



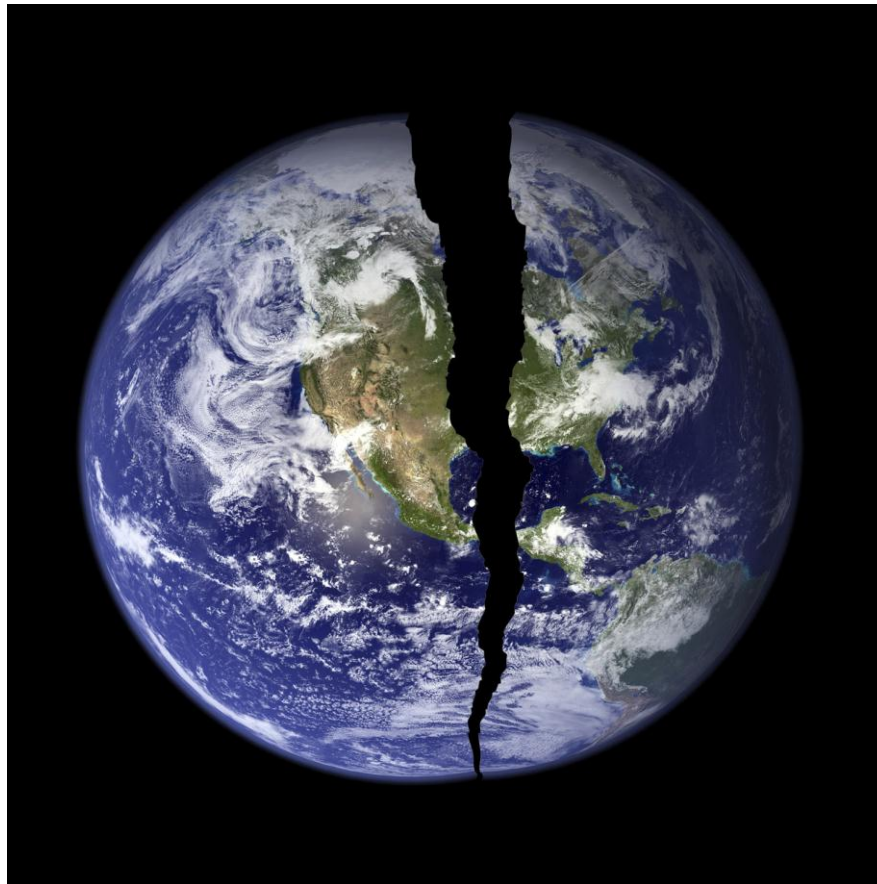
Free Trade Zone

Implications for HK and the global economy

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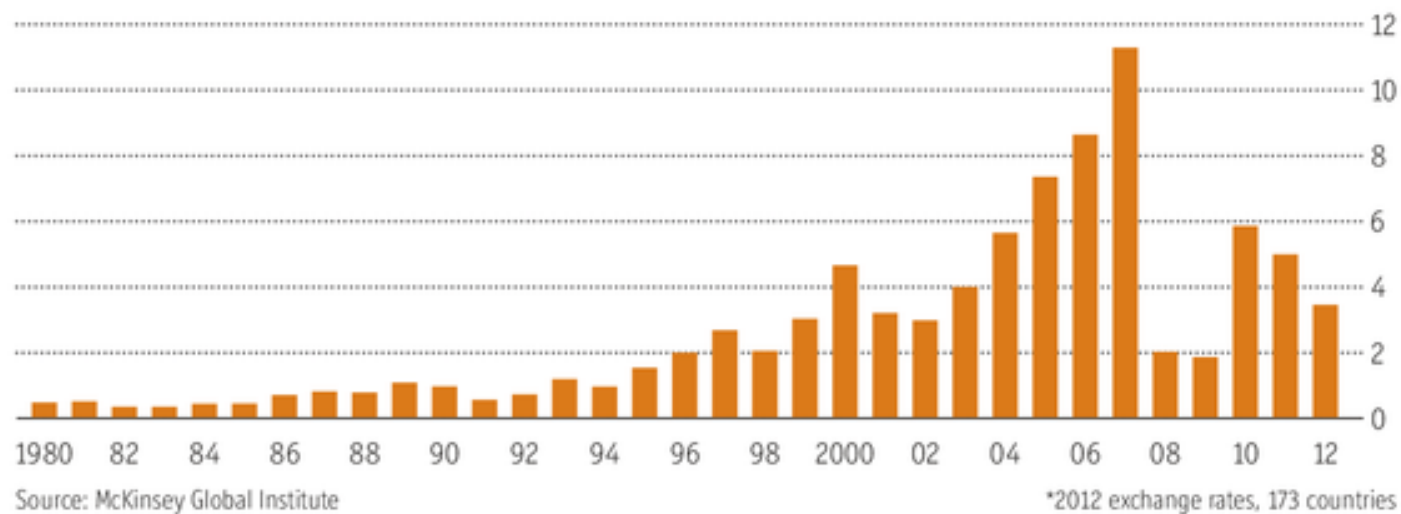
The Global Economy

Global De-Globalisation



Dampened financial flows

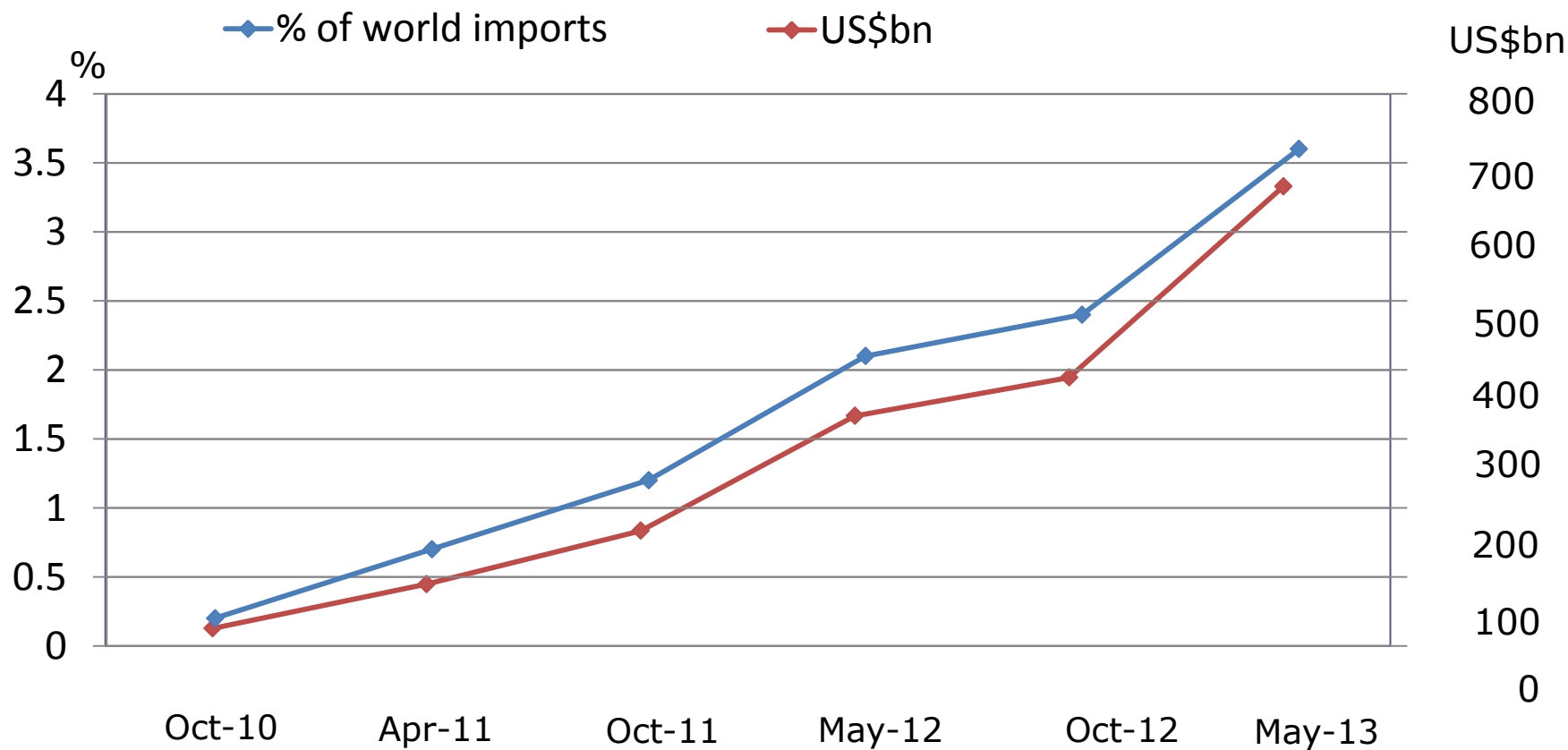
Cross-border capital flows, \$trn*



Source: The Economist

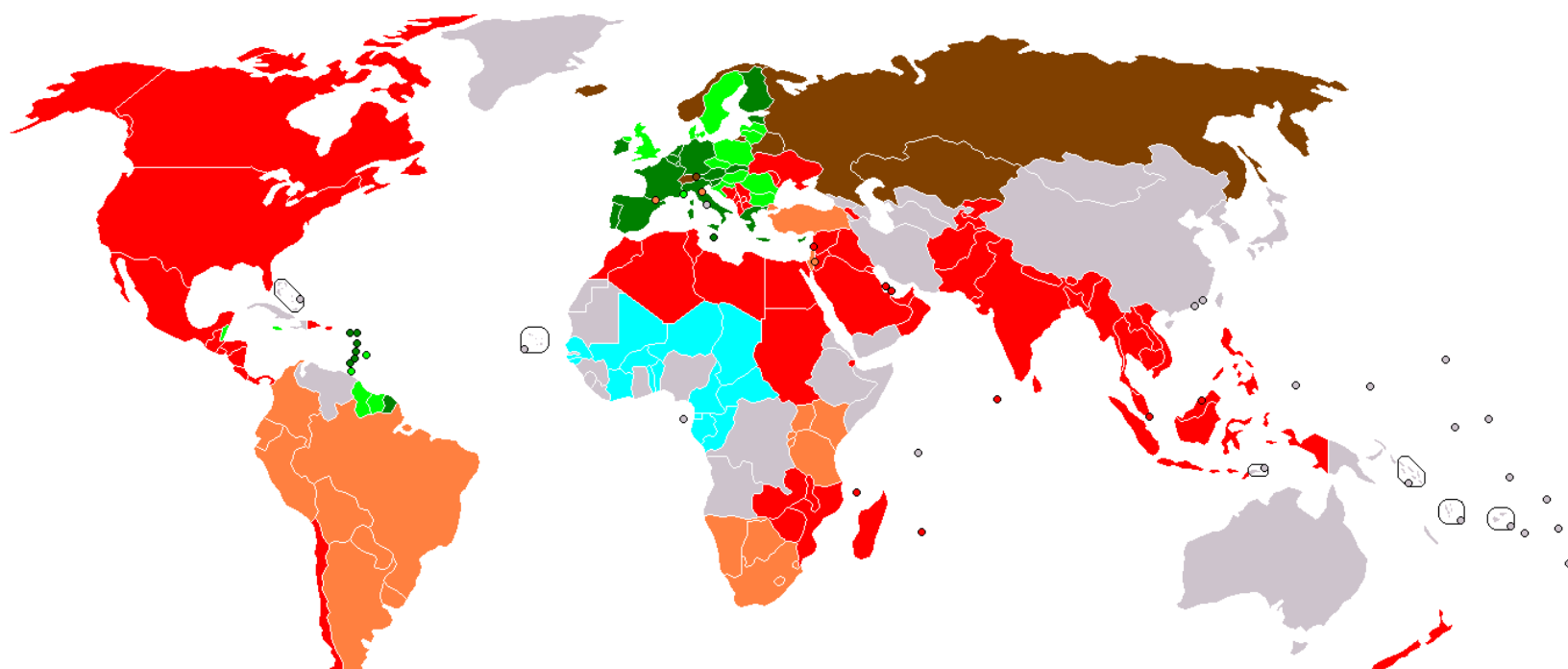
Rising trade protectionism

Imports of G20 covered by restrictive measures since 2010



Source: WTO, Report on G20 trade measures, 17 June 2013, p.4

Fragmented world



- Economic and Monetary Union (CSME/EC\$, EU/€)
- Economic union (CSME, EU)
- Customs and Monetary Union (CEMAC/franc, UEMOA/franc)
- Common market (EEA, EFTA, CES)
- Customs union (CAN, CUBKR, EAC, EUCU, MERCOSUR, SACU)
- Multilateral Free Trade Area (AFTA, CEFTA, CISFTA, COMESA, GAFTA, GCC, NAFTA, SAFTA, SICA, TPP)

Coloured according to the highest form of economic union
Source: http://en.wikipedia.org/wiki/Free_trade_area

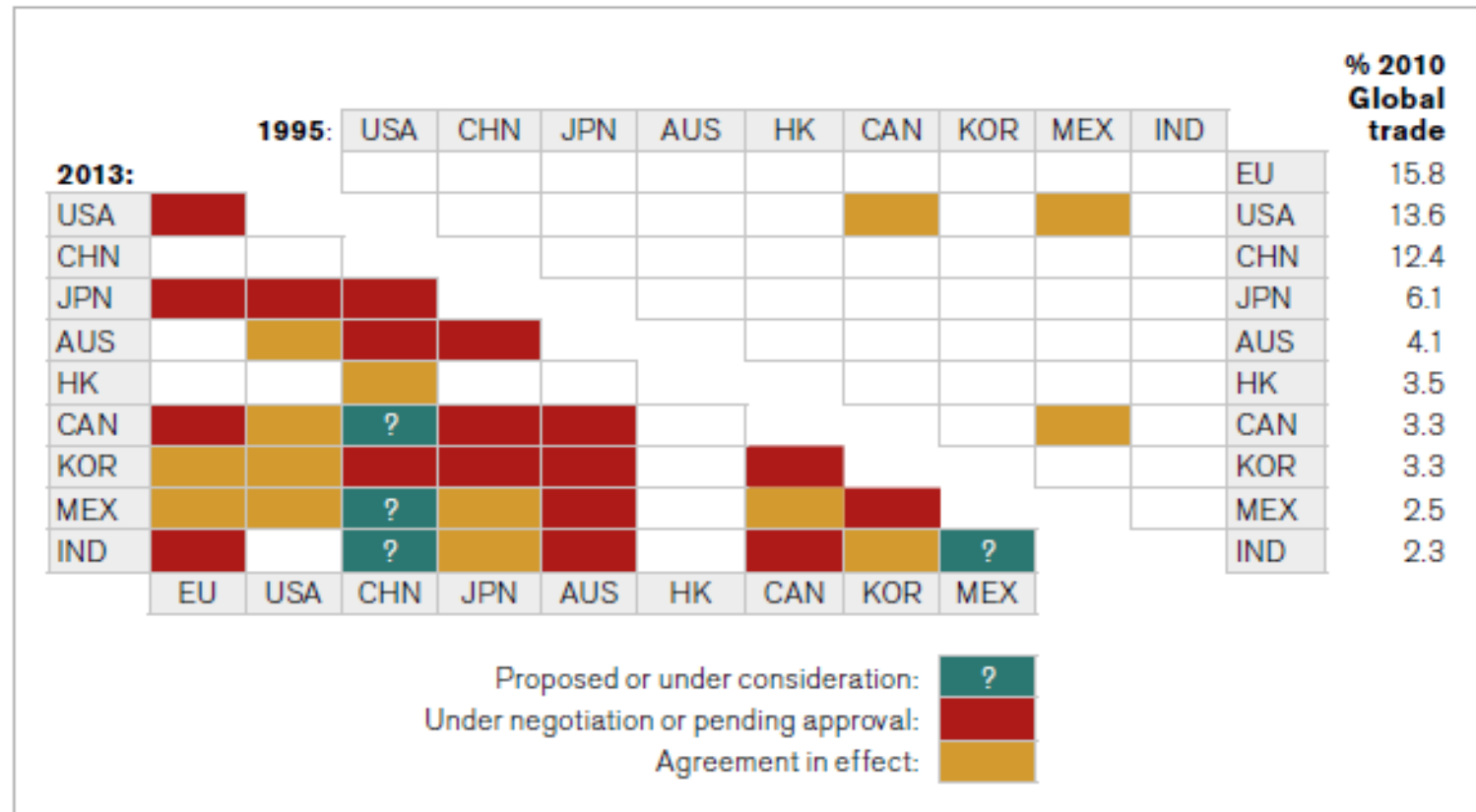
A new growth strategy



Source: Google

A new trade regime

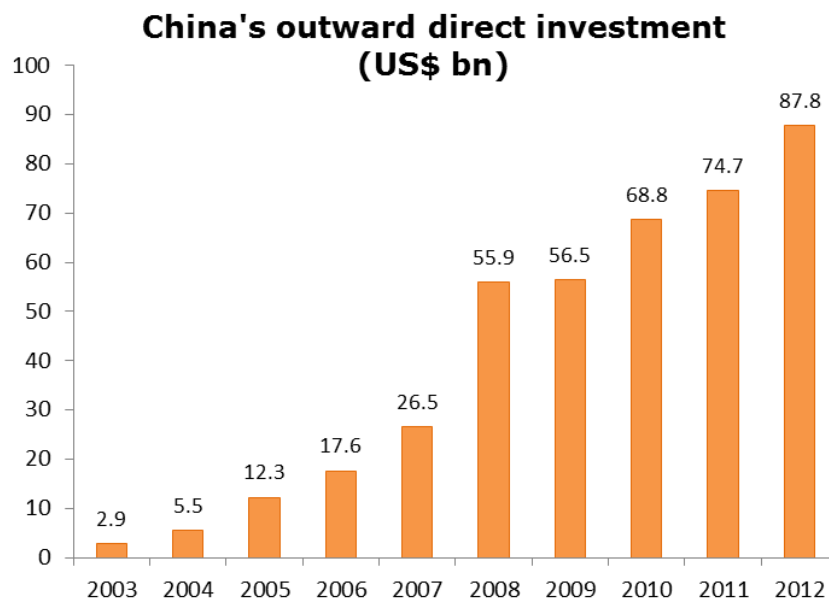
RTAs among the ten largest WTO members, 1995 and 2013



Sources: Data on RTAs tabulated from the WTO Regional Trade Agreements Information System (<http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>) and other sources (principally the websites of the ten members' trade ministries). Trade data from the WTO www.wto.org/english/res_e/statis_e/its2011_e/charts_e/chart08.xls.

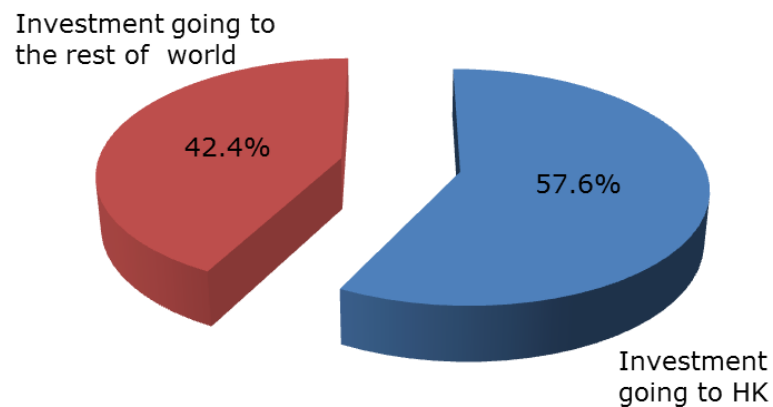
Notes: Shares of global trade are based on merchandise trade and exclude intra-EU trade. Data for 2013 based on information available through March.

New frontiers



Source: MOFCOM

China's stock of outward direct investment (end-2012)



A new financial architecture



A New World Order

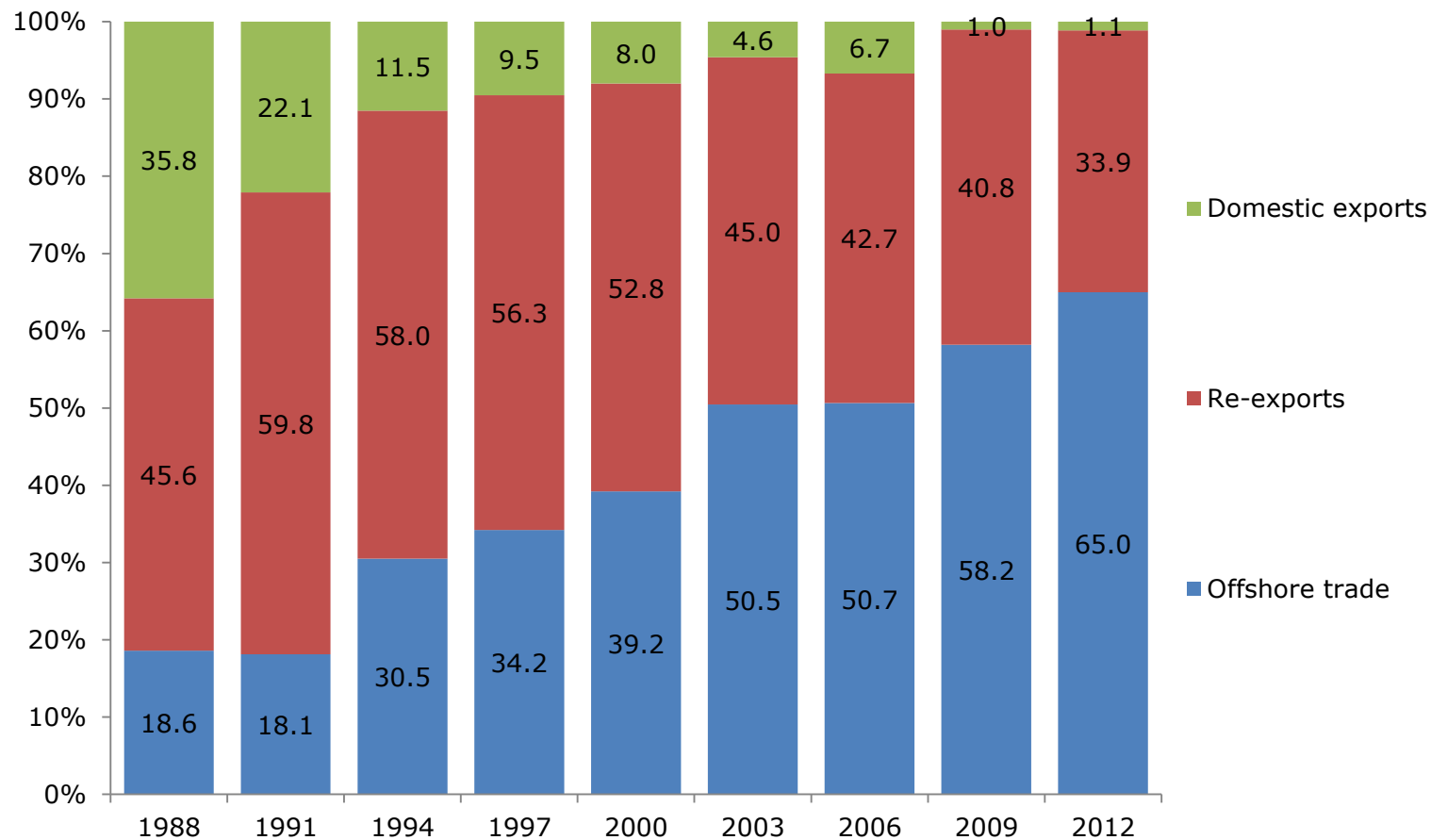


Source: Google

Hong Kong's responses

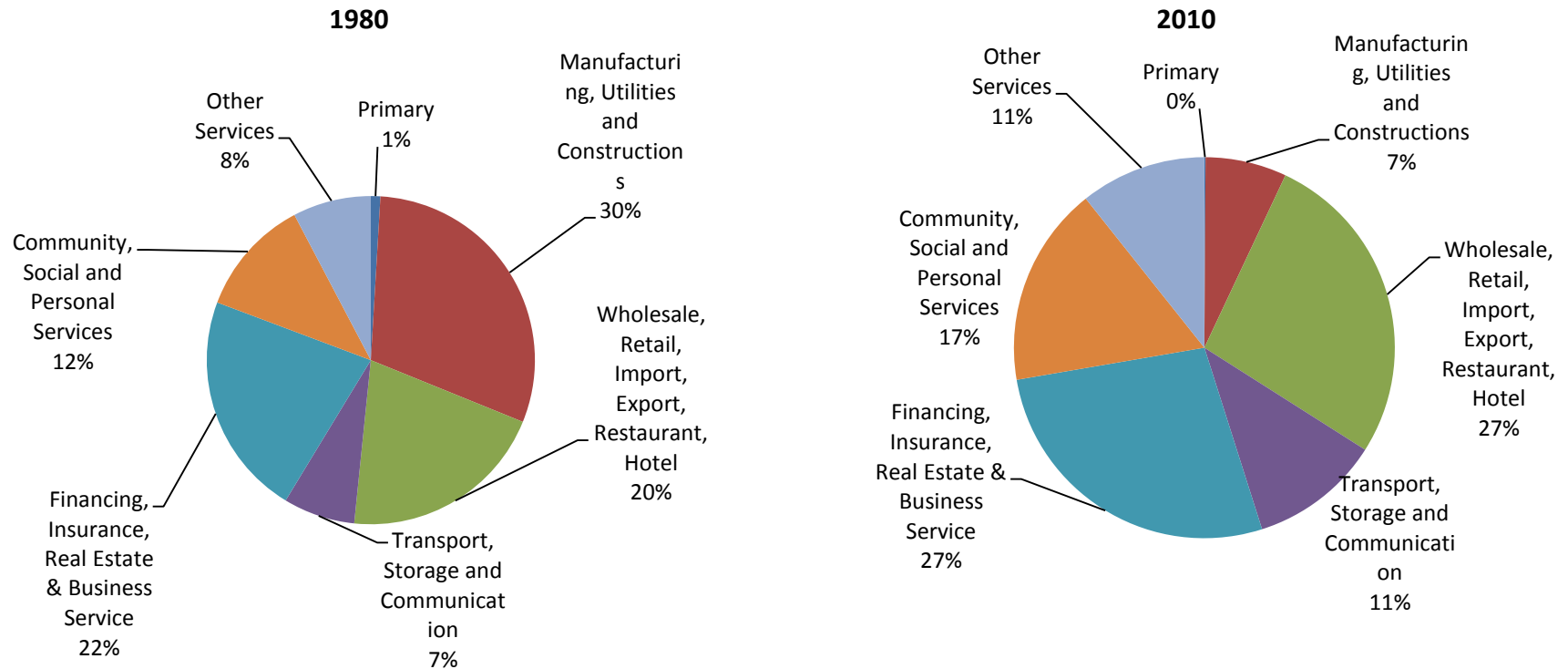


Grow beyond borders



Change with time

Transformation of Hong Kong's economic structure





Thanks