By Mary Devereux

Hong Kong is a major financial and cultural hub and in prime position as a financial and cultural enabler of the China-driven Belt and Road Initiative. It’s ranked among the top five biggest finance markets in the world. However, the "big 5" are more than just finance and technology; it’s also a thriving hub for knowledge and culture.

The Belt and Road Initiative is an ambitious strategy for China to boost trade and stimulate economic growth across more than 60 countries in Asia, Africa, the Middle East and Europe. Ralph Chou, Regional Director, America, Hong Kong Trade Development Council (HTDC) believes the initiative could facilitate a game-changing in accession development and revitalizing global trade.

"From initial fears and even some skepticism, we’ve seen concrete actions taken by countries to sign policy agreements with China. For example, we’ve witnessed the collaboration between the Silk Road Fund, Asian Infrastructure Investment Bank, World Bank, Asian Development Bank and the European Reconstruction and Development Bank,” said New York-based C.C. Chow.

THE WORLD’S CENTRAL BUSINESS DISTRICT

While there are many large public or state-owned organizations involved in the Belt and Road, the infrastructure development will involve countries of all sizes who will pay for it and how.

The private sector is expected to play a key role in funding. For instance, a recent catch to Hong Kong is the Hong Kong-backed infrastructure and finance supporting the Initiative, with a dedicated government body, Belt and Road Fund.

"Hong Kong can offer deep and knowledgeable equity and debt capital market expertise to help finance new ventures,” said Duncan Pescod, Chief Executive Director, Hong Kong General of Invest HK. "Our financial markets are characterized by a high degree of liquidity without foreign exchange controls.

"For large and small companies, Hong Kong offers a fantastic base for companies to mastermind and drive their overall engagement along the Belt and Road, all underpinned by Hong Kong’s offering advantages – including the rule of law, low taxes and simple system, sound financial and regulatory regime, world-class infrastructure, ease of doing business, and a strong international talent pool.

"Also unique in the opposite direction too: "Most investors from China consider Hong Kong a springboard for investing overseas," said Mr. Chou. "Hong Kong accounts for over 60% of the Chinese mainland’s total outward FDI in 2015, with the mainland’s FDI flows to Hong Kong reaching nearly $150 billion (pegged at year-on-year). Hong Kong is also well-known as China’s top offshore financial trading center.

FINTECH ACTION

Given its commercial and financial strength, it’s not surprising that Hong Kong is also attracting attention from the fintech industry.

“We have a unique competitive edge not only as a global financial hub,” said Adeline Ooi, Director Asia, Art Basel, Hong Kong’s role as an access point to China will be central to discussions. "Mainland firms increasingly going to go global are particularly attracted by our internationally recognized regulatory regime," said Mr. Law. "China has plugged much of the world’s financial sector into a booming global financial innovation and adaptation. This presents Hong Kong with an immense opportunity. We must make the most of this opportunity and seize the window of opportunity."