

Speech by Secretary for Justice at Arbitration Conference (English only)

\*\*\*\*\*

Following is the speech by the Secretary for Justice, Mr Wong Yan Lung, SC, at the Arbitration Conference “International Arbitration – East Asia Comes of Age” today (November 19):

Dr Fung, Secretary General Mr Fry, distinguished guests, ladies and gentlemen,

Good afternoon. It is our pleasure and privilege to welcome you all, particularly those of you who are from overseas. I am glad that the chaotic events in the global financial markets have not deterred you from attending this Conference today.

My department, the Department of Justice, is grateful for the opportunity to co-organise this Conference with the International Chamber of Commerce and the Trade Development Council. I also appreciate very much the support given by the Hong Kong International Arbitration Centre to the Conference.

As the G20 leaders met to discuss how to restore global financial growth and to prevent future financial turmoil, many observers believe that the centre of gravity in the world economy is moving east, with developing economies in Asia seeking greater say and influence. However, the change in the global economic landscape has started long ago with China’s great strides into the world arena, riding on innovative reforms, huge foreign investment and rapid globalization.

In times like these, it is inevitable that more disputes in business will emerge. However, it is also in times like these that one cannot afford time and cost-consuming litigations in courts. If there are alternatives to resolve business disputes with less time and costs, they should be fully utilized. For those of you transacting business across the globe, international arbitration, as opposed to litigation in a national court, offers greater confidence in terms of independence, neutrality, finality, and ease of award enforcement.

International arbitration is accordingly a highly competitive business itself. However, Hong Kong has strong credentials. Our wealth of experience and expertise in finance and international trade is well-known. Another important edge we have is of course our strong legal tradition and culture rooted in the rule of law. We have sophisticated professionals in legal and other disciplines offering a full range of legal and related services, providing first-class support for any international arbitration.

Geographically, Hong Kong is within easy reach of the major economies in Asia. But most importantly, we are next to Mainland China, the economic power house of the world. The relative stability of the financial markets in China and the sheer size of its economy have made it one of the most important anchors of a ship which has been troubled by a series of mishaps that had ravaged all major economies in the past year.

It is our Government's policy to develop Hong Kong into a leading international dispute resolution centre with particular emphasis on international arbitration. In this connection, we are exploring all opportunities but the following efforts may be noted.

Firstly, we are definitely making full use of "One Country Two Systems" principle. With our special link to the Mainland through the Closer Economic Partnership Arrangement (CEPA) and other initiatives, Hong Kong will continue to benefit on Mainland-related trade and commercial activities, as well as professional services. Enhanced cooperation between Hong Kong, a common law jurisdiction, and Mainland China, an increasingly important user of international legal services, means tremendous potential in the development of arbitration work. Building on the 1999 Arrangement between Hong Kong and the Mainland on reciprocal enforcement of arbitral awards, we are liaising closely with the Supreme People's Court of the mainland and the China International Economic and Trade Arbitration Commission (CIETAC) on means to further facilitate enforcement of arbitral awards and the use of mutual arbitration facilities.

Secondly we seek to enhance Hong Kong's own capacity for international arbitration. Apart from working closely with the Hong Kong International Arbitration Centre and the legal professions to promote Hong Kong's credentials in arbitration services, my department has been in discussion with other major international arbitration bodies encouraging them to establish a presence in Hong Kong.

Today we are very pleased to see the International Court of Arbitration of the International Chamber of Commerce establishing a branch of its Secretariat here in Hong Kong. This is a show of confidence in Hong Kong's position as a regional arbitration centre in East Asia. I wish them every success as they begin operation in Hong Kong to support ICC arbitration in the region. I am sure the entire international arbitration community is watching with keen interest on ICA's pioneering endeavour. But I can assure the ICA our full support.

Thirdly, we are improving the regulatory framework for the conduct of arbitration in Hong Kong. A Bill will be introduced to our Legislative Council in 2009 to unify domestic and international arbitrations on the basis of the UNCITRAL Model Law. This will make our arbitration law more user-friendly and further strengthen our position as a dispute resolution centre. In this connection, I must also mention our policy to promote the use of mediation. With the support of the judiciary and the legal profession, and a greater awareness among the public, I am sure the entire ADR culture is definitely taking root in Hong Kong.

Ladies and gentlemen, indeed, in our world of international commerce, alternative means of dispute resolution including arbitration and mediation, as the preferred choice for dispute resolution, is gathering great momentum. We believe the development of Hong Kong as a regional centre for arbitration and dispute resolution will facilitate commerce and international trade not only for us but also for our trading partners in the region.

In the remainder of this afternoon, you will hear from more speakers who will share with you their experience in various aspects of arbitration in East Asia. It only

remains for me to wish you all a fruitful conference and, for those who are visiting, a very enjoyable stay here in Hong Kong.

Thank you very much.

Ends/Wednesday, November 19, 2008