

THE ONE BELT, ONE ROAD INITIATIVES

“One Belt, One Road” is the Chinese Framework for organising multinational economic development, and was introduced by President Xi Jinping in the fall of 2013.

The National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China released the official article “Vision and Actions on building the “Silk Road Economic Belt” and “21st-Century Maritime Silk Road” in March 2015. The article highlights that the scope of the initiative will extend well beyond infrastructure construction. The Belt and Road Initiative is a way for win-win cooperation that promotes common development and prosperity and a road towards peace and friendship by enhancing mutual understanding and trust, and strengthening all-round exchanges.

The “Belt” will be a network comprising of rail routes, overland road, oil and natural gas pipelines, and other infrastructure projects. It will stretch from Xi’an in central China, through Central Asia, and ultimately reach Moscow, Rotterdam, and Venice.



Figure 1. The “Belt” – Silk Road Economic Belt

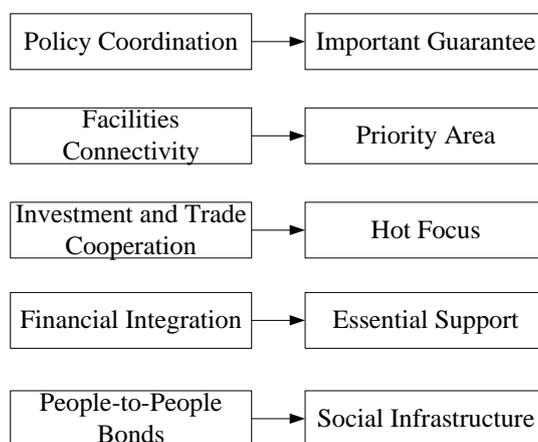
The “Road” is a maritime network of port and other coastal infrastructure from South and Southeast Asia to East Africa and the northern Mediterranean Sea.



Figure 2. The “Road” – 21st-Century Maritime Silk Road

Five Cooperation Highlights

Cooperation and connectivity are the main themes in the initiative. Their five major goals are to promote policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds.



❖ Policy Coordination

Policy coordination is fundamental for initiative implementation. The coordination will include inter-governmental cooperation, macro-policy exchanges and communication mechanism to further mutual political trust and new cooperation consensus.

❖ **Facilities Connectivity**

Improving the connectivity of the infrastructure in the countries along the Belt and Road is a priority area. Linking up unconnected road sections, port infrastructure construction, and cooperation in order to deliver international transport facilitation are the three key areas regarding transport infrastructure construction. Priority will also be given to the connectivity of energy infrastructure and the construction of cross-border optical cables and other communications trunk line networks.

❖ **Investment and Trade Cooperation**

Improving investment and trade facilitation, enhancing customs cooperation, expanding trade areas, and developing modern service trade and cross-border e-commerce is a major task. More efforts will be made to eliminate investment barriers, expand mutual investment areas and push forward cooperation in emerging industries. It is encouraging for Chinese enterprises to participate in infrastructure construction and make industrial investments in countries along the Belt and Road.

❖ **Financial Integration**

Financial integration is an important underpinning for implementation of the Belt and Road Initiative. Efforts will be made in building a currency stability system and establishing the Asian Infrastructure Investment Bank and BRICS New Development Bank. Financial integration will strengthen practical cooperation of China-ASEAN Interbank Association and SCO Interbank Association and encourage their companies/financial institutions to issue Renminbi bonds in China. An efficient financial regulation coordination mechanism will be established in the region.

❖ **People to People Bonds**

The spirit of friendly cooperation will be carried forward to promote cultural and academic exchanges. More students will be sent to each other's countries to promote jointly run schools. The scale of tourism will be expanded and it will be made more convenient to apply for tourist visas in countries along the Belt and Road. The cooperation of science and technology will be increased and think tanks in the Belt and Road countries will be supported to jointly conduct research and hold forums.

The Asian Infrastructure Investment Bank

This is a multilateral development bank (MDB) conceived for the 21st century. Through a participatory process, its founding members are developing its core philosophy, principles, policies, value system and operating platform.

The Bank's foundation is built on the lessons of experience of existing MDBs and the private sector. Its modus operandi will be lean, clean and green: lean, with a small efficient management team and highly skilled staff; clean, an ethical organisation with zero tolerance for corruption; and green, an institution built on respect for the environment.

The AIIB will put in place strong policies on governance, accountability, finance, procurement and environmental and social frameworks. There are 57 prospective founding members as at May 2015 (*Data Source: aiibank.org*).



Opportunities for Hong Kong

Hong Kong, is an international city with the world's seventh-largest stock market in terms of market capitalisation and second in terms of equity funds raised through initial public offerings. The city can serve as a fundraising hub, offshore renminbi hub & liquidity pool, asset management and logistics & transport hub for global financial, trading and shipping for the "One Belt, One Road" initiatives, and it has unparalleled legal, trading and risk management expertise.

Being the super-connector to the Mainland and the rest of the world, the "One Belt, One Road" initiatives will create huge opportunities for Hong Kong's financial services industry and its professionals, and Hong Kong should seize the opportunity to boost its competitiveness.