

Speech by CE at Belt and Road Summit (English only)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the Belt and Road Summit today (June 28):

Deputy Prime Minister Somkid (Deputy Prime Minister of Thailand, Dr Somkid Jatusripitak), Mr Xiao (Chairman of State-owned Assets Supervision and Administration Commission of the State Council, Mr Xiao Yaqing), Mr Ning (Vice Chairman of National Development and Reform Commission, Mr Ning Jizhe), Madam Gao (Vice Minister of Commerce, Ms Gao Yan), Vincent (Chairman of Hong Kong Trade Development Council, Mr Vincent Lo), ladies and gentlemen,

Good morning. It's a great pleasure to be here, to be taking part in the opening of the third Belt and Road Summit, and to do so for a second time in my capacity as Chief Executive of the Hong Kong Special Administrative Region.

Following the resounding success of the first and second Summits held in May 2016 and September 2017 respectively, I'm delighted to hear that close to 5 000 participants have signed up for this Summit, coming from Hong Kong, Mainland China, ASEAN and throughout the Asian region, as well as from other parts of the world. A wide participation from different parts of the world is important for the successful implementation of this Initiative, as its pursuit requires a high degree of cooperation between countries, establishment of sound bilateral and multi-lateral mechanism, as well as participation from different sectors. And this reminds me of a Chinese saying that "A common will is strong as the bulwarks" which resonates well with our theme today – "Collaborate for Success".

I've just returned from nearly two weeks in Europe, with most of the time spent in Belgium and France. I can tell you that the Belt and Road was a common focus among the many people I met. It was also the subject of a well-attended business seminar I spoke at in Paris. So I'm pleased to note that today's Summit features a variety of European missions and associations, including the Greater Paris Investment Agency and Association France Hong Kong. Also here is Italy's Confindustria, which represents many of the nation's manufacturing and service industries, as well as the United Kingdom Department for International Trade – Hong Kong and Macau, and the Russian-Chinese Business Council. I welcome you, and your vote of confidence in the Belt and Road and in Hong Kong. I am particularly grateful to Dr Somkid, Deputy Prime Minister of Thailand for gracing this occasion. This is already the third occasion that Dr Somkid and I have met in a year, signifying the growing importance of relationship between Hong Kong and Thailand in the context of both the Belt and Road Initiative and the Hong Kong-ASEAN Free Trade Agreement signed last November. This relationship is destined to grow even stronger as we are in advance planning for setting up Hong Kong's third ASEAN economic and trade office in Bangkok.

Ladies and gentlemen, the Belt and Road Initiative is giving us a long-term promise of transnational and intercontinental connectivity and will give rise to rewarding business prospects. They will take different permutations and shapes, including new air, sea and land routes, additional ports, rails and roads connecting isolated regions, economic and trade pacts, and increased investment flow. Hong Kong, being the world's freest economy and China's most international city, is destined to play a significant role in the Belt and Road Initiative.

Last December, I signed on behalf of the Hong Kong Special Administrative Region an Arrangement with the National Development and Reform Commission for advancing Hong Kong's full participation in and contribution to the Belt and Road Initiative. The Arrangement covers six key areas ranging from finance and investment to people-to-people bond. An annual Joint Conference mechanism was also agreed upon. The Conference gives Hong Kong a unique and direct dialogue with central authorities regarding the Belt and Road Initiative and our participation in it. I'm pleased to say that the first meeting of the Joint Conference was held in Beijing just over two weeks ago.

While the details are being worked out, I can tell you that Hong Kong will contribute to the Initiative across all areas of its wide-ranging connectivity, from policy coordination, financial integration and trade, to infrastructure and people-to-people bonds.

Hong Kong's singular most important advantage in playing an active role in the Belt and Road Initiative is, of course, the "One Country, Two Systems" framework that propels our development in the past 21 years. It allows us to expand our traditional strengths as an international financial, trade and logistics centre, while deepening our economic integration with the Mainland.

An international financial centre, and one of the world's great trading economies, Hong Kong has long served as a regional hub and a business bridge connecting the Mainland, Asia and the rest of the world. We also embrace the free flow of capital, of goods, information and talent. That fluid connectivity will prove indispensable long down the Belt and Road, a point driven home at a seminar held at the Great Hall of the People in Beijing in February this year, the theme of which is "Strategies and Opportunities under the Belt and Road Initiative – Leveraging Hong Kong's Advantages, Meeting the Country's Needs". Some 380 chief executives and senior management from more than 170 state-owned enterprises took part, along with four state leaders and 80 other central officials. Such an impressive turn-out would not have been possible without the strong support of Chairman Xiao Yaqing of the State-owned Assets Supervision and Administration Commission of the State Council. I am extremely grateful to Chairman Xiao taking time out of his busy schedule to attend the Summit today, along with his colleagues, Vice Chairman Ning from the National Development and Reform Commission and Vice Minister Gao from the Ministry of Commerce.

Coming back to that February seminar on Belt and Road, I led the Hong

Kong delegation. With me were three policy secretaries and a number of professional and prominent players from our finance and investment sector, as well as legal, arbitration and construction professions. At the seminar, Mr Zhang Dejiang, then Chairman of the Standing Committee of the National People's Congress, emphasised Hong Kong's indispensable role in the Belt and Road Initiative, adding that, and I quote him, "the country will continue to need Hong Kong, as well as incorporate Hong Kong in the Belt and Road."

Capital formation will be critical to that role. With liquid capital flow and a deep pool of global financial talent, Hong Kong is the natural centre from which to raise funds for infrastructure, investment and production projects. We are also ideally suited to provide the risk management, insurance and dispute-resolution services that Belt and Road partners and their projects may need.

Similarly, I envision an increasing role for Hong Kong as a fund-raising hub for green projects, particularly in promoting sustainable Belt and Road development. Earlier this year, my Government announced a three-year Pilot Bond Grant Scheme. I'm confident it will encourage more Belt and Road investors and issuers to participate in the Hong Kong bond market.

A Hong Kong Government green bond issuance programme – with a borrowing ceiling of US\$13 billion (HK\$100 billion) – is also in the pipeline. It will support green projects under the Government's public works programme. We believe the programme will help provide benchmark pricing and stimulate market development.

In addition, the Hong Kong Quality Assurance Agency launched its Green Finance Certification Scheme in January this year. The programme provides third-party conformity assessments for issuers of green bond instruments. Eligible green bond issuers using the scheme will be subsidised, with a view to supporting green development financing.

In short, I believe green finance can only expand our financial diversity and formidable international standing. The Hong Kong Stock Exchange, to take one example, has been ranked among the top five, globally, in initial public offerings for the past eight years. Last year, funds raised through IPOs amounted to US\$16.5 billion.

In April last year, our Securities and Futures Commission set out eligibility criteria for infrastructure project companies looking to list on our stock exchange. The criteria provide a clear pathway for Belt and Road projects and companies looking to Hong Kong for equity and debt financing.

Hong Kong is the world's largest offshore Renminbi centre, handling about 76 per cent of offshore Renminbi transactions. We are, as well, the leading centre for offshore Renminbi asset management. Importers and exporters in Belt and Road countries can settle their trade in Renminbi through our payment system, good at more than 200 banks from all over the world. And investors can tap our Renminbi liquidity through bank loans or "dim sum" bond issuance. They can also invest their surplus renminbi

liquidity in a wide range of Renminbi products, all available right here in Hong Kong.

More than a financial capital, Hong Kong is the region's logistical and transport hub. Hong Kong International Airport is the world's busiest airport for international cargo. And we are determined to expand on that hub role, with construction of a three-runway system for the airport continuing. On completion, the new airport will have the capacity to handle 100 million passengers and nine million tonnes of cargo a year, compared to 70 million passengers and five million tonnes of cargo last year. To strengthen our air cargo hub position, earlier this month, the Hong Kong Airport Authority announced the granting of rights to develop a major logistics centre of 380 000 square metres GFA (gross floor area) at the airport.

Our land connectivity is also developing at an extraordinary rate. And the flow of people and trade, and opportunity between Hong Kong and the Mainland is about to soar, thanks to the opening, later this year, of the 42-kilometre Hong Kong-Zhuhai-Macao Bridge and the 26-kilometre Hong Kong section of the Guangdong-Shenzhen-Hong Kong high-speed rail. Each, in its own way, will slash travelling time between Hong Kong and the Mainland. Together, they will surely fast-track development of the Guangdong-Hong Kong-Macau Bay Area.

The Bay Area, another major national development priority, will serve as a powerful connection point for the Belt and Road. A cluster of nine flourishing cities in Guangdong province together with Hong Kong and Macao, the Bay Area unites a collective population of over 68 million and a combined GDP of some US\$1.5 trillion, which is comparable to Australia's GDP.

Taking advantage of the varying expertise that abounds in the 11 cities, the Bay Area is expected to rise as a global centre for finance, high-end services and innovation and technology. In doing so, it will also boost interaction and integration within the region, encouraging strategic partnerships between Hong Kong, Guangdong and the larger Belt and Road region.

Beyond all that promising business and investment, the "Silk Road spirit" will also thrive, with its emphasis on the promotion of community and people-to-people bonds. In this regard, Hong Kong, Asia's world city, has much to offer. Culture, of course, will be central to this. But we will also be pleased to share our experience and knowledge in other areas as well, including corruption prevention, dispute resolution, city management involving firefighting, flood prevention, slope stabilisation as well as aviation safety, railway operations and more.

The Hong Kong International Aviation Academy, for example, is now forging closer ties with ASEAN countries. Sponsorships are being offered to students from Cambodia, Laos, Myanmar, the Philippines, Thailand and Vietnam to help develop expertise in regional air transport management. Our Independent Commission Against Corruption has been sharing its long experience in fighting corruption with regions and countries along the Belt

and Road.

And my Government is committed to expanding educational cooperation and exchanges with Belt and Road countries. We have already launched a Hong Kong Scholarship for Belt and Road students. It supports outstanding students from Indonesia, Malaysia and Thailand, helping them pursue undergraduate studies here in Hong Kong. We have also introduced a new subsidy scheme to encourage students in Hong Kong to participate in the Belt and Road region exchange programmes.

The Hong Kong Government, in short, is committed to being both a "facilitator" and a "promoter" of the Belt and Road – today, tomorrow and long down that road of transformative connections and boundless opportunities.

Finally, my thanks to Vincent and the Hong Kong Trade Development Council for organising the third Belt and Road Summit with the Hong Kong SAR Government. I wish you all the best of business at today's Summit and a very rewarding future on the Belt and Road.

Thank you very much.