

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.
- The HKSARG and the Ministry of Commerce signed a Memorandum of Understanding in 2021 on enhancing exchanges and co-operation in promoting high-quality development of overseas Economic and Trade Co-operation Zones.
- **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 13 ETOs in Asia-Pacific, 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.

Facilities connectivity

- **Hong Kong International Airport (HKIA)**, one of the world's busiest airports for air cargo and passengers, 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 about 18 million TEUs in 2020. Every week, about 280 container vessel sailings connect to over 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 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 and Mexico 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** provides financial supports for non-profit-distributing organisations to carry out non-profit-making projects aimed at increasing exchanges and co-operation, promoting publicity activities, and enhancing the standards and external competitiveness of Hong Kong's professional services.
- The HKSARG has further injected another HK\$1.5 billion in 2021-22 to enhance the **"Dedicated Fund on Branding, Upgrading and Domestic Sales"** (BUD Fund), and implemented enhancement measures under the **SME Export Marketing Fund** to help SMEs tap the business opportunities in the Mainland and overseas markets through branding, upgrading 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 from time to time, to help the business sector better understand B&R market potential and explore more business opportunities. Such missions will continue to be carried out after the

epidemic stabilises and when the concerned travel restrictions ease.

- 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.
- 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.2 for Initial Public Offering (IPO) funds raised in 2020 (US\$51.6 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 (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. The Government also provides subsidies for local students to participate in exchange activities in 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.

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