

**Paris EUROPLACE Financial Forum**  
**“The Euro markets in a Global Investment Strategy”**  
**Opening address**

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Ladies and gentlemen,

It is a great honor for me to introduce this Paris EUROPLACE Financial Forum in Hong Kong that has been organised thanks to the great help of the French Trade Commission. This meeting is an illustration of the action programs conducted worldwide by Paris EUROPLACE to promote Euro markets and the French marketplace.

The main objective for us is to develop business opportunities between European market players and Asian investors.

The main theme of our forum is: “The Euro Markets in a Global Investment Strategy”.

This theme will be developed in several sessions. The first round table will be devoted to the analysis of the macro-economic and monetary environment in both Europe and Asia. On this occasion, I would like to extend my warm thanks to Mr. Joseph YAM, Head of the Hong Kong Monetary Authorities and Mr Christian NOYER, Governor, Banque de France, for accepting to participate.

The second plenary session will develop the opportunities offered by Euro markets to Asian investors. Amongst the participants, I would like to thank Jean-François Boulier, Head of fixed Income, Credit Agricole Asset Management, KC Chan, Head of Fixed income HSBC, Andrew Freris, Senior Economist at BNP Paribas, and Vincent Remy, Managing Director, Euronext.

Let me also thank Mr. Jean-Pierre JOUYET, Chairman of the Paris Club and Special Adviser to the French Minister of Economy and Finance, who will make a special address on the new approach in sovereign debt restructuring.

In addition several workshops will provide a more in-depth insight into business and operating issues in European and Asian fixed-income and equity markets. These panel sessions have been organised with the support of high level players in the financial banking industry such as BNP Paribas, Calyon, Credit Agricole Asset Management, HSBC and Société Générale. Please let me thank all the sponsors for their support.

**Before moving to the first roundtable, I would like to briefly cover key considerations about Euro markets.**

It is true that the euro has played a significant role in the transformation of the European financial markets. Euro is recognised today as an alternative to the US dollar by issuers and by investors, and causes the emergence of a new multipolar world financial system.

The euro is also a strengthening factor in the integration of the European financial markets which today offers a key opportunity for international issuers and investors.

**Firstly, why do Europe and European capital markets offer new opportunities to international issuers and investors?**

**Europe of 25 represents a market of 450 million consumers-the largest domestic market in the world in terms of purchasing power. The new members add 5% to Europe's GDP.** There is still a long way to go before the new members can adopt the single currency; but the European growth rate is now higher than that of the 15 older members.

**According to the most recent IMF figures, the euro is the second most important international reserve currency after the U.S. dollar.** Its reserve currency share was 20% in 2004, versus 13% in 1999. The euro's importance as an international reserve currency is expected to increase over the years to come. **Asian's main central banks have expressed their intention to increase the euro in their holdings.**

**The euro has also rapidly developed its role as an investment currency in the international capital markets:** in 2004, the euro represented close to 60% of net international debt security issues, versus 33% in 1998. Today, over 40% of debt security outstandings are denominated in euros, compared with 28% in 1998, a proportion comparable to that of the US dollar whose share remained remarkably stable during the same period.

**In addition, recent strength in the Euro has boosted enthusiasm among Asian sovereign borrowers as it is shown in international bond issuance in the single currency. Both China and Korea have issued in Euro in the last quarter of 2004 as a growing number of European investors are entering Asia's debt market.**

**European investment funds industry is also growing rapidly.** Europe is catching up with the USA and today represents about 40 % of the total assets managed in the world.

**Secondly, I would like to emphasize the importance we, in Europe, and notably in France, in particular, give to the implementation of a true confidence in capital markets and the implementation of international standards.**

A huge effort has been made on European level both on strengthening the regulation of the securities markets and on corporate governance issues. The implementation of CESR in 2004, the Committee of European Securities Regulators is a crucial stage in dismantling national barriers, ensuring the integrity and efficiency of the pan-European markets, and establishing a level playing field among participants across the European Union.

The current agreement on international accounting standards is another major step to facilitate the way international investors can operate on European markets.

**Ladies and gentlemen, in this European environment, the Paris financial market offers today decisive assets:**

- Strong economic fundamentals : the French economy is well positioned compared to the other major Eurozone economies, with a 2,5% economic growth expected in 2005 ;
- Paris is an international business center, with a very broad base of major companies which are international leaders in their sectors;
- Paris provides direct access to the Pan-European stock markets through Euronext, Europe's n1 stock market in terms of transactions, ahead of the London Stock Exchange, and with over 800 companies listed in Paris and a market capitalization of €1,000 billion ;
- It is one of the world's leading asset management markets with over €2,2 trillion in managed assets, behind London and ahead of Frankfurt ;

- On the regulatory aspects, and to meet international requirements for market transparency, a major step was taken by the adoption of the Financial Security Act, one year after the Sarbanes-Oxley, which implements a single regulator for market and financial activities, the AMF, which brings a simplification to the markets procedures ; and the French market is continually being upgraded to the highest standards of ethics and corporate governance so that French companies comply with the best international practices ;
- Paris has an attractive fiscal environment for international investors : all financial investments by international investors are free of charge and a new real estate investment trusts regime has been adopted to eliminate corporate tax obligations and offer the best yields, comparable to the US Reits market ;
- Paris represents the largest property market in Europe. The business real estate market is highly liquid and offers a large array of choices, all innovative and competitive. Whether it be offices, warehouses, research centers, or commercial space, The Paris real estate market meets the needs of international investors.
- Finally, a strong presence of international investors: they represent today more than 35% of the capitalization of the Paris stock market and nearly 45% of the negotiable government securities.

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**Altogether, Paris is today the first market place in the Euroland and offers the best services to access euro markets.**

**The goal of Paris EUROPLACE is to welcome and offer the best services to international investors, who wish to set up a business and expand their activities in the European capital markets and**

**mostly to investors coming from Hong Kong and China, both in terms of information or market facilities.**

**It is my wish that today's program offers us the opportunity to explore every path for building business together between the professionals of our financial markets!**