

# The Belt and Road Initiative

## Overview

The Belt and Road (B&R) Initiative (**the Silk Road Economic Belt and the 21st Century Maritime Silk Road**) is an important national development strategy which promotes co-operation among countries and regions in areas of policy co-ordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond. As a key link and the prime platform for the B&R, and with the Central Government's support, Hong Kong can capitalise on its unique advantages to connect the Mainland with other B&R regions, in areas such as the international project financing, offshore Renminbi (RMB) business, 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.
- The HKSARG and the Ministry of Commerce established the **"Mainland and Hong Kong Belt and Road Task Group"** in 2018 under the "Mainland and Hong Kong Economic and Trade Co-operation Committee", to co-ordinate B&R related matters in the trade and economic co-operation areas.
- The HKSARG and the Ministry of Commerce signed a **Memorandum of Understanding on enhancing exchanges and co-operation in promoting high-quality development of overseas Economic and Trade Co-operation Zones** in September 2021.
- **Hong Kong's Economic and Trade Offices** (ETOs) in the Mainland and overseas promote economic, trade and cultural ties and exchanges between Hong Kong and different regions, including 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 a total of 14 ETOs in Asia-Pacific, the Middle East, Europe and North America, fostering relations with interlocutors from different sectors of the overseas communities and enhancing bilateral economic and cultural ties between Hong Kong and the countries under their respective purviews.
- The Chief Executive established the Steering Group on Integration into National Development in 2022, and set up a sub-group on B&R development thereunder, to proactively promote high-quality development of co-operation between Hong Kong and B&R related countries in areas of trade and economy as well as professional services, and formulate measures to broaden our international links and markets.

### **Facilities connectivity**

- **Hong Kong International Airport (HKIA)** is one of the world's busiest airports for air cargo and passengers. Prior to the COVID-19 pandemic, the HKIA connects to more than 200 destinations by around 120 airlines.
- One of the world's busiest and most efficient container ports, Hong Kong Port handled nearly 18 million TEUs in 2021. Every week, about 270 container vessel sailings connect to nearly 600 destinations worldwide.
- The **Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Express Rail Link** and the **Three-runway System** of the HKIA (expected to be commissioned in 2024) 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 and dispute resolution services, risk management 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**

- Hong Kong has signed **free trade agreements (FTAs)** with 20 economies, including the **Association of Southeast Asian Nations** member states, Georgia and Australia.
- Hong Kong has signed 22 **Investment Promotion and Protection Agreements** with foreign economies and concluded negotiations with Bahrain, Maldives and Myanmar. Negotiations will start/continue with other economies, including B&R countries.
- Hong Kong has signed 45 **Comprehensive Avoidance of Double Taxation Agreements**, including with a number of B&R countries.
- Mutual Recognition Arrangements with B&R-related economies and other trading partners including the Mainland of China, India, Korea, Singapore, Thailand, Malaysia, Japan, Australia, New Zealand, Israel, Canada, Mexico and Indonesia have been signed to mutually recognise respective **"Authorized Economic Operator"** Programmes to facilitate customs clearance.
- The HKSARG is actively seeking accession to the Regional Comprehensive Economic Partnership (RCEP) which covers 15 countries and a population of 2.2 billion, accounting for nearly 30% of the global trade volume. Our accession to RCEP will help enterprises reduce their operating costs and expand into overseas markets, thereby strengthening and capitalising on Hong Kong's status as an international trade centre.
- The HKSARG's HK\$200 million **Professional Services Advancement Support Scheme (PASS)** provides financial support for non-profit-distributing organisations to carry out non-profit-making

projects aimed at increasing exchanges and co-operation of Hong Kong's professional services with their counterparts in external markets, promoting publicity activities, and enhancing the standards and external competitiveness of Hong Kong's professional services. With a view to stepping up the promotion of Hong Kong's competitive edges and professional services to the Greater Bay Area and overseas, the Government has set aside \$50 million under PASS for a new programme, namely the **Professionals Participation Subsidy Programme**, to subsidise the participation of major professional bodies in relevant activities organised by the Government (such as ETOs) and the Hong Kong Trade Development Council (HKTDC) after the pandemic situation has stabilised.

- The HKSARG provides small and medium enterprises with funding support through the SME Export Marketing Fund and the "**Dedicated Fund on Branding, Upgrading and Domestic Sales**" (BUD Fund) to assist them in participating in export promotion activities, developing brands, upgrading and restructuring operations and promoting sales in the Mainland and overseas markets and enhancing their competitiveness.
- The HKSARG and the HKTDC have been jointly organising **high-level business missions** led by the Chief Executive and Principal Officials to B&R countries and regions from time to time, subject to the epidemic situation, to help the business sector better understand B&R market potential and explore more business opportunities.
- The HKSARG has co-organised the annual **Belt and Road Summit** with the TDC since 2016. It gathers senior government officials, representatives of international organisations and business leaders from B&R countries and regions to exchange insights on co-operation and explore concrete business opportunities. The Summit has become the largest and most important B&R commerce, investment and business matching platform for Mainland, overseas and Hong Kong enterprises.
- Since mid-2020, the HKSARG has co-organised a series of **government-to-government webinars** with Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Cambodia and the United Arab Emirates to explore collaboration opportunities in such fields as trade, investment, professional services as well as innovation and technology.
- The TDC actively promotes business links with enterprises in B&R countries, and has enhanced its **Belt and Road Portal** into a more comprehensive and current one-stop B&R platform, which provides up-to-date market intelligence and information on Hong Kong professional services providers, as well as B&R-related investment projects, with a view to helping businesses seize the opportunities arising from B&R Initiative.
- The **Mainland Enterprises Partnership Exchange and Interface Programme** was launched in May 2021, to promote ties between Mainland enterprises and Hong Kong's professional services bodies in seizing Belt and Road-related opportunities .

### **Financial integration**

- Hong Kong ranked World No.4 for Initial Public Offering (IPO) funds raised among exchanges in 2021 (US\$42.6 billion) and had ranked No.1 for IPO funds raised seven times since 2009.
- Hong Kong is a member of the Asian Infrastructure Investment Bank.
- Hong Kong is the **world's largest offshore RMB business centre**, offering the world's most diversified RMB investment, financing and risk management products. Importers and exporters in B&R economies can settle their Mainland trade in RMB through Hong Kong's payment system. Investors can tap Hong Kong's RMB liquidity through bank loans or "dim sum" bond issuance. They can also invest their surplus RMB liquidity in a wide range of RMB-denominated products available in Hong Kong.
- 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 has successfully issued three **Islamic bonds** (Sukuk), demonstrating to B&R countries and to the world the diversity and viability of Hong Kong's bond market as a fund-raising platform for the Islamic world.
- 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 bond**

- Hong Kong is home to world-class universities, cultural and media organisations.
- The HKSARG offers scholarships for outstanding students from B&R countries to study at Hong Kong universities. The Government also provides subsidies for local students to participate in exchange activities in B&R countries.
- To attract more outstanding students along the Belt and Road to pursue their studies or career in Hong Kong, Belt and Road Scholarships have been expanded to cover all regions along the Belt and Road, as well as research postgraduate students, starting from the 2019/20 academic year. The Government will collaborate with institutions to promote the Belt and Road Scholarship in countries outside the Association of Southeast Asian Nations.
- The HKSARG will consider fine-tuning visa requirements for people from B&R countries who wish to come to Hong Kong to work, study or visit.
- The Government continues to promote regional co-operation for the cruise industry, and encourage Hong Kong's tourism sector to tap into B&R markets.

(Revision date: January 4, 2023)