

# Speech by FS at sixth Belt and Road Summit Business Plenary (English only)

Following is the video speech by the Financial Secretary, Mr Paul Chan, at the sixth Belt and Road Summit Business Plenary "Belt and Road and RCEP: Enhancing Regional Business Connectivity" this morning (September 1):

Victor (Chairman and Chief Executive Officer, First Eastern Investment Group, Mr Victor Chu), distinguished guests, ladies and gentlemen,

Good morning.

It's a pleasure to speak to you today, to take part in the sixth annual Belt and Road Summit, and this morning's timely business plenary.

The Belt and Road Initiative and RCEP – the Regional Comprehensive Economic Partnership – have much in common, much to offer.

Starting with size and significance, the Belt and Road flows along six economic corridors, spanning countries and companies from the Mainland, across Asia and deep into Europe and Africa.

Since its beginning in 2013, the Belt and Road Initiative has inspired co-operation among more than 170 countries and international organisations, creating connections in infrastructure, trade, finance, policy and people-to-people bonds.

RCEP, signed last November, is poised to become the world's largest free-trade agreement (FTA) when implemented, likely sometime early next year.

Embracing the 10 ASEAN member states and five ASEAN FTA partners – Australia, China, Japan, Korea and New Zealand – RCEP will create a market reaching some 2.2 billion people.

That, ladies and gentlemen, is nearly 30 per cent of the world's population. And RCEP's collective GDP accounts for about one-third of global GDP.

Many of RCEP's member nations are located along the Belt and Road, the perfect complement to RCEP. In strengthening infrastructural connectivity, boosting links in energy, communications, transport and more, the Belt and Road Initiative will make it easier to take full advantage of the enhanced market access promised by this extraordinary accord.

Implicit in all this is the central place of multilateralism in both the Belt and Road Initiative and RCEP. In advancing market integration, encouraging regional and international co-operation, they promote investment, trade and opportunity for the benefit of all.

There's another promising connection between the Belt and Road and RCEP. That, of course, is Hong Kong.

Hong Kong has key roles to play in the Belt and Road Initiative, thanks to the Central Government's support and our unique "one country, two systems" arrangement. Thanks, too, to Hong Kong's singular advantages.

Hong Kong is the only city in the world that offers a secure, dynamic environment for business and direct access to the Mainland economy. We are the ideal springboard to, and between, Chinese and Asian markets. And we are blessed, too, with a well-established legal system grounded in the common law.

Hong Kong's deep liquidity, outstanding financial infrastructure and wide-ranging options for raising capital can meet the financing needs of any Belt and Road project. Our capital market is highly efficient and our regulatory regime aligns with international standards. Currently, we are pursuing the proposition of securitising infrastructure loans to provide banks with the opportunity to offload their loans to long-term investors, so that they can have the capacity to finance more new projects.

Our strategic location at the centre of Asia is reinforced by long-established trade networks, world-class infrastructure and sophisticated communications and transport networks.

It helps, too, that Hong Kong is the world's largest offshore Renminbi business centre. That role is sure to grow, as demand for Renminbi financing, settlement and fund management between the Mainland and the economies and companies of the Belt and Road ramps up.

Hong Kong is also a global risk-management centre and regional insurance hub, with the experience and expertise to underwrite the uncertainties associated with major infrastructure projects.

Our sustainable investment offerings, and financing and certification of green projects, are equally sophisticated and wide-ranging.

In short, Hong Kong's professional services prowess is second to none. After all, our standards are aligned to international benchmarks and our experience effortlessly bridges Mainland and overseas markets. Legal and dispute resolution services, accounting and compliance, risk assessment and management: it's all right here, ensuring that your Belt and Road projects remain, secure and sure, in the fast lane.

These same strengths and assets can serve RCEP equally well. Hong Kong is strategically positioned in the heart of the region, and our ties with the economies of RCEP are deep and longstanding.

Hong Kong's trade in goods with the 15 RCEP economies last year totalled US\$772 billion, accounting for about 73 per cent of our total merchandise

trade. In 2019, our trade in services with RCEP was worth US\$103 billion, adding up to nearly 60 per cent of our services trade.

As an international aviation hub, Hong Kong has some 120 airlines operating direct services to more than 200 destinations in Asia and beyond.

Our strategic location makes Hong Kong the gateway for trade, investment and business between the Mainland and other RCEP economies, particularly the nations of ASEAN.

And that makes Hong Kong the natural location for RCEP-based companies looking to set up their headquarters in the region.

RCEP membership promises much for Hong Kong as well, and we hope to begin discussions on accession to RCEP soon after its entry into force is formalised.

We have, let me add, already signed FTAs with 13 of RCEP's 15 member economies, and look forward to deepening our co-operation with the Partnership.

China's 14th Five-Year Plan supports Hong Kong's status as an international financial, transportation and trade centre. It encourages our continuing co-operation and exchanges with countries and regions around the world.

Earlier this year, the Ministry of Commerce offered its full support for Hong Kong's early accession to RCEP. In meetings since then, the Ministry has emphasised that, in taking forward our accession proposal, Hong Kong should be guided by its special status under the "one country, two systems" arrangement and the Basic Law.

That, coupled with the continuing expansion of our trade and investment flow, can boost Hong Kong's role as a bridge between the Mainland and the rest of the world, RCEP included.

Ladies and gentlemen, Hong Kong's success has been built on free trade and investment. And I am confident that the post-pandemic economy will again benefit those who reach out, investing their businesses, and their future, in the spirit of multilateralism, and the mutual rewards it promises.

From my perspective, I can't see anything more promising than the international connectivity that drives the Belt and Road Initiative and will surely inspire the economies, and the peoples, of RCEP.

Hong Kong looks forward to contributing to both, long down the road.

I wish you all the best of health and a rewarding Summit.

Thank you.