

## LCQ12: Expanding the global economic and trade networks

Following is a question by the Hon Jeffrey Lam and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (January 10):

Question:

The Government has indicated in the latest Policy Address that it will expand the global economic and trade networks, promote regional co-operation, and expand the reach to the Belt and Road (B&R) markets, including those of the Association of Southeast Asian Nations (ASEAN), the Middle East, Central Asia and Africa. On the other hand, the Government set up the Belt and Road Office (BRO) in 2016, and established the Steering Group on Integration into National Development in 2022, with a sub-group on B&R development (B&R sub-group) set up thereunder. In addition, the Government has also organised the annual B&R Summit, exchange seminars for enterprises and project interfacing meetings, as well as business missions to visit the B&R related economies. In this connection, will the Government inform this Council:

- (1) of the resources (including expenditure and manpower) allocated respectively to BRO and the B&R sub-group by the Government for taking forward the B&R Initiative in each of the past three years; whether the Government will increase the manpower and estimated expenditure for these departments in the future; if so, of the details; if not, the reasons for that;
- (2) whether it has assessed the effectiveness of the work of the departments mentioned in (1) in taking forward the B&R Initiative in the past three years; if so, of the details; if not, the reasons for that; given that the Government has indicated in the latest Policy Address that it will set up additional offices for business and trade along B&R, of the relevant details (including their number, regions, locations, as well as the manpower and expenditure involved), and whether it will set performance indicators for the work of such offices; if so, of the details; if not, the reasons for that; and
- (3) given that Hong Kong has signed free trade agreements (FTAs) with 20 economies (including ASEAN member states, Georgia and Australia), whether the Government has compiled statistics on the economic benefits brought by such FTAs to Hong Kong in the past three years, as well as the number of enterprises and capital brought in; if so, of the details; if not, the reasons for that?

Reply:

President,

Hong Kong is an active participant, contributor and beneficiary of the Belt and Road Initiative (B&RI). We have been fully participating and contributing to the B&RI, and serve as the functional platform for the Belt and Road (B&R). On the occasion of the 10th anniversary of the B&RI in 2023, President Xi Jinping announced the eight major steps to bring B&R co-operation to a new stage of high-quality development, namely building a multidimensional B&R connectivity network; supporting an open world economy; carrying out practical co-operation; promoting green development; advancing scientific and technological innovation; supporting people-to-people exchanges; promoting integrity-based B&R co-operation and strengthening institutional building for international B&R co-operation.

Hong Kong has the unique advantage of enjoying strong support of the motherland and being closely connected to the world to play its role as a functional platform and make the best use of its experience accumulated in high-quality development to actively contribute towards these eight major steps. Apart from serving as a "super connector", we will also leverage our strengths to be the "super value-adder" for the next stage of our country's B&R development.

Our reply to the three parts of the question is as follows:

(1) Since the set-up of the Belt and Road Office (BRO) in August 2016 and its establishment as a permanent full-fledged office under the Commerce and Economic Development Bureau (CEDB) in April 2018, the Government of the Hong Kong Special Administrative Region (HKSAR) has been adopting a whole-government approach, under which the BRO is tasked with formulating policies and measures, as well as leading and co-ordinating the relevant work of the HKSAR Government to promote Hong Kong's participation in the B&RI, including working to strengthen the close liaison and co-operation with relevant Mainland authorities in respect of enhancing policy co-ordination.

Also, since December 2022, the Chief Executive (CE) has established the Steering Group on Integration into National Development (Steering Group) under his chairmanship to provide steer to bureaux and departments to actively dovetail with the national strategies including the B&RI. Under the Steering Group, the Working Group on Belt and Road Development (Working Group) was set up with the Secretary for Justice (SJ) and the Secretary for Commerce and Economic Development serving as its Chairperson and its Secretary respectively, while the BRO is responsible for its secretariat work.

In the past three years, the total expenditure and establishment of the BRO are tabulated as follows:

Financial year	BRO's actual total expenditure (\$'000) (Note 1)	Establishment (number of posts)
2020-21	26,018	20
2021-22	23,497	21

2022-23	29,413	21
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The relevant bureaux and departments of the HKSAR Government will continue to utilise existing funds and manpower to promote B&R development, with relevant resources already absorbed in the overall estimated expenditure and establishment of relevant bureaux and departments.

(2) The Arrangement between the National Development and Reform Commission (NDRC) and the HKSAR Government for Advancing Hong Kong's Full Participation in and Contribution to the B&RI signed between the HKSAR Government and the NDRC in 2017 provides the direction and a blueprint for Hong Kong's full participation in and contribution to the B&RI. The Joint Conference mechanism was also set up to follow up on the implementation of the Arrangement, with meetings being convened at least once a year. Through the annual Joint Conference meetings, the HKSAR Government and relevant Mainland authorities will review the work in promoting Hong Kong's participation in and contribution to the B&RI in the previous year and discuss the HKSAR Government's strategies and future work priorities for the coming year. The sixth Joint Conference was held in July 2023 in Beijing. Mainland officials attending the meeting included representatives from the NDRC and 12 other ministries.

In addition, the SJ-led Working Group reviews the strategies and work progress of bureaux and departments in promoting Hong Kong's participation in and contribution to the B&RI, as well as reports to the CE-led Steering Group. Since its establishment in December 2022, the Working Group has convened a total of four meetings in February, May and August 2023, and January 2024.

In October 2023, the third Belt and Road Forum for International Cooperation was held in high prestige in Beijing. In the Lists of Deliverables published thereof, the eighth Belt and Road Summit organised by the HKSAR Government was published as the first deliverable under the "International Conferences in 2023 and 2024" section of the List of Multilateral Cooperation Deliverables. The Summit attracted nearly 6 000 government and business leaders and representatives of enterprises from over 70 B&R-related countries and regions, including over 100 delegations, a record high over past editions; and signed/exchanged 21 Memoranda of Understanding (MOUs), also a record high over past editions. In addition, there were another six outcomes from Hong Kong being included in the country's Lists of Deliverables (Note 2).

The 2023 Policy Address announced that Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) will set up consultant offices along the B&R. Currently, InvestHK initially plans to open consultant offices in Egypt and Türkiye to strengthen efforts in attracting enterprises and investment in high-potential emerging countries in the Middle East and North Africa. InvestHK and the HKTDC will continue to study and actively carry out the relevant preparatory work, and follow the indicators for specific tasks in the 2023 Policy Address to each set up two consultant offices in 2024-25. The estimated annual expenditure of each consultant

office is around \$1 million to \$1.5 million.

(3) Hong Kong has so far signed eight free trade agreements (FTAs) (Note 3) with 20 economies, and is now negotiating an FTA with Peru.

We do not have statistics directly showing the economic benefits brought about by the FTAs forged between Hong Kong and other individual economies.

From 2020 to 2022, the total merchandise trade between Hong Kong and FTA partners, and the total foreign direct investment inflows to Hong Kong from our FTA partners are as follows:

	2020	2021	2022
Total merchandise trade (\$ billion)	5,472.1	6,881.0	6,164.8
Total foreign direct investment inflows to Hong Kong (\$ billion)	481.8	345.7	363.8

It is worth noting that the challenges to the global economy and supply chain caused by the pandemic in the past three years would have an impact on the above-mentioned figures.

Regarding the figures on companies being attracted, according to the 2023 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, there were 3 327 companies in Hong Kong with parent companies located in one of the FTA partners of Hong Kong, reflecting an increase from 2021 and 2022 (2 960 companies and 3 259 companies respectively).

Note 1: Including salary expenses and other operational expenses of the BRO.

Note 2: The other six deliverables were namely launching the Green Investment and Finance Partnership; the NDRC signed the MOU on Supporting Cross-Border Financing by Chinese Enterprises and Promoting the Development of the Hong Kong Bond Market with the Hong Kong Monetary Authority (HKMA); to establish the Belt and Road Joint Investment Platform with the HKMA; to develop a capacity-building centre for legal talents in domestic, foreign and international law; to establish the Meteorological Training Centre; and the HKSAR Government continues to implement the B&R Scholarship, and will jointly produce television variety programmes with participating countries of the B&RI and hold the "Asia+ Festival".

Note 3: Hong Kong has so far signed eight FTAs with 20 economies. The economies are Mainland China, the Macao Special Administrative Region, New Zealand, the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), Chile, the 10 Member States of the Association of Southeast Asian Nations, Georgia and Australia. All FTAs have entered into force.