



Investment protocol negotiations follow NZ-HK RMB swap agreement

Businesses trading with Mainland China and Hong Kong will welcome two initiatives.

Trade Minister Tim Groser said substantive negotiations on an Investment Protocol between New Zealand and Hong Kong, building on the HK-NZ Closer Economic Partnership Agreement (CEP), will begin in early May.

He said the protocol would provide investors with a greater level of certainty and confidence and will create a reliable platform for increased investment without undermining New Zealand's overseas investment regime.

The Ministry of Foreign Affairs and Trade is about to call for public



People's Bank of China (PBOC) to support the settlement of trade transactions in Chinese renminbi (RMB).

The size of the swap facility is RMB 25 billion (NZD 5 billion) and has a three year maturity. The RBNZ says the facility gives it the capacity to borrow RMB for use in rare situations where financial market disruption makes it difficult for businesses to access RMB to settle transactions with Chinese businesses.

submissions to help inform New Zealand's negotiating position and the HKNZBA is able to help any member who wishes to contribute to the discussion.

Meanwhile the Reserve Bank of New Zealand (RBNZ) says it has established a reciprocal currency arrangement (swap line) with The



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Hong Kong Festival 2011 – Classic to Creative

The Hong Kong Festival 2010 was a great success and won the Asia-Pacific Best Initiative Award 2010 from the Federation of Hong Kong Business Associations Worldwide.

This year, the theme of the Hong Kong Festival will be *Classic to Creative*, fun and exciting activities happening in August 2011 include:



Hong Kong Festival opening cocktail – 4 August
Creative Hong Kong (Workshop) – 11 August
Cinema Hong Kong (Movie) – 11- 17 August
Celebrate Hong Kong (Banquet Dinner) – The celebration banquet



And more to come!
Please visit www.hkfestival.org.nz



New attitude toward Asian investments emerging

New Zealand investors' attitudes toward emerging market investments have changed significantly, with investors now seeing the markets individually rather than grouping them all together, according to Glen Tonks, Head of Wealth at HSBC New Zealand.

Further supporting this view is the recent release of the HSBC Fund Managers' Survey for 1Q11 which has shown all fund managers surveyed turned positive towards Asian bonds up from 60 per cent last quarter, reflecting confidence in select Asian economic fundamentals and financial strength.

"For New Zealand investors we think that you should always be looking for exciting new investments, and the emerging world has given plenty of those in the last couple of years, but in doing so, investors may have taken their eye off some of the very attractive investments that are literally sitting almost in their own backyard and across the developed world," said Tonks.

"Yet, it's not that we feel, structurally, that the emerging markets story is over or about to be significantly reversed. The biggest trend globally will continue to be the shift from West to East, lead by

China and India in particular," continues Tonks.

All fund managers overweight toward equities

Bruno Lee, Regional Head of Wealth Management Asia-Pacific, said: "HSBC's Fund Manager Survey shows a significant change in investor confidence. All respondents are bullish on equities, and none on bonds or cash. Fund managers are looking to North American equities because of improving economic conditions, merger and acquisition activities and encouraging company reports. At the same time, fund managers

are lukewarm on Asia-Pacific ex-Japan due to concerns over rising inflation in the region, and less bullish on Greater China equities as the market takes in the impact of ongoing austerity measures to contain inflation.



Edited contribution from:



1Q 2011 asset allocation strategy	Underweight	Neutral	Overweight
Equities	0% (0%)	0% (50%)	100% (50%)
Bonds	43% (14%)	57% (86%)	0% (0%)
Cash	71% (57%)	29% (29%)	0% (14%)

› Quick updates

Mainland visitors head big spend in HK

Visitors to Hong Kong during the year to March 2011 reached 36 million, 2.1% up on the previous year, says the Hong Kong Tourism Board (HKTB).



Total expenditure of visitors reached a historic high of HK\$210 billion. Mainland China tourists were the biggest spenders during their stay. The Chairman of HKTB James Tien is forecasting 40 million visitors to Hong Kong in 2011-2012 and an expected boost from tourism dollars for the economy of around HK\$ 240 billion.

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