

The Belt and Road Initiative

Overview

The Silk Road Economic Belt and the 21st Century Maritime Silk Road – the Belt and Road (B&R) Initiative – promotes co-operation among countries and regions in areas of policy co-ordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds. As a key Belt and Road link, and with the Central authorities’ policy support, Hong Kong can capitalise on its unique advantages to provide two-way connection for the Mainland and B&R regions, in areas such as the international project financing, the internationalisation of Renminbi (RMB), professional services, as well as economic and trade co-operation.

Hong Kong’s advantages

- Under “one country, two systems”, Hong Kong enjoys unique, dual advantages of being part of China, but with its own economic, social and legal systems.
- Robust common law system, with abundant legal professionals and international expertise. Hong Kong is a leading centre for international legal services and dispute resolution in the Asia-Pacific, with highly regarded arbitration and mediation services.
- Free and open market with free flows of capital, goods and information. Hong Kong is an international financial, trade, maritime and logistics hub.
- A level playing field for all enterprises, foreign and local and a robust anti-corruption regime.
- World-class infrastructure, transport links, communication networks and business services.
- Deep understanding of the Mainland’s culture and business operations complemented with a global outlook, broad international experience and extensive international networks.

Policy co-ordination

- The HKSARG signed the “Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative” in December 2017. The Arrangement focuses on six key areas: finance and investment; infrastructure and maritime services; economic and trade facilitation; people-to-people bonds; taking forward the Guangdong-Hong Kong-Macao Greater Bay Area Development; and, enhancing collaboration in project interfacing and dispute resolution services. A Joint Conference mechanism has been set up as a regular and direct communication platform.
- Hong Kong’s economic and trade offices (ETOs) in the Mainland and overseas promote economic, trade and cultural ties and exchanges with B&R countries.
- In the Mainland, Hong Kong has five ETOs and 11 liaison units to strengthen communication and liaison with the Mainland, comprehensively enhance our trade and commercial relations with provinces and municipalities, foster exchange and co-operation, facilitate investment, promote Hong Kong, and provide better support to Hong Kong residents and enterprises.
- Overseas, Hong Kong has 12 ETOs in Asia-Pacific, Europe and North America. To further strengthen external promotion and exchange efforts, the HKSARG plans to set up new ETOs in Thailand, Korea, Russia, India and the United Arab Emirates.

Facilities Connectivity

- Hong Kong International Airport is one of the busiest and most convenient airports in the world. It hosts over 100 airlines operating about 1,100 passenger and cargo flights daily and services to some 220 destinations worldwide.
- Hong Kong is one of the world's most efficient container ports. In 2017, Hong Kong Port handled 20.8 million TEUs (Twenty-foot Equivalent Units). Currently, the port provides about 320 container liner services per week to around 470 destinations.
- The Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Express Rail Link (opening in 2018) and the three-runway system of the Hong Kong International Airport (under construction) will strengthen connectivity between Hong Kong, the Mainland and the world.
- Hong Kong companies operate and manage railways, airports, ports, power and gas supply and other infrastructure projects to international standards in B&R countries.
- A rich pool of professional expertise in mergers and acquisitions, financing, accounting and taxation, legal services and construction provides ample opportunities for collaboration with Mainland and international enterprises to provide high-quality support for infrastructure developments in the B&R regions.

Unimpeded Trade

- The Hong Kong-ASEAN Free Trade Agreement (FTA) and an FTA with Georgia were signed in November 2017 and June 2018 respectively. FTA negotiations have begun with other trading partners such as Australia.
- Hong Kong has signed Investment Promotion and Protection Agreements with 20 economies and concluded negotiations with Bahrain, Mexico, Myanmar and the United Arab Emirates. Negotiations will start/continue with other B&R countries.
- Hong Kong has signed 40 Comprehensive Avoidance of Double Taxation Agreements, including with a number of B&R countries.
- Agreements with B&R economies including Singapore, Thailand and Malaysia have been signed to mutually recognise respective "Authorized Economic Operator" Programmes to facilitate customs clearance. New Zealand has recently entered into the Programme as well.
- The HKSARG's HK\$200 million (US\$25.5 million) Professional Services Advancement Support Scheme supports local professional sectors in exchanges, co-operation and publicity efforts targeting overseas markets.
- The HKSARG and the Hong Kong Trade Development Council (TDC) have been jointly organising high-level business missions led by the Chief Executive and Principal Officials to B&R countries and regions, to help the business sector better understand B&R market potential and explore more business opportunities.
- The TDC actively promotes business links with enterprises in B&R countries and has launched a Belt and Road Portal (<http://beltandroad.hktdc.com/>) to help businesses obtain country profiles, investment information and case analyses, and to provide advisory services in accounting and taxation, financial arrangement, infrastructure investment, legal, and risk management.

Financial integration

- Hong Kong's stock market consistently ranks among the world's top Initial Public Offering (IPO) platforms.
- Hong Kong is a member of the Asian Infrastructure Investment Bank (AIIB).
- The world's leading offshore RMB business hub, Hong Kong provides comprehensive and efficient services for RMB transactions, and the world's most diversified RMB investment, financing and risk management products.
- One of Asia's top asset management centres, Hong Kong can meet the demand for wealth and risk management services generated by B&R projects.
- Hong Kong can also play an important role by offering Islamic financial services to B&R countries, having issued three Islamic bonds (Sukuk).
- The Hong Kong Monetary Authority established the Infrastructure Financing Facilitation Office (IFFO) in 2016. By inviting different organisations to become partners, and organising training workshops, high-level seminars and investor roundtables, the IFFO brings together key stakeholders to co-operate and participate in major infrastructure investment and financing.

People-to-people bonds

- Hong Kong is home to world-class universities, cultural and media organisations.
- The HKSARG has established scholarships for students from B&R countries to study in Hong Kong. The Government will increase the quotas for students' Mainland exchange programmes along the Silk Road, and encourage them to take part in exchange activities in the Mainland and B&R countries.
- The HKSARG will consider improving visa requirements for B&R nationals wishing to come to Hong Kong to work, study or visit. The Government will promote regional co-operation for the cruise industry, and encourage Hong Kong's tourism sector to tap into B&R markets.

SEPTEMBER 2018