

Connected to the world

By **ALDERMAN MICHAEL BEAR**

LORD MAYOR OF THE CITY OF LONDON



MICHAEL BEAR studied Civil Engineering at the University of Witwatersrand in South Africa and holds an MBA from Oxford University. He has 36 years' experience in the international construction industry and has been Managing Director of Balfour Beatty Property Ltd since 1993. He is Regeneration Director at Hammerson plc, a Non-Executive Director of Arup and a Fellow of the Institution of Civil Engineers and the Royal Institution of Chartered Surveyors. Alderman Bear was elected as the 683rd Lord Mayor of the City of London on 29th September 2010.

It's been three years since a magazine first coined the phrase "Nylonkong": New York, London and Hong Kong, in an article which looked at the network of the world's top three global business hubs. The relationships amongst the three sister financial centres are mutually supportive, although competition is always welcomed.

But London, in particular, has uniquely strong ties to Hong Kong and its people, making us natural partners. There are numerous key factors that make both London and Hong Kong leading global centres: championing the rule of law; providing transparency, predictability and stability in tax and regulatory environment; achieving high business ethics and corporate governance; assembling a critical mass: a diverse mixture of services which support the financial services industry from accountancy through to management consultancy; opening up to the world's best talent; enforcing intellectual property rights. All of these help build confidence amongst those doing business.

It also means that a successful centre needs to create a welcoming environment. It involves a visa regime which attracts rather than deters talent; through to creating a city where people, especially young people

can feel at home. More than 300 languages are spoken in London, and the cultural diversity of the UK has undoubtedly supported our success.

As Lord Mayor of London I am responsible for representing, supporting and promoting all UK-based financial services around the world – spending around 100 days in more than 20 countries during my year in office.

In April, I visited the Hong Kong SAR and China. I was accompanied by a powerful business delegation – accountants, bankers, asset managers, engineers, lawyers, insurance specialists and maritime services practitioners, to promote the City and its significant ties with Hong Kong. One question that I was often asked was the competition between Hong Kong and Shanghai. The sheer scale of development in Lujiazui, demonstrates just how impressive and determined the Shanghai government is, in catching up with other established centres, and achieving its aim to be an international financial and maritime centre by 2020.

Hong Kong, on the other hand, is already the leading international financial centre in Asia. The fact that Hong Kong was given the role to be the first test-ground for the internationalisation of the renminbi (Rmb) further



Hong Kong's Tsing Ma Bridge, the world's longest suspension bridge

strengthens its pole position. The rapid take-off of the offshore market in Hong Kong – and the impressive rise in Renminbi deposits in Hong Kong – has made this the topic everyone is talking about. Indeed, one investment bank expects Hong Kong's Rmb deposits to rise five times to Rmb 2 trillion within the next two years and that the Rmb offshore market will be the single most important driver for Hong Kong's financial sector growth in the next five years.

I have been particularly encouraged to see participation by UK firms in this area - British banks such as HSBC and Standard Chartered have certainly benefitted by both underwriting and issuing dim-sum bonds in Hong Kong. In the medium term, I believe that there is a role for London to develop as another offshore centre for Rmb-denominated trade settlement and the trading of Rmb investment instruments. London is by far the largest global centre for foreign exchange business: twice as many dollars are traded on the foreign exchange market in the UK than in the US. More than twice as many euros are traded in the UK than in all the euro-area countries combined. Given the market appetite, bringing Rmb trading into the home of global forex markets is entirely appropriate.

Another main theme of my recent visit to Hong Kong was to promote British expertise on infrastructure projects (finance and management) and urban regeneration. As an engineer by training, this subject is closed to my heart. In my previous role as Director of Regeneration at Hammerson, I have witnessed how urban regeneration can transform local communities, and improve aspirations in some of the poorest areas.

The Hong Kong SAR Government is fully committed in reinventing Hong Kong by focusing on its culture and creativity offering as well as improving transport links both within Hong Kong and with mainland China. There are plenty of opportunities for UK business: from the West Kowloon Cultural District to the high-speed rail link to Guangzhou, Hong Kong's construction craze is going full speed ahead. In the coming years, ten major infrastructure projects with a total budget of £29 billion have been identified and commissioned.

With Hong Kong's rapid economic growth, capital or the financing of these projects is not going to be the main issue. But I believe we have a huge contribution to make in the project management of the overall package, to realise complex, interdependent, mega-projects. These projects are so fundamental to the fabric of modern Hong Kong, that it is hard to imagine the city without them.


I understand that Hong Kong SAR Government recognises the importance of such projects in driving

the economy forward, demonstrated by the budget statement in February, which committed to: "continue to invest heavily in infrastructure to promote economic development, create employment opportunities and enhance the long-term competitiveness of Hong Kong."

With world leading expertise in different areas, from building railways to staging art performances, the UK is well-positioned to play an active role in these mega-projects. The UK is a collector of "best practice," derived from years of global experience. We have an expert cluster of global companies which develop and deliver mega-projects in Asia and the rest of the world.

For instance, Mott MacDonald, a leading British consultant engineering company, renowned for the Tsing Ma Bridge – the world's longest suspension bridge to carry a railway. The firm is currently designing and managing new MTR stations, and the innovative Tsuen Wan drainage tunnel. It is also supervising delivery of what will be the world's largest "waste to energy" facility.

Meanwhile, the British firm Arup are heading for another world's first as it is designing the world's largest Waste Water Treatment Works in Hong Kong's Stonecutters Bay. Arup's projects also include the recent Stonecutters Bridge, the IFC and ICC super-towers, that act as landmarks at the entrance to Hong Kong's Victoria Harbour.

Mott and Arup provide examples of UK expertise in infrastructure projects – taking into consideration the whole supply chain. The UK will undoubtedly serve as a valuable partner for Hong Kong's many High Value Opportunity projects. We welcome the opportunity to continue building a strong future for Hong Kong. 



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Hong Kong's IFC office, transport and retail hub