



NEW ZEALAND

Consulate-General HONG KONG

TE AKA AORERE



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HK\$7.78=US\$1.00 (approx)
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Bilateral - New Zealand / Hong Kong SAR

Secretary for Education Signed Education Co-operation Arrangement in Hong Kong

New Zealand Secretary for Education Ms Karen Sewell and Hong Kong Secretary for Education Mr Michael Suen signed an Arrangement on Education Co-operation in Hong Kong on 13 October 2011.



Ms Sewell and Mr Suen at the signing ceremony

The Agreement represents a significant step forward in the bilateral education relationship, providing the opportunity to strengthen collaboration

in areas such as the internationalisation of education, vocational training, quality assurance and ways to increase student achievement levels.

The Arrangement is an outcome of the Closer Economic Partnership between New Zealand and Hong Kong, which entered into force on 1 January 2011. The joint press release on the signing of the Arrangement and the full text are available at www.edb.gov.hk

While in Hong Kong, Ms Sewell met with the Hong Kong Education Bureau, Vocational Training Centre, and Examination and Assessments Bureau. Early childhood education and vocational training were identified as key areas for collaboration. She also attended a reception hosted by Consul-General Ms Adele Bryant to meet with the New Zealand education community in Hong Kong. Media interest in the visit and the signing of the Arrangement was positive with Ms Sewell interviewed by the *South China Morning Post*, *Ta Kung Pao* and *Ming Pao Daily*.

Visit by Auckland Mayor Mr Len Brown and NZ Transport Authority

Auckland Mayor Mr Len Brown and a New Zealand Transport Authority delegation visited Hong Kong from 14-16 November as part of a five-day mission to China to look at transport and infrastructure development.

During the visit to Hong Kong, the Mayor and delegation attended briefings and site visits organised by the Hong Kong Highways and Transport Departments to study Hong Kong's rail links, harbour tunnels and intelligent transport system. The Mayor also met with Secretary for Development Ms Carrie Lam at a dinner hosted by Consul-General Ms Adele Bryant.

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Wellington Mayor Ms Celia Wade-Brown with Head of CreateHK, Mr Jerry Liu

Visit by Wellington Mayor Ms Celia Wade-Brown

Wellington Mayor Ms Celia Wade-Brown made an official visit to Hong Kong on 27 July, the last stop in a nine-day visit to China and Japan to strengthen well-established education, cultural, creative and business links between Wellington and Hong Kong. The mayor was accompanied by a delegation of 15 representatives from the Wellington Council, the education sector and film and creative industries.

The delegation attended a business breakfast hosted by the New Zealand Chamber of Commerce in Hong Kong, during which the Mayor shared the latest developments in Wellington, discussed the relationship between Wellington and the region and presented opportunities for further business-to-business links.

Ms Wade-Brown met with the Head of Create Hong Kong Mr Jerry Liu and Head of Hong Kong's Film Development Council Mr Wellington Fung to discuss collaboration in the areas of film and digital entertainment. She also met with InvestHK Associate Director-General Mr Andrew Davis to explore business and investment opportunities between the two cities. ANZ Hong Kong organised a briefing for the Mayor and delegates on China's economy and economic prospects for the region.

The Mayor toured Cyberport, which has MOUs with Wellington City Council and Weltec and has recently become the office site for two New Zealand companies.



Consul-General Ms Adele Bryant and officiating guests at the opening ceremony

Te Aka Aorere Mini-Rugby Tournament Celebrates Rugby World Cup 2011

To celebrate the start of the 2011 Rugby World Cup (RWC2011), the Te Aka Aorere Mini-Rugby Tournament was held at King's Park Sports Ground on 10 September. The event was hosted by the Consulate-General, with the support of the Hong Kong Rugby Football Union and the Hong Kong Mini Rugby Football Union.

Representing the twenty RWC2011 participating nations, some 250 under-12 year old local children competed for the titles. After intense competition, Scotland beat France in the final. Ireland won the "Team with the Best Olympic Values", judged by the 2011 Hong Kong Rugby Sevens captain, Mr Anthony Haynes.

The event was a fantastic opportunity for the mini-rugby and diplomatic communities to share in the excitement of RWC2011, and for the participants to learn a little something about New Zealand and the countries they represented. "With the help of our business sponsors such as DHL Hong Kong and ANZ, and Consulates from participating nations and with performances by Maori cultural group Te Hokioi Ki Whanga Kakara and the Hong Kong Police Band, the Te Aka Aorere Mini-Rugby Tournament was a colourful festival which everyone enjoyed - just the same as RWC2011", said Consul-General Ms Adele Bryant.

Throughout RWC2011, NOW TV's Sports Channels screened footage of the tournament with messages from key organisers of the event, including the Consul-General.



Representatives of country teams at the opening ceremony

Kiwis and Friends Celebrated RWC2011 in Style at Cyberport Hong Kong

The Rugby World Cup 2011 tournament ended with a bang for New Zealand when the All Blacks won with a nail-biting 8-7 victory over France on 23 October. In Hong Kong, All Black fans (and some hopeful Les Bleus followers!) gathered on the grass to watch the match on the big screen.

Among the crowd were guests of the Consulate-General and New Zealand Trade and Enterprise, who joined 500 plus people of all ages for the free outdoor screening organised by the New Zealand Chamber of Commerce with the help of the Consulate. To ease the nerves, New Zealand wine and beer was available for purchase, as was good ol' New Zealand pies which raced out the door.



The New Zealand community in Hong Kong got together for the RWC2011 Final in support of the All Blacks



A group performed an impromptu haka for the crowd



The New Zealand Booth at the Hong Kong Education Expo

Other Bilateral News

The University of Canterbury's Pro Vice-Chancellor Dr Rod Carr was in Hong Kong on a promotional visit from 8-9 November. He hosted an alumni networking event at the Renaissance Hotel and held a meeting on further cooperation with the Hong Kong Baptist University. He also met with local education agents and presented study opportunities at the University to local students hosted by La Salle College in Kowloon. Dr Carr was interviewed by Takungpao on the University's recent developments.

Vice Consul Ms Holly Warren attended a small scale Education Expo at a local international school to promote New Zealand education and Consul-General Ms Adele Bryant spoke to participants in the Cultural Collage hosted by Po Leung Kok Ngan Po Ling College, including representatives from its sister school, Kaikorai Valley High Dunedin.

Dr Robert Scollay, Director APEC Study Centre New Zealand, and Mr Jon Mayson, NZTE Chair, visited Hong Kong under the Hong Kong Government's Sponsored Visitors' Programme (SVP) in late November. Dr Scollay met key business and economic contacts in an event organised by the Consulate. Mr Mayson attended a working lunch with New Zealand companies and Business Advisory Board members to discuss the way ahead for New Zealand's economic growth agenda. Opposition Trade Spokesperson, Maryann Street, also visited under the SVP from 11-19 December.

Ms Gabrielle Isaac, Policy Officer from The Ministry of Foreign Affairs and Trade's Asia Regional Division was in Hong Kong on 23 November and met key trade and economic contacts.

New Zealand Booth at the Hong Kong Education Expo

The Consulate-General promoted New Zealand education at the Hong Kong Education Expo - part of The International Education Forum and Expo organised by the Hong Kong Education Bureau from 15-16 July.

The Education Expo focused on local and international systems of education and multiple pathways for further studies to suit individual interests, aptitudes and abilities. The New Zealand booth fielded enquiries from students looking at New Zealand as an attractive lifestyle and study option, and with a high quality education system and comprehensive range of courses to offer.

2nd Round of Negotiations towards a New Zealand- Hong Kong Investment Protocol

A team from the Trade Negotiations Division of the Ministry of Foreign Affairs and Trade were in Hong Kong the week of 14-18 November undertaking the second round of negotiations of a comprehensive Investment Protocol, mandated for completion under the New Zealand-Hong Kong Closer Economic Partnership (CEP). The Protocol will replace and build on an existing Investment Promotion and Protection Agreement by encouraging and promoting increased investment flows between two already highly complementary economies and important investment partners.

General Election and Referendum

The Consulate-General conducted voting in the general election and referendum on the electoral system for New Zealanders in Hong Kong during the period of advance voting.

Prime Minister Hon John Key and his National Party were re-elected for a second term on 26 November with the National Party securing 48% of the vote, up from 45% in the 2008 general election.

Cultural Diplomacy Activities

The Consulate-General hosted a cocktail reception in conjunction with Proverse Publishing to launch "Home, Away, Elsewhere" by New Zealand Poet, Mr Vaughan Rapatahana, at the Residence on 25 November. Mr Rapatahana was a semi-finalist of the 2009 inaugural Proverse Prize.

Wellington-based Stroma New Music Ensemble, led by conductor Mr Hamish McKeich, performed in Hong Kong at Musicarama 2011 on 7 November.

Poroporoaki and Powhiri to the outgoing and incoming Consul-General

At a reception on 9 December members of Te Hokiioi farewelled Ms Adele Bryant, who will return to Wellington to take up a position as Head of China Unit in the Ministry of Foreign Affairs and Trade, and welcomed Consul-General-designate Mr Robert Kaiwai who takes up his new posting in Hong Kong on 19 December.

Mr Kaiwai's previous role was High Commissioner in Tarawa and Ambassador to Palau, Marshall Islands and the Federated States of Micronesia. Previously, he has held various senior roles including Deputy Director in the Middle East and Africa Division, and has been seconded to the Ministry for the Environment leading a senior policy team developing New Zealand's climate change policy.



Consul-General-designate Mr Robert Kaiwai



Chief Executive candidates: Mr Henry Tang (left) and Mr C Y Leung (right)



Chief Executive candidates: Mr Frederick Fung (left) and Mr Albert Ho (right)



Chief Executive Mr Donald Tsang (centre) with Mr Stephen Lam (left) and Mr Raymond Tam (right)

Business & Other Updates - Hong Kong

In a move to help expand the offshore RMB equity market, the Hong Kong Exchanges & Clearing Ltd announced that it will **allow local listed firms to raise funds by issuing RMB-denominated shares**. Companies already listed in Hong Kong will now be able to raise funds through a RMB follow-on offering by launching a new counter of RMB-traded shares alongside the existing Hong Kong dollar counter. It will also study whether to allow listed companies to shift their HKD-denominated shares into RMB-denominated products in the future. Further details: www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm

Domestic - Hong Kong SAR

Updates on the 2012 Chief Executive Election

Mr Henry Tang and Mr Leung Chun-ying have resigned as Chief Secretary and Executive Council Convenor respectively and formally declared their candidacies for next year's Chief Executive election. Democratic Party Chairman, Mr Albert Ho and former Chairman of The Hong Kong Association for Democracy and People's Livelihood, Mr Frederick Fung have also declared their candidacies.

The date for the Chief Executive Election has been set for **25 March 2012**. The Chief Executive will be elected by a 1,200-member Election Committee. All candidates will need to obtain at least 150 nominations from the Committee in order to be eligible to run for the top post.

Senior Government Appointments

Mr Stephen Lam was appointed Chief Secretary for Administration following Mr Henry Tang's resignation on 28 September. Mr Raymond Tam moved from the post of director of the Chief Executive's Office to take over from Mr Lam as Secretary for Constitutional and Mainland Affairs. Professor Gabriel Leung, former Undersecretary for Food and Health, took over as Director in the Chief Executive's office. Mr Ronald Arculli has succeeded Mr C Y Leung as Executive Council Convenor.

The new appointees' biographies are available at: www.info.gov.hk/gia/general/201109/30/P201109300200.htm and www.ceo.gov.hk/exco/eng/ronald_arculli.html

2011/2012 Policy Address

On 12 October Hong Kong Chief Executive Donald Tsang delivered his seventh and last Policy Address, entitled "From Strength to Strength" (www.policyaddress.gov.hk). Housing was the focus of this year's Policy Address with the Chief Executive announcing seven measures (including the resumption of the Home Ownership Scheme) aimed at tackling problems in the housing market and avoiding the risk of a property price bubble.

Tsang warned that Hong Kong's economy would face greater downside risks next year as the recent sharp global downturn was "more worrying than inflation". But he remained upbeat about the SAR's ability to weather the storm. Acknowledging that the widening wealth and social gap remained a significant source of social discontent, the Chief Executive unveiled measures aimed at redressing inequalities and alleviating poverty.

To support businesses, Mr Tsang pledged to sign **Supplement VIII to the Hong Kong-China Closer Economic Partnership Arrangement** by the end of 2011 (which was later signed on 13 December - details are available at www.tid.gov.hk/english/cepa/legaltext/cepa9.html) to provide greater access to mainland markets for Hong Kong service providers, to promote the use of RMB funds, and to establish strong and extensive links with the Mainland's **onshore RMB market**. A new fund will help SME's upgrade and reorientate their mainland-based industries from exports to the domestic market through developing stronger local brands. In response to concerns from the business sector about some of its provisions, the **proposed Competition Bill will be amended**, and enacted within the current legislative session.

On politics, Mr Tsang said Hong Kong should "allow democracy to take root, maintain high administrative efficiency and build social consensus". He also urged his successor to preserve the "big market, small government" principle and a low and simple tax regime.

Hong Kong became the **world's third-largest recipient of foreign direct investment** for the first time in 2010 (after the US and Mainland China), as net inflow surged 31.5% yoy to US\$68.9 billion, according to a report by the United Nations Conference on Trade and Development. For the 13th consecutive year, Hong Kong also retained its position as the **second largest FDI recipient in Asia**, after Mainland China.

Hong Kong tipped the **World Economic Forum's Financial Development Index** for the first time, up from fourth in 2010.

Other Bilateral News

Ms Vivian Hutchinson, Ms Viv Moidaborn and Mr Joshua Vial attended the Social Enterprise Summit, and shared their experiences of social innovation projects in New Zealand at a seminar in Hong Kong on 24 November.

November is fair month in Hong Kong. With the help of NZTE New Zealand cosmetic companies participated in the large Cosmoprof Fair **and, with support** from NZ Wine, a good contingent of wine companies exhibited at the annual **Hong Kong Wine Fair**. New Zealand's **Master of Wine, Mr Bob Campbell**, conducted a trade tasting and presented the top wines from a Five Nations competition. Members of the Hong Kong New Zealand Business Association, led by Chair Felix Lee, attended the TDC Hong Kong Forum at the end of November and networked with New Zealand Chamber of Commerce members at an event held at the Residence.



Trade Commissioner Ms Sharon-May McCrostie and Trade Development Executive Ms Jane Lin at the Cosmoprof Fair

2011 District Council Elections

A total of 839 candidates contested 336 directly elected seats in 18 districts at the District Council Elections held on 6 November. This year's elections took on added significance with the extra five Legislative Council seats reserved for district councillors providing a chance for parties to position themselves ahead of the 2012 LegCo Elections.

Contrary to predictions of low voter turnout, **some 41.4% of the 2.9 million eligible voters** cast their ballots, compared with a 38.8% turnout in the 2007 polls.

The pro-establishment **Democratic Alliance for the Betterment and Progress** won **136 seats**, while the **Federation of Trade Unions** added another nine to bring its total to **28**. The pan-democratic camp took 83 seats with the **Democratic Party and the Civic Party winning 47 and 7 seats** respectively. A newcomer, the New People's Party won four seats.

Interpretation of Articles 13 and 19 of the Basic Law Concerning State Immunity

Following a request from Hong Kong's Court of Final Appeal ("Congo Case") for an interpretation of Articles 13 and 19 of the Basic Law- concerning state immunity- the National People's Congress (NPCSC) voted unanimously to approve an interpretation which rules that the absolute state immunity principle, a State policy on the Chinese mainland, also applies to Hong Kong. The ruling marks the first time the Court of Final Appeal has referred a question of Basic Law to the NPCSC for interpretation under Article 158, although the mainland has offered interpretations on three Basic Law issues in the past.

GDP Growth Slowed to 4.3% in 3Q2011

Hong Kong's GDP grew by 4.3% yoy in 3Q2011, down from a revised 5.3% yoy growth in the previous quarter. Technical recession was narrowly missed as the GDP edged up 0.1% in 3Q2011 on a quarter-on-quarter basis (qoq), after contracting 0.4% qoq in 2Q2011. In 3Q2011, total exports dropped 2.2% yoy, but domestic consumption remained robust, up 8.8% yoy on income growth, a vibrant job market and a 19% surge in visitor arrivals.

The official **2011 GDP growth forecast** was lowered from 5-6% to **5%** (against a range of 4.5-5.8% from the latest forecasts by the private sector) and the official **2011 inflation forecast** was lowered from 5.4% to **5.2%** (against a range of 5.0-6.1% from the latest forecasts by the private sector). The Hong Kong Government cautioned that external volatility is likely to weigh on the local economy, and the trade outlook is "bleak", as the Chief Executive said earlier that **the GDP growth might be as little as 2% in 2012**.

The International Monetary Fund commented that an economic slowdown would limit Hong Kong's recession risk by reducing high inflationary pressures to a more sustainable level.

Visit of Vice Premier Mr Li Keqiang

Vice-Premier Mr Li Keqiang visited Hong Kong for 3 days from 16-18 August. At a Forum on China's 12th Five-Year Plan & Mainland-Hong Kong Cooperation, Mr Li announced a series of measures aimed at boosting Hong Kong's development, including the wider use of the RMB for trade settlement, banking and investment, as well as greater access to the mainland services sector. Mr Li sees Hong Kong as playing a valuable role in helping mainland companies achieve China's "Go Abroad" policy.

During his visit, Mr Li also revealed that the Central Government **aims to realise free services trade with Hong Kong** by the end of the



Chinese Vice-Premier Mr Li Keqiang addresses an economic forum in Hong Kong

Business & Other Updates
- Hong Kong

Chief Executive Mr Donald Tsang said that he expected **RMB trade settlement in Hong Kong will reach US\$128 billion in 2011** with most coming from Guangdong. RMB trade settlement conducted through Hong Kong banks has already reached RMB804 billion during the first half of 2011, of which nearly 30% was trade settlement between Guangdong and Hong Kong, making Hong Kong the most important syndication centre for funding.

The value of **wine imports to Hong Kong** is forecast to **exceed US\$1 billion this year** after surging by 65% to US\$856 million in the first eight months of 2011, according to the Hong Kong Trade Development Council. Since the excise duty on wine was abolished in 2008, the value of wine imports to Hong Kong has soared 140% to US\$897 million in 2010.

Fitch Ratings said that **Hong Kong banks should withstand major contagion risks from the European debt crisis**, including reduced lending to the local banking system as European banks tighten their loans to cope with domestic financial difficulty. However, the agency cautioned that local banks would remain vulnerable to weakening investor confidence in the global economy as well as a tighter credit environment in mainland China.

12th five-year period in 2015.

A summary of the measures is available at: www.info.gov.hk/gia/general/201108/17/P201108170243.htm

Right of Abode Judgment

A landmark Hong Kong High Court ruling on the right of abode case involving a Filipino domestic worker found that the Immigration Ordinance- barring those who have lived in Hong Kong for at least seven years from right of abode- breached the Basic Law. However, it recognised that a sovereign authority has the power to decide whether to actually grant such status to an applicant. The Hong Kong Government has lodged an appeal against the ruling

Proposed Refined Regulatory Framework for Pesticide Residues in Food

The Hong Kong Government has proposed a Regulation on Pesticide Residues in Food to provide specific legal provisions to regulate the level of pesticide residues in food.

The proposed Regulation will define “pesticide” and other related terms in a way consistent with the Codex Alimentarius Commission (Codex), adopting its classification of foods and formulating standards for Hong Kong based on the maximum residue limits (MRLs) of Codex. A list of exempted substances will be provided to allow the trade to use pesticides that are natural and for which the residues are identical to or indistinguishable from natural food components.

The Hong Kong Government plans to table the proposed Regulation at the Legislative Council in late 2011. Further details are available at: www.cfs.gov.hk/english/whatsnew/whatsnew_fstr/whatsnew_fstr_21_Pesticide.html

Latest Hong Kong Economic Indicators

Indicator	Figure	Period	Change
1. Gross Domestic Product	US\$223.6 bn	FY2010	+7%
2. Economic growth	+5.6%	3Q2011	preliminary
	+5%	FY2011	revised forecast
3. Population	7.11 mil	mid-2011	+0.6% yoy
4. Fiscal surplus	HK\$71.3 bn	2010/2011	-
5. Foreign currency reserves	US\$281.7 bn	Oct 2011	+5.5% yoy
6. Monetary base	HK\$1,059 bn	Oct 2011	+2.6% yoy
7. Hang Seng Index	19,865	Oct 2011	-14% yoy
8. Inflation rate	5.8%	Oct 2011	-
9. Prime interest rate	0.5%	Oct 2011	-
10. Property transactions			
a. sales value	HK\$27.56 bn	Oct 2011	-51.5% yoy
b. no of transactions	5,675	Oct 2011	-53.5% yoy
11. Retail sales value	HK\$31.2 bn	Sep 2011	+24.1% yoy
12. Unemployment rate	3.3%	Aug-Oct2011	provisional
13. a. Total exports	HK\$305.7 bn	Oct 2011	+11.5% yoy
b. Total imports	HK\$328.8 bn	Oct 2011	+10.9% yoy
c. Re-exports	HK\$300.4 bn	Oct 2011	+12% yoy
14. Visitor arrivals	3.05 mil	Nov 2011	+17.1% yoy

(Sources: 1, 2, 3, 4, 8, 11, 12, 13. Hong Kong Census & Statistics Department 5,6,7. Hong Kong Monetary Authority 9. HSBC 10. Hong Kong Land Registry 14. Hong Kong Tourism Board)

Macau's **gambling accumulated gross revenue** for the first 10 months of the year stood at US\$27.1 billion, **up 45% yoy**. Ratings agency Fitch reported that Macau's casinos are showing no signs of a slowdown despite slowing economic growth and tighter credit conditions in China, and forecast solid growth into 2012.

The Monetary Authority of Macau has asked the Central Government to implement **measures to extend RMB operations in Macau**, and support the SAR to become a settlement platform for RMB transactions in Portuguese-speaking countries. Specifically, it plans to propose to the People's Bank of China that it authorise the Macau Fiscal Reserve to invest in the mainland inter-banking and stock market. At the end of October Macau's foreign reserves totalled 253.4 billion patacas (US\$31.69 billion) - 44 times the cash circulating in the territory.

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Policy Address for 2012

Chief Executive Mr Fernando Chui delivered his Policy Address for 2012 (www2.gcs.gov.mo/policy/home.php?lang=en) on 15 November. Raising the living standards of Macau residents tops the administration's agenda in the coming year, as the Chief Executive unveiled a string of measures to fight rising inflation, including further cash handouts to all residents. Past initiatives to help low-income families will continue next year, and business owners and employees will continue to enjoy tax cuts and waivers outlined in the previous policy address. He also announced that the administration will draw up a population policy to tackle the problem of an aging population. To foster sustainable economic development, Mr Chui pledged to facilitate the growth of integrated tourism and boost regional co-operation.

On political development, a public consultation will be launched next year on whether and how to amend the method for the formation of the Fifth Legislative Assembly in 2013, and the selection of the Fourth Chief Executive in 2014, in accordance with the Macau Basic Law. Mr Chui said the Government had no preference in the revision of the methods of the two elections.

GDP Rose by 24% in 2Q2011 with Strong Outlook for FY2011

Macau's GDP for 2Q2011 expanded by 24% yoy to US\$7.96 billion, after a yoy rise of 21.6% for 1Q2011 and a yoy rise of 22.9% for 1H2011. In 2Q2011, private consumption expenditure rose by 11.3% yoy, and gross fixed capital formation expanded by 23.1%.

Secretary for Economy and Finance Mr Francis Tam forecast that Macau's economic growth for 3Q2011 should stay at the same levels recorded in 1H2011, during which GDP increased by 22.9% yoy, and that Macau is likely to post a two-digit economic growth for 2011.

The average composite CPI for the first eight months of 2011 has risen by 5.37%. Macau's Monetary Authority expected inflation for 2011 to be slightly above 5%, and the unemployment rate to edge down to about 2.5% from the current 2.7%.



Chief Executive Mr Fernando Chui delivers the policy address



