

立法會
Legislative Council

LC Paper No. CB(1)401/19-20(06)

Ref. : CB1/PL/CI

Panel on Commerce and Industry

Meeting on 18 February 2020

Updated background brief on the Belt and Road Initiative

Purpose

This paper provides updated background information on the Belt and Road Initiative,¹ and a summary of the views and concerns expressed by members of the Panel on Commerce and Industry ("the Panel") during previous discussions on the subject.

Background

2. In March 2015, the National Development and Reform Commission ("NDRC"), the Ministry of Foreign Affairs and the Ministry of Commerce issued a document entitled "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", outlining the development ideas and blueprint of the Belt and Road Initiative. The Belt and Road Initiative features cooperation priorities in enhancing policy coordination, strengthening infrastructural facilities connectivity, facilitating unimpeded trade, deepening financial integration and building people-to-people bonds among countries along the routes.

3. In December 2017, the Hong Kong Special Administrative Region Government ("HKSARG") entered into 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" ("the Arrangement") with NDRC. The Arrangement provides a blueprint for mutual cooperation and identifies six major areas of cooperation with a total of 26 specific measures.

¹ "Belt and Road" refers to the land-based "Silk Road Economic Belt" and the seafaring "21st Century Maritime Silk Road". The routes with strong emphasis on connectivity and international cooperation cover countries across Asia, Europe and Africa.

The six major areas of cooperation are finance and investment,² 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. To oversee the implementation of the Arrangement, the Belt and Road Joint Conference was established for direct and regular communication for both sides.³

4. The current-term Government plays the role of "facilitator" and "promoter" to implement policies and measures to seize the opportunities brought by the Belt and Road Initiative. The Administration has formulated a five-pronged key strategy in the pursuit of the Belt and Road Initiative, including: (a) enhancing policy coordination; (b) fully leveraging Hong Kong's unique advantages; (c) making the best use of Hong Kong's position as the professional services hub; (d) promoting project participation; and (e) establishing partnership and collaboration, with a view to establishing Hong Kong as both a key link and the prime Belt and Road services platform. The Commerce and Economic Development Bureau, with the support of the Belt and Road Office ("BRO"), has been tasked to lead and coordinate HKSARG's work on the Belt and Road Initiative.

5. The Chief Executive stated in the 2019 Policy Address that to assist local enterprises and professional services to explore the Belt and Road markets, the Administration would organize delegations and invite Mainland and Hong Kong enterprises to conduct joint promotional activities in the Belt and Road economies; and seek the policy support of the relevant Central authorities to extend the incentives and facilitations currently enjoyed by Mainland enterprises to Hong Kong enterprises intending to set up businesses in the Mainland's overseas Economic and Trade Co-operation Zones ("ETCZs").

Previous discussions

6. The Panel gave views on the Administration's staffing proposal in relation to BRO at the meeting on 19 December 2017, and discussed with the Administration issues related to the Belt and Road Initiative at the policy briefing-cum-meeting on 16 October 2018. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

² The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area further confirms and supports Hong Kong as a platform for investment and financing serving the Belt and Road Initiative.

³ The first two meetings of the Belt and Road Joint Conference were convened in June 2018 and July 2019 respectively.

Belt and Road Joint Conference

7. At the meeting on 16 October 2018, some members sought details of the Belt and Road Joint Conference's mechanism, and the effort of the Administration in forging ties with the relevant Mainland authorities. The Administration advised that the Belt and Road Initiative was a key impetus in driving Hong Kong's future social and economic development. HKSARG would strive to take forward the Belt and Road Initiative, and would make the most of the Belt and Road Joint Conference mechanism to strengthen communication, collaboration and mutual support with the central ministries. The Joint Conference would be convened at least once a year.

Belt and Road Office

8. At the meeting on 19 December 2017, members considered that there should be clear division of work between BRO, the Hong Kong Trade Development Council ("HKTDC"), HKSARG's Mainland Offices and the overseas Economic and Trade Offices ("ETOs"). The Administration advised that HKTDC was an important strategic partner of BRO on Belt and Road collaborative efforts. BRO would explore with the relevant Mainland authorities for information on Belt and Road projects for referral to HKTDC, and would share experience of coordination and liaison with Mainland authorities and enterprises to HKTDC to act in synergy with its promotion work. While BRO was tasked to assist in the formulation of the policies and strategies relating to the Belt and Road Initiative, overseas ETOs and Mainland Offices would be responsible for rolling out corresponding measures in regions under their respective purviews.

9. Some members suggested that concrete key performance indicators in terms of, for example, the amount of foreign investment and collaboration projects to be facilitated, be set for the post of the Commissioner for Belt and Road so that the work performance of the post could be effectively evaluated. The Administration advised that instead of meeting quantitative performance indicators, BRO would focus on the promotion and coordination work to assist businesses from the Belt and Road countries to set foot in Hong Kong, as well as to enhance cooperation with Belt and Road countries at both government and industry levels.

Council questions

10. At the Council meeting of 13 November 2019, Hon Jimmy NG asked a written question on whether the Administration would consider extending the geographical scope of the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund") to encompass all the countries and regions along the Belt and Road, or even eliminating the geographical limitation.

11. The Administration advised that the 2019-2020 Budget had proposed, among others, further extending the geographical coverage of the BUD Fund to include all economies with which Hong Kong had signed Free Trade Agreements ("FTAs"), now and in future,⁴ such that Hong Kong enterprises could take full advantage of the FTA network, including enhanced legal certainty and better market access conditions for trade in goods and services, to explore new markets and new business opportunities. The Administration considered it more practical and prudent to implement the enhancement measures as proposed in the 2019-2020 Budget before further expanding the geographical coverage of the BUD Fund. Enterprises might also make use of the SME Export Marketing Fund for export promotion in other markets outside Hong Kong.

12. Mr Jimmy NG also asked an oral question at the Council meeting of 11 December 2019, seeking details of the Administration's measures to support Hong Kong businessmen in relocating their production bases to the Mainland's ETCZs in the Belt and Road countries/regions.

13. The Administration advised that it was exploring incentives and facilitation measures with the Ministry of Commerce, including actively encouraging ETCZs to provide support for Hong Kong enterprises to establish a presence there; collating and disseminating to enterprises information on matters relating to Mainland bonded goods, such as measures on No Levy and No Return (of tax); and promoting further collaboration between HKTDC and Mainland business and industrial organizations in providing back-end sales support for those Hong Kong enterprises operating in ETCZs, thereby assisting them in developing the Mainland market. HKTDC would in the meantime set up a Belt and Road ETCZs support service desk to provide Hong Kong enterprises with information related to ETCZs, including local trade and investment policies, business environment and development situation of various industries.

⁴ Following the approval of the Finance Committee on 6 December 2019, starting from 20 January 2020, non-listed Hong Kong enterprises might apply for funding support from the BUD Fund to undertake projects for enhancing their competitiveness and furthering business development in all economies with which Hong Kong had signed Free Trade Agreements.

14. The Administration and the Ministry of Commerce would try out, on a pilot basis, the matching of two to three Hong Kong industries interested in developing businesses in ETCZs with two to three selected zones, particularly those located in the Association of South East Asian Nations. In-depth analyses on local market situation and industry needs would also be conducted with a view to facilitating industry matching and cooperation.

Latest position

15. The Administration will brief the Panel on 18 February 2020 on the development and work of HKSARG in promoting Hong Kong's participation in the Belt and Road Initiative.

Relevant papers

16. A list of relevant papers is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
11 February 2020

List of relevant papers

Date of meeting	Meeting	Paper
19/12/2017	Panel on Commerce and Industry	<p>Administration's paper on "Proposed creation of directorate posts in the Belt and Road Office, Commerce and Economic Development Bureau" (LC Paper No. CB(1)340/17-18(05))</p> <p>Background brief on the Belt and Road Initiative prepared by the Legislative Council Secretariat (LC Paper No. CB(1)340/17-18(06))</p> <p>Minutes of meeting (LC Paper No. CB(1)605/17-18)</p>
26/3/2018	Establishment Subcommittee	<p>Administration's paper on the proposed creation of directorate posts in the Belt and Road Office (EC(2017-18)19)</p> <p>Minutes of meeting (LC Paper No. ESC154/17-18)</p>
27/4/2018	Finance Committee	<p>Administration's paper on the proposed creation of directorate posts in the Belt and Road Office (FCR(2018-19)3)</p> <p>Minutes of meeting (LC Paper No. FC85/18-19)</p>
13/11/2019	Council	<p>Question No. 9 on "New measures to support enterprises" raised by Hon Jimmy NG (Government press release)</p>
11/12/2019	Council	<p>Question No. 4 on "Assisting Hong Kong businesses in developing external economic and trade relations" raised by Hon Jimmy NG (Hansard) (page 3071 – 3082)</p>