter Briefing , Joint programme with Madam ZHANG Xiu-qin, Director General of the Department of International Cooperation and Exchange, Ministry of Education, and Mr SONG Bo, Mainland China
- 19:000 YPO Dinner hosted by Dr Victor FUNG, Chairman, Li & Fung Group

18 March 2011 (Friday)

- 0930 – 1015 Meeting with Mr Stephen SELBY, Director of Intellectual Property
- 1100 – 1200 Visit to Hong Kong Science and Technology Parks
- 1445 – 1530 Meeting with Mr Howard CHAN, Deputy Secretary for Constitutional and Mainland Affairs
(on One Country, Two Systems)
- 1600 Interview by Hong Kong Economic Journal

19 March 2011 (Saturday)

- 2315 Depart Hong Kong

Note: To be accompanied by Ms Iraz TURHAN, TUSIAD Beijing Office Director, China, throughout the official programme

