

**Remarks by Mr. Stephen Ip,
Secretary for Economic Development and Labour
at the Signing Ceremony
of Avoidance of Double Taxation Agreement
on shipping and air services incomes with Sri Lanka on 26 March 2004**

Mr. Suseelar, ladies and gentlemen,

I am delighted to be here to sign the Avoidance of Double Taxation Agreement (DTA) on shipping and air services incomes with the Government of the Democratic Socialist Republic of Sri Lanka. This Agreement will further strengthen the close economic ties between Sri Lanka and Hong Kong.

2. I am glad to say that bilateral economic trade volume between our two economies has recorded a steady growth in recent years. We are the 4th largest trading partner and the 2nd largest import source of Sri Lanka. The DTA signed today covers both shipping and air services income, and will be beneficial to shipowners and airlines engaged in international business by relieving them from the burden of double taxation when operating in Sri Lanka and Hong Kong.

3. In addition to direct trade between Hong Kong and Sri Lanka, Hong Kong also plays a key role in facilitating trade between Sri Lanka and the Mainland of China. In 2003, about US\$308 million worth of trade between the two countries, or about 58% of the total, was routed through Hong Kong. I expect that the trade volume will continue to grow in future, and Hong Kong will remain an excellent strategic partner to Sri Lanka in strengthening its trade relations with China. Looking into the future, I am

confident that Sri Lanka and Hong Kong will explore further opportunities for cooperation in areas such as trade and tourism.

Ladies and Gentlemen, thank you for joining us at the Signing Ceremony today. [May I now propose a toast to the friendship and cooperation between Hong Kong and the Democratic Socialist Republic of Sri Lanka!]

[282 words, approx. 3 minutes]

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