

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) 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.
- **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.

- The **Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Express Rail Link** 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

- Hong Kong has signed **free trade agreements** (FTAs) with 20 economies, including the Association of Southeast Asian Nations, Georgia and Australia.
- Hong Kong has signed **Investment Promotion and Protection Agreements** with 30 foreign economies and concluded negotiations with Bahrain, Maldives, Mexico and Myanmar. Negotiations will start/continue with other economies, including B&R countries.
- Hong Kong has signed some 40 **Comprehensive Avoidance of Double Taxation Agreements**, including with a number of B&R countries.
- 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 and Canada have been signed to mutually recognise respective **"Authorized Economic Operator"** Programmes to facilitate customs clearance.
- 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 has injected another HK\$3 billion to further enhance the **"Dedicated Fund on Branding, Upgrading and Domestic Sales"** (BUD Fund) and the **SME Export Marketing Fund** to help SMEs tap the business opportunities in overseas markets through branding and promotional activities.
- 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 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 multilateral 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.
- The TDC actively promotes business links with enterprises in B&R countries, and has enhanced its **Belt and Road Portal** (<http://beltandroad.hktdc.com/>) 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.

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).
- 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 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 offers scholarships for outstanding students from B&R countries to study at Hong Kong universities. In addition, the Government will increase the subsidy quota and level for local students to participate in exchange programmes in the Mainland and B&R countries.
- 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.