

Speech by FS at eighth Belt and Road Summit luncheon (English only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Belt and Road Summit luncheon today (September 13):

Your excellency Dr Kao Kim Hourn (the Secretary-General of the Association of Southeast Asian Nations (ASEAN)), Honourable Ministers and Government representatives from the Belt and Road countries, Dr Peter Lam (the Chairman of the Hong Kong Trade Development Council, Dr Peter Lam), distinguished speakers and guests, ladies and gentlemen,

Good afternoon. A very warm welcome to Hong Kong, and to today's luncheon on day one of the Belt and Road Summit.

I trust you enjoyed the stimulating sessions and high-profile speakers this morning. I'm sure you are looking forward now to a fortifying lunch. Of course, the latest insights from our keynote speaker, Dr Kao (Kim Hourn), the Secretary-General of ASEAN, is the main course, and I am just only your appetiser!

The Belt and Road, an inspiring initiative brought to brilliant life by President Xi Jinping, is celebrating its 10th anniversary. It's a timely opportunity to take stock of what the Belt and Road has realised in its first decade, and what it can accomplish in the years to come.

Building on the spirit of co-operation and mutual benefit, the Initiative has soared on many fronts – in economic policies, infrastructure connectivity, finance, trade, as well as people-to-people bonds. It links nations, economies, companies, institutions and individuals. Everywhere.

To date, more than 150 countries and 30 international organisations have joined the Initiative, setting in motion more than 3 000 co-operation projects involving US\$1 trillion in investments, and creating more than 420 000 jobs.

From ports, railways and bridges to power facilities and industrial parks, the Belt and Road is bringing infrastructure and the hearts of people together through elevated trade, investment and cultural exchange. Its projects are injecting energy and vibrancy into the economies, bringing tangible benefits to the peoples and communities of the participating countries all over the world.

The Belt and Road has, in general, raised the trade volume of participating parties by more than 4 per cent, attracted 5 per cent more foreign investment, and levelled up the GDP of low-income countries by 3.4

per cent, according to the World Bank.

I believe our ASEAN partners can readily testify to the positive impact of this remarkable collaboration.

Consider the recently opened Jakarta-Bandung Railway, Southeast Asia's first high-speed railway, which will shorten travel time between the two cities from three and a half hours to just 40 minutes. Or the Kuantan Industrial Park in Malaysia, or the Phnom Penh-Sihanoukville Expressway in Cambodia. They are just some of the Belt and Road projects.

Hong Kong is determined to work with ASEAN, and all countries and economies along the Belt and Road. Together, we can make a decided difference down the road.

Among the many benefits that Hong Kong can bring to the table, infrastructure financing, operation and risk management is an obvious one. In the next few minutes, please allow me to elaborate.

On capital, our financial markets are deep and wide. As an international financial centre, we have a deep pool of international capital as well as talents. In fact, 73 of the top 100 global banks, and 12 of the world's top 20 insurance companies, operate here. Our stock market has a capitalisation of more than US\$4.5 trillion, about 13 times our GDP. Last year, some US\$200 billion in bonds were issued here, and we topped Asia in terms of international bonds arranged by Asian entities.

We have been striving to broaden our product offerings in the area of infrastructure financing. For example, in May, we launched our first scheme to issue securitised infrastructure loans, in the order of some US\$400 million, involving 25 projects in the Asia-Pacific, the Middle East and South America, to facilitate investments into these brownfield projects and thereby release their earlier stage investments to fund other greenfield projects.

Climate change is a global agenda. Going forward, green is a key element in infrastructure development. The appetite for such investment is huge – for Asia alone it will amount to US\$66 trillion in the coming three decades. Hong Kong is Asia's leader of green finance, and we issued some US\$80 billion in green and sustainable debts last year. In fact, the bonds issued by us last year accounted for more than one-third of Asia's market share.

Allow me to tell you that we are not just a green finance centre. We have a great and vibrant green tech sector, too. Numerous green tech companies from Hong Kong are already up and running in Belt and Road markets, contributing to their green transformation. That includes start-ups focusing on innovative cooling coating, carbon sequestration and other areas. Together with our sister cities in the Guangdong-Hong Kong-Macao Greater Bay Area whose strengths include technology and innovation, we are determined to be the world's leading green tech and green finance centre, with a complete financial, technology and industry chain to drive global green transition.

Hong Kong can also share much-needed know-how in designing, building and managing infrastructure projects. For example, our MTR Corporation, recognised for its efficient, affordable and commercially viable services, has been operating metro services across multiple geographies, from Beijing and London to Melbourne, Stockholm and other cities as well. The Airport Authority Hong Kong, another major infrastructure jewel, has been invited to join aviation city developments in Thailand, sharing its experience and expertise. In fact, we have a deep pool of world-class professionals across different disciplines with vast experience in various phases of international mega-infrastructure projects, who are ready to serve you.

Hong Kong is also the right place to be for managing risk in infrastructure projects. Governments and enterprises from the Belt and Road can access a world-class insurance market here, as well as a range of innovative products provided by our insurers and reinsurers. They include, for example, catastrophe bonds with insurance-linked securities. One recent such issuance was in March this year, in partnership with the World Bank, to cover earthquake risks in Chile. And it has listed on our stock exchange.

Another important dimension in risk management is naturally managing disputes. Hong Kong has long had a trusted, common law legal system in place, and our judiciary has been exercising its judicial powers independently. Our mediation and arbitration services are world-class. The arbitral awards here in Hong Kong are recognised and enforceable not just in the Mainland but also internationally. In fact, Hong Kong is the world's No. 3 most preferred seat for arbitration according to the International Arbitration Survey 2021.

In infrastructure financing, operation and risk management, and many other areas, Hong Kong is able to contribute. We are proud to be an active participant, contributor and beneficiary of the Belt and Road initiative.

Ladies and gentlemen, the Belt and Road may have been born in China, but it very much belongs to the world. Let us work together to build a better world that brings prosperous development, shared benefits and hope for all.

Before I close, if I can make an appeal, particularly to those coming to the Summit from afar. Apart from the hard work and the Summit, please take some time to tour this wonderful city to have a taste of our metropolitan lifestyle. There are a lot of superb restaurants – and we don't have tax on wine. Try one of our more than 200 Michelin restaurants. Our street food is equally good. If you are interested in culture, there are two world-class museums in the West Kowloon Cultural District: the Hong Kong Palace Museum and the M+. For those of you who love nature, visit our scenic country parks and beautiful beaches.

And, remember to shop till you drop!

Thank you!

