

(Translation)

**Deepen Cooperation and Work Together
for a Bright Future**

Address At the Forum on Economic and
Trade Cooperation and Development
Between the Mainland, Hong Kong and Macao

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Chinese People's Political Consultative Conference

Dear compatriots ,

Friends ,

On the occasion of the 9th anniversary of the
return of Hong Kong and the 3rd anniversary of the
signing of CEPA , we are delighted to come to the

beautiful Hong Kong to attend the Forum on Economic and Trade Cooperation and Development between the Mainland, Hong Kong and Macao. This is a great gathering among friends. I wish to take this opportunity to extend, on behalf of the Central Government, our warm congratulations on the opening of the Forum and our warm greetings and best wishes to all of you present today.

In this season when baubinia is in full bloom, we are seeing an enchanting scene in Hong Kong. Since arriving in this vibrant city, we have been greatly heartened by what we see: its skyline, well-functioning infrastructure facilities, thriving businesses and a stable, orderly and peaceful social environment. Thanks to the joint efforts of the SAR Government and Hong Kong compatriots, Hong Kong has surmounted a host of difficulties and challenges such as the Asian financial crisis,

the change in external environment and the SARS epidemic. The city has regained the momentum of economic growth, improved life for its people, boosted the public confidence in investment and consumption and uplifted its overall economic competitiveness. Its position as a free port and an international financial, trade and shipping center has been further consolidated. It enjoys social stability and is full of vitality. All this has deeply impressed us. Hong Kong, the world-renowned “Oriental Pearl”, is shining with ever greater brilliance. Macao is also in good shape: effective governance by the Macao SAR Government, sustained economic growth, stable and peaceful social environment and public contentment with their life and work. The city is thriving. What Hong Kong and Macao have achieved since their return fully testifies to the correctness and vitality of the principles of “one country, two systems”,

“Hong Kong people administering Hong Kong”, “Macao people administering Macao” and a high degree of autonomy. The SAR governments of Hong Kong and Macao surely have the vision and ability to run Hong Kong and Macao well. Our compatriots in Hong Kong and Macao, with their talent and entrepreneurship, are fully capable of ensuring the prosperity of these two great cities. The Central Government fully appreciates the great job done by the Hong Kong and Macao SAR governments and the active efforts and important contributions made by the people in Hong Kong and Macao to ensure their prosperity and stability.

Three years ago today, the Central Government and the Hong Kong SAR Government signed here the *Mainland and Hong Kong Closer Economic Partnership Arrangement*. Soon afterwards, the *Mainland and Macao Closer*

Economic Partnership Arrangement was signed in Macao. Additional agreements were signed later, which further enhanced and improved CEPA. As a special economic and trade arrangement between the State and its separate customs territories, CEPA is an institutional initiative aimed at boosting mainland’s economic and trade ties with Hong Kong and Macao under the principle of “one country, two systems” and within the framework of the World Trade Organization. It both highlights the unique position of Hong Kong and Macao as separate customs territories and forges close ties among the mainland, Hong Kong and Macao which belong to one and same country. CEPA has ushered in a new stage of development in the economic and trade cooperation between the mainland, Hong Kong and Macao.

We are glad to see that the signing and

implementation of CEPA have promoted multi-level and wide-ranging business cooperation among the mainland, Hong Kong and Macao and boosted the all-round growth of the economies in Hong Kong and Macao. In 2004 and 2005, Hong Kong's GDP increased by 8.6% and 7.3% respectively, and that of Macao grew by 28.3% and 6.7%. The signing and implementation of CEPA have also helped the mainland open wider and improve its economic structure. In 2005, trade volume between the mainland and Hong Kong stood at US \$ 136.71 billion, up 56.4% over that of 2003. Hong Kong launched 14,831 investment projects on the mainland, with US \$ 17.97 billion paid. Hong Kong continued to be the biggest source of overseas investment for the mainland. The trade volume between the mainland and Macao also reached a record high of US \$ 1.88 billion in 2005. It is especially worth mentioning that, as the

service sector, which is the economic mainstay of Hong Kong and Macao, gains greater access to the mainland market, it brings with it new way of doing business and advanced services. This has helped promote the service sector and economic restructuring on the mainland. CEPA has proved to serve as a platform and powerful engine for strengthening economic and trade ties between the mainland, Hong Kong and Macao as it speeds up the free flow of goods and services, accelerates regional economic integration and enhances complementarity, mutual benefit and common development of the three economies. I am confident that the continued implementation of CEPA will surely expand economic and trade cooperation between the mainland, Hong Kong and Macao and inject a strong impetus to the fast yet steady growth of the three economies.

Dear compatriots,

Friends,

Maintaining and promoting the long-term prosperity, stability and development of Hong Kong and Macao——this is the fundamental objective of the Central Government's policies on Hong Kong and Macao. All the Central Government policies and steps concerning Hong Kong and Macao have been adopted and taken to promote the interest of Hong Kong and Macao. The *Outline of the Eleventh Five-Year Plan for National Economic and Social Development* approved by the 10th National People's Congress at its 4th Session in March this year incorporated the development of Hong Kong and Macao into the overall plan for national development. Specifically, the Outline proposed the following: strengthening and promoting exchange and

cooperation between the mainland, Hong Kong and Macao in trade, science, education, culture, health, sports and other fields; continuing to implement CEPA; supporting Hong Kong in developing finance, distribution, tourism, information and other service industries to keep its status as an international financial, trade and shipping center; and supporting Macao in developing tourism and other service industries to facilitate the properly diversified development of its economy. It demonstrates the Central Government's commitment to Hong Kong and Macao and the important position the two SARs now occupy in the national development strategy. Here, I wish to reiterate that the Central Government will unswervingly adhere to the principles of "one country, two systems", "Hong Kong people administering Hong Kong", "Macao people administering Macao", a high degree of

autonomy and the basic laws. It will continue to firmly support the chief executives and the governments of the two special administrative regions in exercising administration in accordance with the law. And it will continue to strengthen and promote exchange and cooperation between the mainland, Hong Kong and Macao. No matter what may happen, the great motherland will always be there to uphold the prosperity and stability of Hong Kong and Macao.

Dear compatriots,
Friends,

I would like to update you on the development on the mainland which I know is of keen interest to you. Since the founding of the People's Republic of China and particularly since the program of reform and opening-up was

launched, Chinese people of all ethnic groups, led by the three generations of collective leadership of the Communist Party of China (CPC) Central Committee, have made unremitting efforts and achieved remarkable progress in the socialist modernization drive. In particular, since the 16th CPC National Congress, the CPC Central Committee headed by General Secretary Hu Jintao, with China's strategic and overall interests in mind, has made a series of important decisions and arrangements. They call for building a society of moderate prosperity in an all-round way, adopting and implementing the scientific outlook on development, building a harmonious socialist society, developing a new socialist countryside and building an innovation-oriented country to ensure that China's economic growth and social development are both fast and healthy. According to statistics, over the past 28 years of reform and

opening-up, China's GDP has increased from US \$ 216.5 billion to US \$ 2.23 trillion at an average annual growth rate of 9.6%. It now ranks fourth in the world. During the same period, China's foreign trade volume has increased from US \$ 20.6 billion to US \$ 1.42 trillion, ranking third in the world. By last February, China's foreign exchange reserves had reached US \$ 853.6 billion, ranking first in the world. As China's economy grows, the life of its people has also been remarkably improved. China has basically completed the historic leap from a society of subsistence to a society of moderate prosperity. China now enjoys vibrant economic growth, political stability, national unity and social progress. "Looking ahead, we are standing at a new historical starting point." It is a new starting point for pursuing a scientific outlook on development. It will guide the overall economic

and social development to make it more people-centric, comprehensive, balanced and sustainable by changing the way of thinking about development, creating a new pattern of growth and making development more cost effective. It is a new starting point for implementing the scientific development strategy. We will follow closely the principles guiding economic and social development, work steadily to build a new countryside and accelerate the economic restructuring and the change of growth pattern to ensure balanced development among regions. We will strengthen capacity for independent innovation, deepen reform, open China wider and build a harmonious society. It is a new starting point for reaching the goal of scientific development. We will double China's per capita GDP of 2000 by 2010. At the same time, we aim to reduce energy consumption per unit of GDP by

around 20% from that of the end of 2005 by improving economic structure, raising efficiency and lowering energy consumption. We are confident that the implementation of the Eleventh Five-Year Plan will produce a significant and profound impact on realizing the lofty goal of building a moderately prosperous society in an all-round way and on ensuring the long-term prosperity and stability of Hong Kong and Macao.

Dear compatriots,

Friends,

To date, the mainland has enjoyed fruitful and encouraging economic cooperation and trade with Hong Kong and Macao. Looking ahead, the three regions will have broad and exciting prospects for cooperation. We hope that Hong Kong and Macao compatriots will carry forward the

fine tradition of loving the motherland and loving Hong Kong and Macao, maintain the favorable conditions created through hard work, ensure prosperity and stability of the two cities and work hard in a pioneering spirit for an even brighter tomorrow of Hong Kong and Macao. Now I wish to make the following proposals on furthering the economic cooperation and trade between the mainland and Hong Kong and Macao.

First, seize opportunities to achieve greater progress. The first two decades of this century represent a key period of strategic opportunities for China's development. They will be a golden period for making major development in economic cooperation and trade among the mainland, Hong Kong and Macao. In its efforts to deepen reform, open itself wider and build a moderately prosperous society in all aspects, the mainland needs to build

stronger economic ties with Hong Kong and Macao. For Hong Kong to be successful in economic restructuring and for Macao to be successful in proper economic diversification, and for both to seize opportunities in the intense international competition, the two regions need to strengthen their economic cooperation and trade with the mainland. The tripartite cooperation accords with the trend of the times and holds great opportunities. Facing this unique opportunity, the central government departments and local governments on the mainland will, acting in accordance with the Eleventh Five-Year Plan, deepen economic cooperation and trade with Hong Kong and Macao as a matter of priority in pursuing development and opening-up. The SAR governments and public leaders of Hong Kong and Macao should keep in mind the popular desire for stability, development and harmony in the two

regions, give top priority to economic development, and lift the economic cooperation and trade between the mainland and Hong Kong and Macao to a new height.

Second, expand and upgrade cooperation. In recent years, the mainland has taken a series of policy initiatives to support Hong Kong and Macao in growing their economies and boost economic cooperation and trade with the two regions. These steps include implementing CEPA, allowing more mainland residents to visit Hong Kong and Macao, strengthening coordination of infrastructure development between the mainland and Hong Kong and Macao, advancing the Guangdong-Hong Kong, Shanghai-Hong Kong, Beijing-Hong Kong and Pan-Pearl River Delta regional cooperation and granting Hong Kong and Macao banks access to Renminbi business. Today, Mr. Donald Tsang

will announce new CEPA measures signed just now with the approval of the Central Government and the State Council is considering new policies for expanding Renminbi business. Implementing these policies will surely bring about faster and better economic development of the three regions and instill strong vitality into the economic ties and cooperation between the mainland and Hong Kong and Macao. We hope that the SAR governments and the public leaders of Hong Kong and Macao will sum up both the successful practices and identify problems emerging in the economic cooperation and trade among the three regions since the implementation of CEPA and make full use of the relevant policy incentives within the framework of the current arrangement. At the same time, both the central government departments concerned and local governments of the mainland and Hong Kong and Macao SARs should follow the trend of economic development,

keep pace with the times, strive to make breakthroughs in cooperation in the building of infrastructure facilities, industrial development, resources utilization, environmental protection and other areas. Regional cooperation between relevant regions on the mainland and Hong Kong and Macao, and particularly the Pan-Pearl River Delta regional cooperation should be deepened. The Central Government will continue to introduce new policy incentives as needed. Some policies that may not yet be suitable for implementation nationwide for the time being may be implemented first in the Pan-Pearl River Delta region. In short, we should pursue economic cooperation and trade between the mainland and Hong Kong and Macao in keeping with their actual conditions, steadily expand and upgrade cooperation, develop new thinking, models and methods for cooperation and make our cooperation more fruitful.

Third, enhance coordination and improve mechanism of cooperation. The mainland has close and extensive links with Hong Kong and Macao. To enhance our economic and trade cooperation, we should observe the market rules, utilize market mechanisms and fully tap the initiative of business communities and professionals. As the cooperation between the mainland and Hong Kong and Macao covers extensive areas and requires policy guidance, it is imperative to give full play to the role of the governments. On the basis of CEPA and other existing cooperation mechanisms, we should improve the mechanism of communication on economic and trade matters between the Central Government and Hong Kong and Macao SAR governments, making it a long-term, stable and effective mechanism. Under the overall coordination of the Central Government, the

relevant central government departments and local governments will strengthen communication and coordination with Hong Kong and Macao SAR governments on policies and specific matters related to economic cooperation and trade. Such efforts will help provide a strong institutional guarantee for enhancing economic and trade cooperation between the two sides.

Fourth, achieve common prosperity by drawing on each other's strength. With vast territory, a large market, strong R & D capacity and rich human resources, the mainland stands as an unparalleled destination for investment and business. Both Hong Kong and Macao have a highly open economic system, full-fledged legal system, developed infrastructure, extensive international connections and sound business environment. Hong Kong, in particular, as an

international financial, trade and shipping center, boasts a developed modern service industry and a large number of professionals familiar with international economic rules. Macao's economy is relatively small but vibrant. And it enjoys extensive business ties with Portuguese-speaking countries and regions. By enhancing their economic and trade cooperation, the mainland and the two SARs can complement each other with their comparative advantages, form synergy and emerge as winners in international economic competition.

Dear compatriots,

Friends,

The blueprint for China's development has been drawn up and revitalization of the Chinese nation is clearly in view, just like the rising sun

above the horizon. Keeping pace with the times and reform and development drive of the motherland, Hong Kong and Macao will embark on an equally ambitious journey of development. Our future is bright and beautiful, but our tasks are heavy and challenging. Let us work together in a pioneering spirit and keep pace with the times to create greater prosperity and harmony for Hong Kong and Macao, and write a new chapter in the annals of the great revitalization of the Chinese nation.

In conclusion, I wish the Forum every success. Thank you all!