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Hong Kong: Your Trusted Belt and Road Partner

Globalization

1. For several decades, globalization was a seemingly irreversible trend led predominantly by developed economies in the west. Yet, in more recent times and in the face of economic and geopolitical challenges, the rise of populism is roiling the west and threatening to reshape the global economic landscape. Currently, there are two divergent trends: some major developed economies are blaming globalisation for their economic woes and advocating protectionist policies; at the same time, the emerging world is becoming a more vocal advocate for free and open trade.
2. This was evident at the World Economic Forum in Davos in January, where Chinese President Xi Jinping strongly defended globalisation. He pointed out that many of the world's problems are caused by war, conflict and regional turbulence, while the global financial crisis was the "consequence of excessive chase of profit by financial capital and grave failure of financial regulation". While acknowledging that globalisation can be a "double-edged sword" President Xi said people around the world should focus on

ways to minimize the negative impact and maximize the benefits of globalization for a win-win result.

3. Here in Kazakhstan and then in Indonesia in 2013, President Xi announced his new grand vision for global growth in the 21st century when he proposed respectively the building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, namely the Belt and Road Initiative. Hong Kong and Kazakhstan are set to play important roles in the Belt and Road Initiative; Hong Kong being a "super-connector" linking Mainland China to the rest of the world, while Kazakhstan is strategically positioned as a resource-rich gateway to Central Asia and beyond.



4. "History shows that civilization thrives with openness and nations prosper through exchange," said President Xi at the opening of the Belt and Road Forum for International Cooperation (the Forum) held last month in Beijing. President Xi also stressed that "spanning thousands

of miles and years, the ancient silk routes embody the spirit of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit". Indeed, the Belt and Road Initiative takes reference from the ancient Silk Road and is set to usher in a new dimension for globalisation and to write a new chapter for international cooperation.

5. In a nutshell, the Belt and Road Initiative is an open and inclusive strategy that spans more than 60 countries across Asia, the Middle East, Europe and Africa. It aims to promote infrastructural and financial connectivity, boost trade and investment, deepen policy co-ordination and create stronger people-to-people bonds among different countries and regions. It seeks to strengthen cooperation among different countries on the basis of extensive consultation, joint efforts and shared benefits, and has already achieved positive results. The initiative is destined to become the driving force of the global economy in the decades to come.

Key link to the Belt and Road

6. Kazakhstan has a strategic part to play in the Belt and Road Initiative. For centuries, this country has served as the ancient Silk Road's East-West bridge for goods and cultural exchange. Similarly, Hong Kong has for centuries been at the crossroads of East-West trade routes, serving as an entrepôt for Mainland China. Today, Hong Kong has a prime position on the 21st century Maritime Silk Road linking China to Southeast Asia and South Asia as well as the Asia Pacific. Both Kazakhstan and Hong Kong bear the special role of

connecting different worlds and, under the Belt and Road Initiative we can significantly expand our network, and serve more people from around the world.

7. Kazakhstan, Central Asia's largest economy, is blessed with an abundance of natural resources. With its vast land area and strategic location, Kazakhstan has what it takes to be the most prominent business, land transport and logistics hub in Central Asia. The Kazakhstan government has introduced its Strategy 2050 policy with a view to becoming a member of the club of 30 most prosperous countries. This is a hopeful and proactive plan, but there are challenges ahead.



8. Infrastructure development and industrial diversification are top priorities in Kazakhstan's Strategy 2050 policy, for which huge investment will be required. Christine Lagarde, Managing Director of the International Monetary Fund (IMF), emphasized at the Forum the importance of project quality in order to attract foreign direct investment for infrastructure projects. Professional services by international standards are crucial for Kazakhstan and other Belt and Road countries to initiate and carry their projects through.

9. Finance and professional services are two of Hong Kong's major strengths. As a global financial hub and services-oriented economy, there are many clear synergies and advantages for collaboration between Kazakhstan and Hong Kong.

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Financing

10. With liquid capital flows and a deep pool of financial talent, Hong Kong is the ideal place to raise funds for infrastructure and other projects and manage financial risks. Hong Kong Stock Exchange ranked first worldwide in terms of funds raised through initial public offerings (IPOs) again in 2016, with US\$25 billion. In 2011, mining company Kazakhmys PLC (now KAZ Minerals PLC) became the first Central Asian company to list in Hong Kong. In terms of infrastructure funding for the Belt and Road, Hong Kong was recently approved to become a member of the Asian Infrastructure Investment Bank (AIIB), which is a further boost to our city's involvement in Belt and Road-related projects. Also, the Hong Kong Monetary Authority has set up an Infrastructure Financing Facilitation Office (IFFO) to provide one-stop service for effective fund raising and risk management for infrastructure projects.

11. Serving as a financial gateway to Mainland China, Hong Kong is the largest offshore Renminbi (RMB) business hub in the world, with a pool of RMB 625 billion at the end of 2016. We handle around 70 per cent of global RMB transactions and provide a wide range of RMB services and products from "dim sum" bonds to insurance. With full support from the Central People's Government, we have the right experience and connections to become an even more effective platform for Belt and Road investment and financing.

12. With the establishment of Astana International Financial Centre (AIFC) aiming to serve as the financial centre for central Europe and Eurasia, Hong Kong, with rich experience, expertise and connections, can collaborate with AIFC to handle a wide range of financial operations and transactions for Kazakhstan and the Belt and Road region.

Building and operating infrastructural facilities

13. Of course, Hong Kong is not just a global partner for finance and fund raising; we are ready to provide a wide range of quality services to see projects from conception to completion and implementation. Our expertise includes feasibility studies, environmental and social impact assessment, design, construction, project management, contract management, accounting, operation, dispute resolution and other services. And we have had success in exporting our services. For example, Hong Kong's Mass Transit Railway Corporation (MTRC) operates railways in Mainland China, United Kingdom, Sweden and Australia. We stand ready to support Kazakhstan and other countries' infrastructure and development projects by providing world-class professional services.

Trading and marketing

14. Kazakhstan is pursuing industrial diversification and upgrading from a raw material supplier to a more manufacturing and service-based economy. Here, Hong Kong's experience of transforming from

a manufacturing base to an international business and financial hub can serve as a model. Today, services contribute more than 90 per cent of Hong Kong's gross domestic product. We can support Kazakhstan particularly in the areas of trading and marketing. Hong Kong's first-class international trading platform would enable Kazakhstan and other Belt and Road economies to enhance the flow of products, services and talent. Indeed, this is part and parcel of the Belt and Road vision for more effective joined-up global growth. Hong Kong has a multicultural and multi-talented pool of marketing professionals excelling in branding, design, multi-media and publicity to help expanding the market and serve as a springboard to consumers around the globe.

Legal services

15. Legal services are indispensable for any businesses and development projects. Here, Hong Kong has a distinct advantage thanks to its tried and trusted common law system underpinned by an independent judiciary. This means that local and international parties can be sure that disputes will be resolved in a fair and transparent manner. And arbitral awards made in Hong Kong are enforceable in more than 150 jurisdictions around the world as well as Mainland China.
16. Our more than 13,000 lawyers and many more legal professionals from around the world stand ready to provide efficient and reliable legal services, ranging from risk assessment and drafting contracts to dispute resolution for investment and commercial deals involving Mainland

parties and other economies along the Belt and Road.

Capacity building

17. Hong Kong has high-quality professional training programmes to help nurture local and overseas talents. Our world renowned universities and professional bodies offer a wide spectrum of professional training ranging from accounting, aviation, legal services, mediation, and medical services to management and operation. For example, in November 2016 the MTRC set up the MTR Academy to provide professional training on railway management and operation. The Academy recently signed a MOU with MRT Jakarta of Indonesia to provide customized training and consultancy services on operations and maintenance. It is further discussing with railway operators in Kazakhstan and other Belt and Road countries ways to provide tailor-made professional training courses. Our Airport Authority has also set up a civil aviation academy to nurture aviation management talent.

Hong Kong's unique advantages

18. Hong Kong is uniquely placed to serve as a "super-connector" for the Belt and Road. With a strategic location, we can reach half the world's population in just five hours flying time. Most important of all, the "one country, two systems" arrangement for the handover of Hong Kong to China in 1997 sets us apart as a Special Administrative Region in China. In other words, we have a dual advantage of "one country" and "two systems". We enjoy close links to and

preferential access in the huge China market. At the same time, we maintain our own internationally compatible social, economic, legal and judicial systems. We also maintain our own currency, the Hong Kong dollar, which is freely convertible and has been pegged to the US dollar since 1983.

19. Hong Kong is the freest and most competitive economy in the world, according to international rankings. For 23 years, the Heritage Foundation has named Hong Kong the freest economy in the world. Also, the International Institute for Management Development (IMD) World Competitiveness Yearbook 2016 rated Hong Kong as the most competitive economy globally.

20. Foreign enterprises in Hong Kong enjoy the same equitable and business-friendly environment as local companies, including a simple and low tax system, the rule of law and preferential access to

Mainland China markets. We welcome Kazakh investors and businesses to make use of Hong Kong's world-class business environment, infrastructure, services and networks to venture into the vast markets of the Mainland and the Belt and Road economies. We also welcome Kazakh professionals of different sectors to exchange and collaborate with our international talent in Hong Kong.

21. Hong Kong is an ideal place to do business. We are the trusted partner of Kazakhstan and other countries alike. Our international team is ready to support Kazakhstan and other countries to overcome challenges and seize the opportunities arising from the Belt and Road Initiative.

22. For more information on how Hong Kong can support you on the Belt and Road, please visit the Hong Kong Government's Belt and Road website: <http://www.beltandroad.gov.hk/>. Thank you.