

**For discussion on  
18 May 2021**

## **Legislative Council Panel on Commerce and Industry**

### **Hong Kong's Participation in the Belt and Road Initiative**

#### **Purpose**

This paper informs Members of the major progress of the work undertaken by the Commerce and Economic Development Bureau (CEDB) in promoting Hong Kong's participation in the Belt and Road Initiative (B&RI) since its last submission on the B&RI<sup>1</sup> made to the Legislative Council Panel on Commerce and Industry in February 2020.

#### **Background**

2. To consolidate Hong Kong's position as the prime platform and a key link for the B&RI, the current-term Government adopts a whole-government approach in taking forward the work on promoting Hong Kong's participation in the Initiative by adopting the following five-pronged key strategy –

- enhancing policy co-ordination;
- fully leveraging Hong Kong's unique advantages;
- making the best use of Hong Kong's position as the professional services hub;
- promoting project participation; and
- establishing partnership and collaboration.

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<sup>1</sup> LC Paper No. CB(1)401/19-20(05):  
<https://www.legco.gov.hk/yr19-20/english/panels/ci/papers/cicb1-401-5-e.pdf>

3. Pursuant to the above approach, the Government and the National Development and Reform Commission (NDRC) signed the “Arrangement between the NDRC 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 B&R Arrangement) in December 2017, so as to support Hong Kong’s full participation in and contribution to the B&RI. The B&R Arrangement covers six major areas in which Hong Kong enjoys distinctive strengths and positions, namely finance and investment; infrastructure and maritime services; economic and trade facilitation; people-to-people bond; taking forward the development of the Guangdong-Hong Kong-Macao Greater Bay Area; as well as enhancing collaboration in project interfacing and dispute resolution services.

### **Latest Development**

4. The 13th National People’s Congress at its Fourth Session adopted the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 (the 14th Five-Year Plan) on 11 March 2021. Contents relating to Hong Kong in the Plan include the Central Government’s explicit support for Hong Kong’s “participation in and contribution to the country’s comprehensive opening-up and development of the modern economic system, as well as fostering Hong Kong as the Belt and Road (B&R) functional platform”, which aligns with our policy objectives. In fact, the Chief Executive reiterated in her 2020 Policy Address that the Government would further consolidate Hong Kong’s position as the prime platform and a key link for the B&RI, and strengthen the co-operation with B&R related countries and regions.

5. It is noted that at the opening ceremony of the Boao Forum for Asia Annual Conference, themed “A World in Change: Join Hands to Strengthen Global Governance and Advance Belt and Road Cooperation”, held on 20 April 2021, President XI Jinping reiterated the building of closer partnerships for connectivity. In his keynote speech, he mentioned “going forward, (the Chinese government) will continue to work with other parties in high-quality Belt and Road co-operation. (The Chinese government) will follow the principles of extensive consultation, joint contribution and shared benefits, and champion the philosophy of open, green and clean co-operation, in a bid to make Belt and Road co-operation high-standard, people-centered and sustainable”. The Government of the

Hong Kong Special Administrative Region (HKSAR) will continue our efforts in synergy with the above strategy.

## **Major Progress of Work**

6. The Coronavirus Disease 2019 (COVID-19) pandemic had been rampant over the past year, and precipitated the implementation of travel restriction across the globe. In spite of such circumstances, the CEDB has been making continuous efforts in promoting Hong Kong's participation in the B&RI and opening up a larger market for local businesses. In the past year or so, the CEDB has maintained close contact with local business chambers and professional bodies, foreign consulates and trade representatives / organisations in Hong Kong, and disseminated information through publications. At the same time, the CEDB has been working in close collaboration with relevant Central Authorities. On business and trade, the major progress of relevant work undertaken by the CEDB is set out below according to the five-pronged key strategy of paragraph 2 above.

## **Enhancing Policy Co-ordination**

7. In implementing the B&R Arrangement and following up on the co-operation under the Initiative, a Joint Conference mechanism has been set up between Hong Kong and relevant Mainland Authorities (including the NDRC, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the Ministry of Commerce (MofCom), and the Ministry of Foreign Affairs, etc.). Three meetings have been convened so far. The third Joint Conference, which was held virtually in August 2020 amidst the epidemic, reviewed the work of Hong Kong in taking forward the B&RI after the second Joint Conference. The meeting also discussed new initiatives for the coming year in areas such as innovation and technology (I&T), professional services and capacity building, including collaborating in the fight against the epidemic and thereby fostering the people-to-people bond; promoting further collaboration between Mainland enterprises and Hong Kong professionals; and encouraging enterprises to make use of the overseas Economic and Trade Co-operation Zones (ETCZs) in developing businesses.

8. Similar to past meetings, relevant Central Authorities actively participated in the third Joint Conference. In addition, the National Health Commission, the Ministry of Ecology and Environment, the Ministry of Science and Technology, etc. attended the meeting having regard to the matters of discussion. The CEDB also co-ordinated the participation of relevant Government bureaux / departments. Meanwhile, we are taking up follow-up work in conjunction with the NDRC while making preparation for the next Joint Conference to be held in mid-2021.

9. Furthermore, to facilitate Hong Kong businesses and investors in opening up markets, thereby promoting the long-term economic development of Hong Kong, the Government has been actively seeking to forge Free Trade Agreements (FTAs) as well as Investment Agreements (IAs) with our trading partners, including, among others, markets with development potentials or at strategic locations (such as B&R related countries and regions). To date, the current-term Government has concluded four FTAs and four IAs, among which the FTA and IA signed with the 10 member states of the Association of Southeast Asian Nations (ASEAN) entered into force in full on 12 February this year, which will provide more business opportunities in ASEAN for the trade. In 2020, Hong Kong and Mexico signed an IA, and the IA between Hong Kong and the United Arab Emirates (UAE) has also come into effect. The Government will continue its efforts to expand Hong Kong's FTA and IA network, including carrying out preliminary discussions on a bilateral FTA with Thailand. Besides, on the regional co-operation level, Hong Kong is actively seeking to join the Regional Comprehensive Economic Partnership (RCEP) as soon as possible after its entry into force, with a view to further strengthening the economic, trade, and investment ties between Hong Kong and RCEP participating economies<sup>2</sup>, and unleashing new market opportunities in the region for Hong Kong's goods and enterprises. Meanwhile, the Government has been actively pursuing the expansion of the overseas Hong Kong Economic and Trade Office (ETO) network with a view to strengthening our external promotion and exchanges<sup>3</sup>. We have concluded our discussions with the UAE government on the establishment of the Dubai ETO, and are actively pursuing the preparatory work to set up the office. The Dubai ETO,

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<sup>2</sup> The 15 RCEP participating economies are Mainland China, the ten member states of ASEAN, Australia, Japan, Korea and New Zealand.

<sup>3</sup> The 13 ETOs are situated in Bangkok, Berlin, Brussels, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC.

which is the second ETO after the Bangkok ETO established by the current-term Government, is expected to start discharging its duties before the end of 2021. Being our first ETO in the Middle East region, it will strengthen trade and economic connections with our trading partners in the region and develop business opportunities for Hong Kong businesses.

### **Fully Leveraging Hong Kong's Unique Advantages**

10. There has been a growing demand for anti-epidemic, public health and I&T products in various places amidst the epidemic. While travels and meetings are being hindered, the epidemic has brought about new opportunities for Hong Kong's I&T sector, which comprises many small and medium enterprises. Therefore, in June 2020, the CEDB took the lead to launch the I&T Inventions Experience Sharing and Business Promotion Platform in conjunction with the Innovation and Technology Bureau, the Hong Kong Trade Development Council (HKTDC) and the local I&T sector. Through this Platform, we seek to promote Hong Kong's technological capabilities in combating the epidemic with a view to facilitating the anti-epidemic work, while exploring business opportunities for Hong Kong enterprises and fostering the people-to-people bond with B&R related countries and regions.

11. Through government-to-government collaboration as well as networking between the local I&T sector and the HKTDC, we have shared Hong Kong's I&T products and technologies<sup>4</sup>, relevant application experience and related professional services with overseas governments and stakeholders via the Platform. At the government level, the CEDB under the Platform organised webinars in collaboration with the Thailand Board of Investment, the Consulate General of the Republic of Indonesia in Hong Kong, and the Ministry of International Trade and Industry of Malaysia in June, August and September 2020 respectively. Opportunity had been taken to share insights on the use of I&T in combating COVID-19 and addressing livelihood needs under the new normalcy; and promote collaboration in trade, investment and professional services, etc. with the three places with a view to opening market opportunities for Hong Kong enterprises after the epidemic. The three webinars attracted more than 600, 900 and 850 sign-ups respectively, successfully bringing together government officials, business leaders and representatives of the I&T

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<sup>4</sup> Including testing and tracing, e-communications, e-health, e-learning and e-commerce, etc.

sector and other professional services sectors from Hong Kong and overseas.

12. The CEDB also supported the HKTDC in organising a series of online interactive sessions on business promotion and matching. The initial phase focused on Thailand, Indonesia and Malaysia. Besides holding more than 180 online business matching meetings, the HKTDC arranged online sharing sessions in the three aforementioned ASEAN countries. Moreover, the HKTDC held four online exhibitions from July 2020 to March 2021, providing business matching for around 5 400 exhibitors. It also launched a dedicated webpage “Hong Kong: Technology in Action”<sup>5</sup>. The webpage contains information and promotional videos on I&T enterprises in Hong Kong, showcasing their I&T products and success stories of collaboration with overseas companies with a view to fostering closer co-operation between the trade and overseas enterprises in the fight against the epidemic. Successful examples include connecting a Hong Kong start-up with an Indonesian I&T enterprise on collaboration in the exploration of artificial intelligence technology. In addition, the HKTDC and its overseas offices have arranged online sharing sessions for I&T companies which research and develop medical, anti-epidemic and related technologies to introduce I&T products to such ASEAN member states as Indonesia, Thailand and Singapore. These include intelligent sterilisation robot, anti-microbial coating, intelligent temperature detection system and sanitising channel facility, etc., and some companies are already engaged in business negotiations.

### **Making Full Use of Hong Kong’s Position as the Professional Services Hub and Promoting Project Participation**

13. As the prime B&R services platform, Hong Kong stands ready to provide a comprehensive range of high-end and internationally-benchmarked professional services in financing and bond issuance; insurance; risk assessment and management; legal and dispute resolution services; accounting and compliance, etc. Well-experienced in bridging between the Mainland and overseas countries, our professional services by collaborating with Mainland enterprises can bring in key soft power to B&R projects and bring about complimentary advantages.

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<sup>5</sup> <https://hkmb.hktdc.com/en/hong-kong-technology-in-action>

Together, there will be greater strengths in contributing to the B&RI, and more opportunities for advancing development with Mainland enterprises.

14. The CEDB has been promoting partnership and collaboration amongst Mainland enterprises and the Hong Kong professional services sector. Such efforts include co-organising a series of exchange sessions featuring different themes in conjunction with the SASAC since 2018, with a view to facilitating the trade to participate in B&R projects and gain access to a wider market. To further promote exchanges and co-operation between state-owned enterprises (SoEs) and Hong Kong's professional services sector, the CEDB, the SASAC and the Hong Kong Monetary Authority jointly conducted online a high-level roundtable on "Fostering Hong Kong as Belt and Road Functional Platform together with State-owned Enterprises" on 8 January 2021. Joined by over 200 participants from 25 SoEs and more than 10 professional services bodies and institutions in Hong Kong, the roundtable sought to explore ways to jointly enhance modern corporate governance and strengthen research and development application by leveraging Hong Kong's strengths, with a view to jointly raising the competitiveness and the standard of participation under the B&RI.

15. The Hong Kong professional services sector is conversant with international practices and standards and stands ready to support the implementation of B&R projects, thereby creating further business opportunities. The HKTDC's B&R Portal, as engaged by the CEDB, was enhanced into a one-stop B&R platform<sup>6</sup> in July 2019, containing information on B&R related investment projects. The Portal has also launched an "Infrastructure Tool Kit" to provide online practical guides for overseas project owners, investors and participants. It lists out the corresponding Hong Kong professional services providers and relevant success stories, with a view to facilitating business matching of overseas project owners and investors with professional services providers in Hong Kong at various stages. Currently, there are over 600 projects on the Portal.

16. In addition, the CEDB organised a sharing session under the Mainland Enterprises Partnership Exchange and Interface Programme in conjunction with the SASAC and the Hong Kong Chinese Enterprises Association on 14 May 2021. It attracted the participation of

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<sup>6</sup> <https://beltandroad.hktdc.com/>

representatives from SoE subsidiaries in Hong Kong, Chinese enterprises, as well as the local finance, insurance and arbitration sectors. A number of business matching sessions were also held to facilitate Mainland enterprises in identifying partners in various professional fields for taking forward B&R projects, and to promote mutual understanding and networking amongst the participants. Professional services required in projects featured at the sharing session included provision of sovereign risk insurance, and financing for overseas large-scale projects. The CEDB also plans to organise the second edition of the Belt and Road Joint Conference Policy Exchanges and Capacity Building Programme when the epidemic stabilises. When the Programme was first held in December 2019 with the aim of better aligning with international rules and standards and enhancing mutual professional capacity, 15 members from 11 relevant Central Authorities / agencies including the NDRC came to Hong Kong to participate in the Programme, which included a series of thematic seminars, exchange sessions and site visits.

17. The annual Belt and Road Summit (the Summit), co-organised by the HKSAR Government and the HKTDC, is renowned as the largest and most important B&R business and investment platform for the Mainland, overseas and Hong Kong enterprises. Last year, we overcame unprecedented challenges and successfully held the fifth Summit online from 30 November to 1 December. The President of the Republic of Indonesia, H.E. Ir. H. Joko Widodo graced the event as the keynote speaker and he was the first head of state to speak at the Summit. A number of senior officials and business leaders from the Mainland and overseas also spoke at the fifth Summit, which attracted over 6 000 sign-ups from 80 countries and regions. Besides, the Summit featured some 700 one-on-one business matching sessions for over 240 projects. The first-ever virtual exhibition was also staged to facilitate participants in exploring business opportunities under the “new development pattern” and the “new normalcy”. Negotiations for a number of projects have made progress, such as an Indonesian developer and a Hong Kong smart city development consortium have signed a memorandum of understanding, thereby paving the way for the smart city technology from Hong Kong to enter the Indonesian market. Besides, the Summit’s business matching has connected a Mainland construction enterprise with a Hong Kong counterpart to reach an agreement on forming a joint venture for bidding a project. The sixth Summit is planned to be held in the second half of this year.



## **Establishing Partnership and Collaboration**

18. The ETCZs set up by the Mainland in B&R related countries and regions, with operation based on market principles, have emerged as important springboards for Mainland enterprises in “going global” to direct invest abroad. The MofCom has encouraged Hong Kong enterprises to develop business in the ETCZs. Indeed, some ETCZs are located in ASEAN member states where Hong Kong businesses are familiar with. They therefore represent an ideal entry point for Hong Kong’s enterprises and professional services sector to participate in the B&RI.

19. The CEDB has been actively exploring incentives and facilitation measures with the MofCom to pursue opportunities arising from the ETCZs. After consideration, both sides have identified five ETCZs<sup>7</sup> in ASEAN member states for promoting pilot matching with interested Hong Kong enterprises with a view to encouraging the latter to develop business in ETCZs. By virtue of the support rendered by the MofCom which the Government greatly appreciates, the Economic and Commercial Office of the Chinese Embassy or Consulate-General where the ETCZs are located would provide assistance to Hong Kong enterprises. Furthermore, relevant local Mainland business chambers are encouraged to contact Hong Kong business chambers and enterprises, or accept Hong Kong enterprises as members. At the webinar jointly held with the Consulate General of the Republic of Indonesia in Hong Kong in August 2020, representatives from two ETCZs in Indonesia had accepted our invitation and participated at the webinar to share their views. Thematic breakout sessions were also held during the fifth Summit to discuss ETCZs-related opportunities.

20. When the epidemic situation stabilises, the CEDB plans to again organise with the MofCom mission(s) comprising Hong Kong enterprises and professionals as well as Mainland enterprises to visit B&R related countries and regions including the selected ETCZs, with a view to facilitating both sides to “go global” and develop partnership. Before that, we plan to invite the management of some of the ETCZs to have online meetings with Hong Kong enterprises within this year so as to

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<sup>7</sup> The five ETCZs are Thailand-China Rayong Industrial Park (Thailand), Malaysia-China Kuantan Industrial Park (Malaysia), Sihanoukville Special Economic Zone (Cambodia), Kawasan Industri Terpadu Indonesia-China (Indonesia) and CFLD Karawang New Industry City (Indonesia) respectively.

enhance mutual understanding. This will facilitate the latter to better understand the investment environment of the relevant ETCZs and their host countries, and the admission criteria and applicable preferential terms of the ETCZs concerned, etc. In turn, the Hong Kong enterprises can conduct analyses of the feasibility and risks of developing business therein carefully.

21. In addition, the CEDB supports the HKTDC's efforts to provide the trade with ETCZs-related information, and to enhance Hong Kong enterprises' understanding of the ETCZs through its Transformation Sandbox Programme (T-box), with a view to supporting interested enterprises to invest and develop business in the ETCZs. Meanwhile, the HKTDC will strengthen its collaboration with Mainland trade associations to assist Hong Kong enterprises in the ETCZs in expanding into the Mainland market by organising online and offline marketing campaigns.

22. In addition, to further support enterprises in exploring more diversified markets, the Government has further injected \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to increase the cumulative funding ceiling per enterprise from \$4 million to \$6 million; and extend its geographical coverage in phases starting from July 2021, from currently 20 economies to 37 economies with which Hong Kong has signed FTAs and / or IAs, most of which are B&R-related regions. The above enhancement measures were recently approved by the Finance Committee of the Legislative Council at its meeting on 23 April. Hong Kong enterprises may make use of the BUD Fund to develop those markets. The Government will continue to support enterprises in developing markets and strengthening overall competitiveness through various funding schemes, and will enhance small and medium enterprises' understanding of these schemes through various publicity efforts.

## **Conclusion**

23. The 14th Five-Year Plan supports fostering Hong Kong as the B&R functional platform, which is in itself an affirmation of Hong Kong's position. We will seize the opportunities by making the fullest of our country's policies. Against the external challenges brought about by international geopolitical changes, steady efforts will continue to be carried out to promote Hong Kong's participation in the B&RI by adopting the

five-pronged key strategy. Looking ahead, when international travel restriction relaxes, we will visit B&R related countries and regions together with representatives from the local industrial, business and professional sectors to explore business opportunities, subject to circumstances at the time. We will maintain communication with representatives of major business chambers and industries in Hong Kong, thereby supporting their B&R development. Events organised or confirmed by the CEDB in 2021 are set out below -

Events	Description
High-level roundtable on “Fostering Hong Kong as Belt and Road Functional Platform together with State-owned Enterprises” (8 January)	Jointly organised by the CEDB, the SASAC and the Hong Kong Monetary Authority, the roundtable sought to promote exchanges and co-operation between SoEs and Hong Kong’s business and professional services sector by leveraging Hong Kong’s strengths to bring about complimentary advantages, and to raise competitiveness and standard of participation under B&RI for both sides.
Mainland Enterprises Partnership Exchange and Interface Programme sharing session (14 May)	Jointly organised by the CEDB and the SASAC, the sharing session facilitated Mainland enterprises to forge connections with Hong Kong’s major professional services and industry bodies and service providers, and assisted relevant enterprises in project-based or service-oriented sharing and collaboration.
The fourth Joint Conference on Advancing Hong Kong’s Full Participation in and Contribution to the B&RI (mid-2021)	To follow up with Central Authorities on the progress of implementation of the B&R Arrangement and discuss the work priorities for the year.
The sixth Belt and Road Summit (second half of 2021)	To focus discussions on how business and professional services sector may tap on B&R-related opportunities brought about by

Events	Description
	the national development strategy of “dual circulation” and the RCEP by capitalising on the Guangdong-Hong Kong-Macao Greater Bay Area development, and to facilitate Summit participants to seize such opportunities.
Exchange session with the Mainland’s overseas ETCZs (to be confirmed)	To conduct online meetings with ETCZs to enhance Hong Kong enterprises’ understanding on the investment environment of the ETCZs and their host countries, as well as relevant regulations and admission criteria of concerned ETCZs.

### **Advice Sought**

24. Members are invited to note the content of this paper and give their views.

**Belt and Road Office**

**Commerce and Economic Development Bureau**

**May 2021**