The Hong Kong-London partnership was later backed by the joint announcement by the HKMA and the UK Treasury of the launch of a private-sector forum to strengthen cooperation between Hong Kong and London on the development of offshore RMB business. The Forum will meet twice a year, with the first meeting to be held in Hong Kong next month.

Furthermore, China’s top economic planning agency – National Development and Reform Commission – and the Shanghai government jointly announced plans to establish a huge, onshore market for the Renminbi by 2013 – five years ahead what it was previously announced.

Although the announcement strokes fears that Shanghai would pose formidable challenge to Hong Kong in developing offshore RMB business, the joint statement and subsequent explanations given by Mainland officials all emphasized the complementary nature of partnership between Shanghai and Hong Kong.

Natural choice

Ye of BOCHK believes that the latest rule change regarding FDI represents great opportunity for Hong Kong to play a bigger role in offshore RMB fund raising.

“The rule change represents both a driving force and an opportunity for Hong Kong,” Ye says. “However, Hong Kong needs to do its own share [in attracting business] because we don’t hold the exclusive source of FDI into China.”

“Hong Kong is a natural attractive option to investors who are interested in raising funds in RMB and this can help drive Hong Kong’s growth,” he adds.

Looking ahead, Ye suggests that it may take some time for the market to mature. There are already rooms for the industry to grow and develop new products before moving up the scale. For example, more new products such as structured notes and equity funds will appear in the market.

“Of course, everyone is concerned when the final goals – convertibility of Renminbi and liberalization of the capital account – will happen. Officially, no timetable has been announced. But within the current framework, Hong Kong can accomplish a lot,” he adds.

Useful platform

This year will represent another critical year for Hong Kong in building up its credential as the leading offshore trading hub of RMB. In particular, Ye suggests that Hong Kong can become a highly useful learning platform for overseas banks interested in RMB business.

“I believe there is a learning curve. Given time, people would be able to study it and at the same time the Chinese government is working on simplifying the related rules,” he says.

“As of course, everyone is concerned when the final goals – convertibility of Renminbi and liberalization of the capital account – will happen. Officially, no timetable has been announced. But within the current framework, Hong Kong can accomplish a lot.”
Many young Asians, for example, are critical of the Chinese and Indian governments over their pursuit of economic developments at the expense of the environment.

“There is a real sense that they are inheriting all the environmental problems: the issue of pollution, food and water shortages, the fear of energy shortage in the future,” Pau says. “Like it or not, they are the ones who are going to have to come up with the solutions for it.”

Similarly, the tiger cubs also worry that the short-term solutions national governments have adopted for tackling the financial crisis would lead to far-reaching economic problems for future generations.

“Largely, there is a sense that with the global financial crisis and what is happening in Europe, the current generation has borrowed from the next one and the next one somehow has to pay back… They feel an extra sense of burden,” Pau says.

Despite the rapid expansions of Asian economies over the past two decades, young Asians point out that abject poverty is continuing to plague parts of Asia. Many of them worry that the wealth being generated is only benefiting the urban rich.

“One of the things they suggest is to invest more in rural development and infrastructure so that wealth and opportunities can be created there,” she says.

Innovation for the future

Clifford and Pau say the young essayists not only demonstrate a deep understanding of the key issues gripping their countries, but some also offer creative solutions, such as investing in innovations in infrastructure, environmental management and education.

According to Clifford, many young Asians believe the traditional education system’s emphasis on rote learning is not equipping them for the jobs of the future and are demanding a more innovative educational approach.

“There is real concern about the social impact of this potential mismatch,” he says. “We’ve got a paradox: On the one hand, societies and countries are wealthier than ever and the issue of absolute poverty is much less… yet, the issue of relative income inequality and the perception that it’s harder to climb up either the social or economic ladder is higher than ever. That makes for some big social challenges.”

That sentiment is shared among Hong Kong’s youngsters. “We have a more highly educated population than ever, but there is a sense among young people that meritocracy seems to come to a grinding halt after graduation. They feel that compared to the previous generation, it’s harder for them to climb up the economic ladder,” Pau says.

Nevertheless, Asia’s new generation is not simply looking to governments to reform the education system. Rather, they think the private sector can play a bigger role in providing training and entrepreneurship programs to help them gain the right skills, she says.

Incremental reforms, not revolution

Unlike the radical and anti-establishment sentiments shown by protesters in the Middle East revolution and the Occupy Wall Street movement, Pau says young Asians believe in working with, rather than against, the institution. They endorse a pragmatic and gradual approach, not a revolution, to engineering change.

“A lot of the essayists who wrote independently were talking about how they were confident that businesses can resolve environmental problems, governments can become more representative of people and take incremental measures to weed out corruptive practices,” she says.

Compared to previous generations, Clifford says Asia’s youngstas have cast off their colonial pasts and are experiencing a newfound sense of confidence and empowerment.

“After the financial crisis, people look at the West and they look at Asia, and they say, ‘Hey, we went through a financial crisis too. We came out of it stronger than ever and look at where we are now.’ Implicitly, there is a real sense of pride and accomplishment that Asia has finally become an equal player on the world stage,” he says.

Despite their language and ethnic differences, Pau says many of the essayists think beyond national borders and see Asia as a region. “These young Asians are thinking of what can be done to make Asia more unified and become a bigger player in the global economy,” she says.

Technology and governance

With the advent of technology, Clifford says young Asians have embraced social media such as Facebook, Twitter and personal blogs – tools that were unavailable even five to 10 years ago – to fight government abuses of power and corporate misbehaviours.

He says governments and companies should brace themselves for dealing with crises in a much more responsive way, as young Asians are no strangers to using technology in their push for greater transparency and better governance.

He cites the recent incident involving a protest by Hong Kongers who rallied outside Dolce & Gabbana’s flagship store in Tsim Sha Tsui after a local newspaper reported that the Italian fashion brand’s security guards banned people from taking pictures of its window displays from the street. The rally, organized on Facebook, shows the power of social media in quickly turning a small incident into a crisis for a company, he says.

“They are going to be a handful to deal with because their expectations are so high and because of the instant media – things can go viral so quickly,” he says. “Governments and companies need to really be on their toes to react because it’s a much more equal situation than 10 or 20 years ago, where they have a lot more control over the message through media.”

From a corporate perspective, Clifford says Asia’s new generation expects management to treat them with respect. While Asian companies with a more hierarchical structure may find it a challenge to deal with them, he sees an opportunity for western corporations with more advanced governance and management practices to recruit some of the world’s top talent.

“The best western companies have an enormous opportunity because they are going to be able to pull some of the best and the brightest and give them opportunities internationally or at home that a local company may not be able to give,” he says.