

US Business to Capture the Belt and Road Opportunities

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Belt and Road Initiative – The business perspective

- Game-changer for **global trade** and **investment**
- Promote global economic development through **international integration**
- Officially **open to ALL nations**
- **Risk-takers** versus **first movers**



Let's Review the Belt & Road Region ...again!



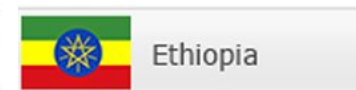
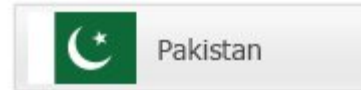
Countries with GDP exceeding US\$600 billions ...

(source: IMF, Apr 2018)



Countries with over 90 millions of people (consumers?)

(source: IMF, Apr 2018)



Countries with higher annual real GDP growth than China 6.6%!

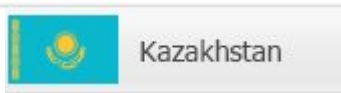
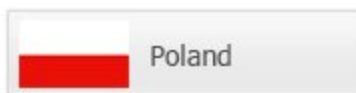
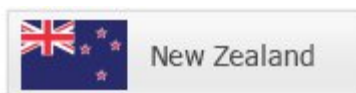
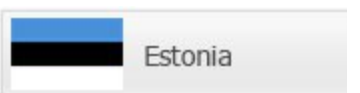
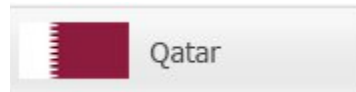
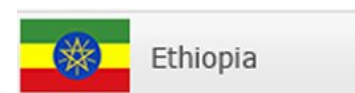
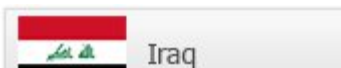
(source: IMF, Apr 2018)



World's 2/3 population, 1/3 merchandise trade!



According to the Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road, the Belt and Road covers, but not limited to the area of the ancient Silk Road. It is open to engagement with all countries, and international and regional organizations.



> 60 countries & regions along the ancient silk road

Focus of Belt & Road Development

1. Infrastructure development

- **Connectivity-related**
road, bridge, port, energy, digital
- **People-focused**
healthcare, education, jobs, youth
- **Urban & sustainability**
waste, renewable, smart city
- **Governance**

2. Trade development

Investment, supply chain, manufacturing, standards, service trade, e-commerce



Infrastructure Development –

The scale

- President Trump's plan: **US\$1.5 trillion**
infrastructure improvements over 10 years
- Infrastructure needed in Asia Pacific: **US\$1.7 trillion/year**
- Belt and Road Initiative: **US\$1 trillion**
Chinese outbound investment over 10 years
 - Asian Infrastructure Investment Bank (AIIB)
 - Silk Road Fund
 - ExIm Bank of China
 - China Development Bank
 - New Development Bank (BRICS)
- Other multilateral institutions (ADB, World Bank...)

Infrastructure Development

US companies to note

Characteristics

- Often **large-scale** infrastructure development
- More **sovereignty-based**, increasing role of multilateral institutions
- Many **cross-border** projects
- **Financing, contracting**

What expertise needed from the US and HK?

- Government affairs, consulting
- Legal, accounting, insurance, arbitration, cost control, due diligence, risk management
- Planning, design, construction, engineering, urban solutions, tech
- Project management, project finance, debt financing

Infrastructure Development – First-mover Opportunities?



- **Caterpillar** +22% sales in Asia Pacific, Q4 2017
- **General Electric**
 - 2016: US\$2.3 billion deal; US\$413.5 million high-powered locomotives CPEC
 - *Energy infrastructure investment platform* jointly set up with Silk Road Fund
- **Honeywell** *...increased significantly our presence in central Asia*
- **Weg** Brazil manufacturer of electrical & electronic equipment
- **Waters** S&P500 analytical instruments & software: Healthy China 2030
- **Chubb** 10-year strategic cooperation agreement with PICC
- **WorleyParsons** “track record with Chinese businesses internationally”
- **Siemens** US\$1 billion order from China’s SEPCOIII for the construction of a combined cycle power plant in Saudi Arabia

Infrastructure Development – Opportunities for US companies



Trade Development

US companies to note

Characteristics

- Connectivity to **global supply chain**
- **Capability** to trade, trade policy, labor, resources
- **Logistics**
- Non-tariff barriers, **standards**
- **Culture** and **taste**

What expertise?

- Logistics, supply chain management, manufacturing technology & processing, industrial park management, quality control, environment-related engineering, e-commerce, branding and marketing

Trade Development

What's next for US exporters and manufacturers?

- Asia's export-development model to replicate in Belt & Road region?
- New trade route? New global value chain? New trade pattern?
- New consumers? New demand from emerging market?

...and **new challenges** too due to the **heterogeneity** of the markets and the customers?

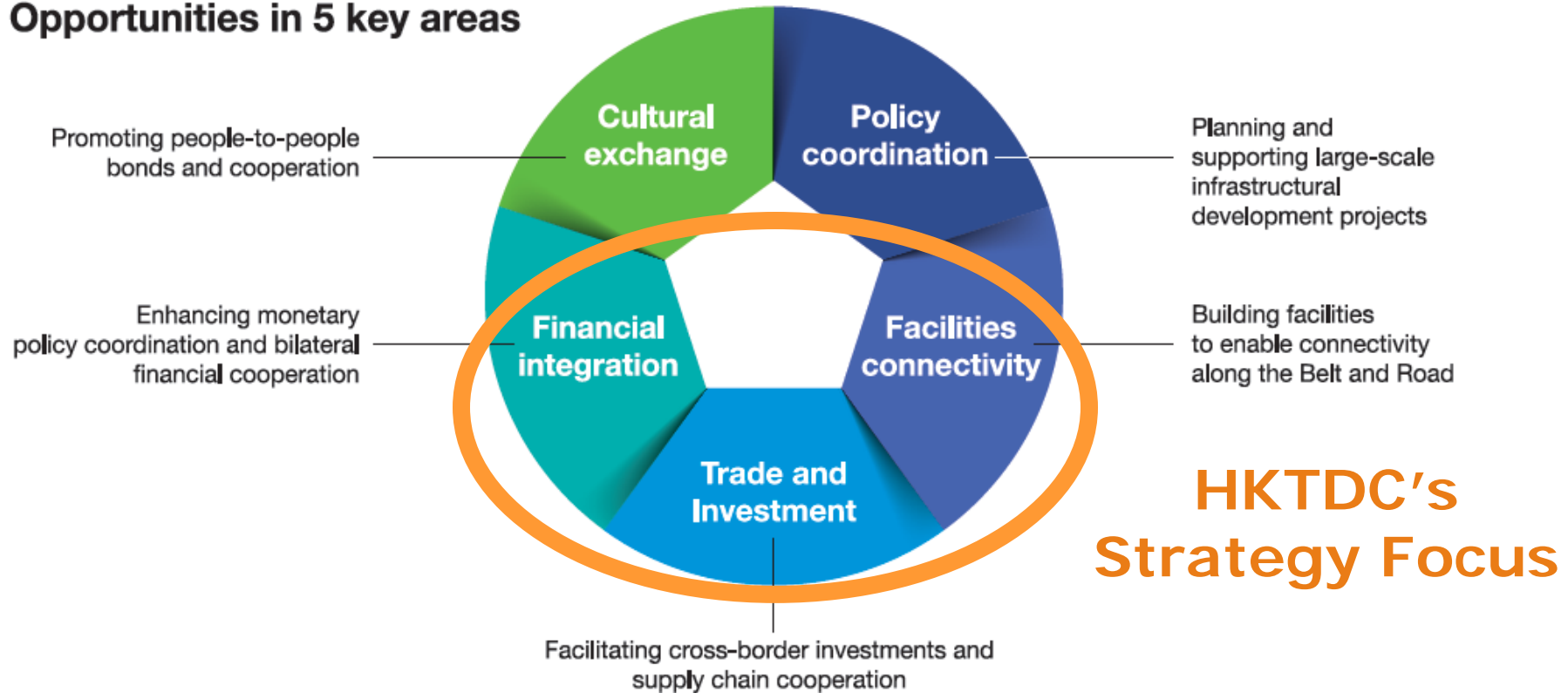
...and emerging markets with mostly **small** businesses

Trade Development – **First-mover Opportunities?**

- **China trade volume with Belt & Road countries**
 - US\$296 billion (+12.9%), or 27.5% of China trade (Q1, 2018)
- **IBM x Pacific International Lines** blockchain platform for cargo management via the Belt & Road Southern Transport Corridor
- **Li & Fung** “Land transport allows manufacturers to transport their products between China and Europe in less than half the time of shipping by sea at a fraction of the cost of shipping by air”
- **SSA Marine, Conti Group** Georgia’s Anaklia sea port along B&R route
- **Citigroup, HSBC, Standard Chartered:** capital market solutions

Belt and Road: Promoting International Connectivity

Opportunities in 5 key areas



Hong Kong: Platform for Chinese Outbound Investment

**About 60% of outward FDI
goes to or via Hong Kong**



**Hong Kong: Ideal channel for Chinese
outbound infrastructure investment**

Belt and Road Summit, Hong Kong

Collaborate for Success



3,000+

government officials
and business leaders

40+

prominent
international speakers

210+

one-to-one
business matching meetings

40+

exhibitors

60+

Chinese mainland
and overseas delegations

170+

investment projects

Belt and Road Summit, Hong Kong

Collaborate for Success

Date: 28 June

Highlights: Deal flow, matchmaking for investors & project owners

Focus Areas:

- **Risk mitigation** in infrastructure financing
- **Digital silk road**
- Chinese infrastructure **investment trends** and opportunities
- **Green financing**
- Cross-border **transaction & contract** issues
- **Young business leaders** opportunities
- Belt and Road **arbitration and dispute resolution**

HKTDC International Trade Events

Support US Manufacturers and Exporters



One-stop connection to importers & exporters from Belt and Road countries

- **A total of 750,000+** global buyers (2017/18)
200,000+ Chinese mainland, **85,000+** other B&R countries
- Very international platform for market trends
- Invitation of key buyers with purchasing needs from 30 HKTDC offices along the Belt and Road region
- Increasing strategic alliance with B&R trade institutions
- On-site matchmaking service

HKTDC Belt and Road Portal

A business facilitation and market intelligence platform:

- Latest intelligence and analysis
- Investment project database
- Database of Hong Kong services
- FREE advisory service
- Official policy documents
- Business case references



www.beltandroad.hk

Your business
Our mission

