

Hong Kong: the "Heart of Asia"

As a major global and regional trading and finance business centre, Hong Kong is considered to be one of the primary places in the world for networking, information exchange, deal making and sourcing investment dollars.

The postage-sized territory of 6.3 million represents an impressive pool of wealthy, well educated, internationalized and knowledgeable people sitting in the geographic heart of Asia and controlling huge flows of goods, services and investment.

In facing the 1997 handover to the People's Republic of China after 150 years of British rule, the economic transition to China has already largely occurred with the transfer of Hong Kong manufacturing to China, mainly in the Pearl River Delta but increasingly beyond to the north and inland.

On the other hand, huge sums of Chinese capital and assets are located in or funnelled through Hong Kong. The city is heavily services oriented, outpacing much of the world, particularly China, in developing the trade of invisibles.

Canada-Hong Kong investment relations

The territory continues to be a vital source of investment, a fertile market for Canadian technology, goods and services, and an ideal base from which to access expanding markets in China and the Pacific Rim. Canada has \$1.98 billion worth of investments in Hong Kong, while Hong Kong has \$2.6 billion of investment in Canada.

Canada-Hong Kong trade relations

Hong Kong is Canada's fifth-largest trading partner in the Asia-Pacific region and is becoming an increasingly important trading partner and

commercial centre for Canadian business. Two-way trade in 1996 was approximately \$2.3 billion.

Hong Kong is also an important re-export point for other

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The 1997 Transition: Preserving Hong Kong as a Business Hub

On July 1, 1997, Hong Kong will revert to China after 150 years of British rule. It will be known as the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China. Details of the sovereignty transfer have been determined by the Sino-British Joint Declaration of 1984, and by the Basic Law, the constitution for the territory that was promulgated by the Chinese National People's Congress in April 1990. The Basic Law ensures the implementation of "one country, two systems." It grants considerable autonomy to the HKSAR in economic, trade, cultural and political affairs for 50 years after 1997.

Economic System

- The HKSAR government will safeguard the free operation of financial business and the free flow of capital in the territory, whereby no exchange control policy will be applied after 1997. The Hong Kong dollar will continue to circulate and will remain freely convertible.
- After 1997, the Exchange Fund will be managed and controlled by the HKSAR government, primarily for regulating the exchange value of the Hong Kong dollar.

Status as a Trading Nation

- The HKSAR will remain a

separate customs territory and will be allowed to continue to take part in relevant international organizations and international trade agreements.

- Export quotas, tariff preferences and other similar arrangements obtained by the HKSAR will be enjoyed exclusively by the HKSAR. The HKSAR government will have authority to issue its own certificates of origin for products manufactured locally in accordance with the prevailing rules of origin.
- Trade, including that with the mainland, will continue to be governed by international rules.
- The HKSAR will remain an international and regional transportation centre, with its own aircraft and shipping registers.
- Separate membership in the World Trade Organization, Asia Pacific Economic Co-operation (APEC), Pacific Economic Co-operation Council (PECC), Pacific Basin Economic Council (PBEC), and Pacific Trade and Development Conference will continue.
- English will continue to be used as an official language, in addition to Chinese.

Taxes

- The HKSAR will continue to have an independent taxation system after 1997.