

Hong Kong: Where China and Global Advantages Converge

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Hong Kong Economic and Trade Offices



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“Belt and Road Initiative”

Unimpeded
Trade

Financial
Integration

Facilities
Connectivity

Policy Co-
ordination

People-to-
people
Bonds



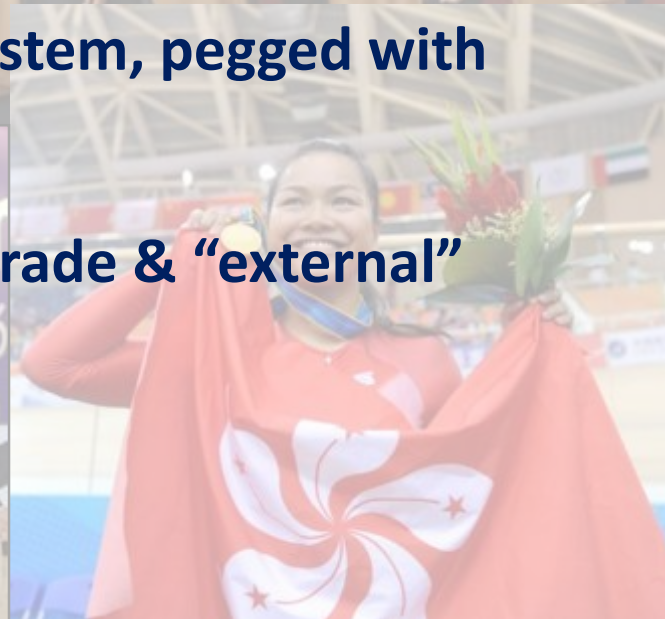
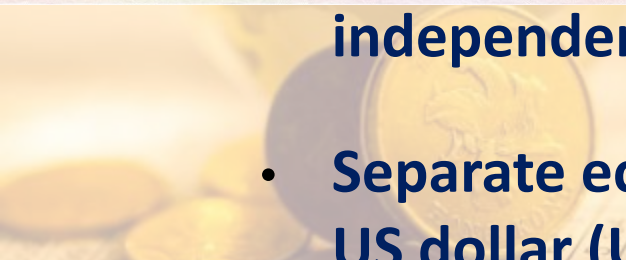
Hong Kong's role?

Supported by Central Government to play active role in the following aspects –

- Center for comprehensive services (financial, trade, shipping, arbitration, consultancy, etc.)**
- Facilitate capital flows, promote RMB internationalization, develop investment/financing platform**
- Cultural/people-to-people interactions and exchange programs: “East meets West”**
- Deepen cooperation with Mainland China to develop markets along B&R: close economic relations with the world**

“One Country, Two Systems”

- Returned to Chinese sovereignty in 1997 and exercises high degree of autonomy
- Separate legislature, government, legal system, independent judiciary
- Separate economic & monetary system, pegged with US dollar (US\$1 = HK\$7.8)
- Separate passport, free to handle trade & “external” relations



Free market and business friendly

- Freest & most competitive economy in the world
- Simple and low tax system:
 - 15% max salary tax
 - 16.5% flat corporate profit tax (8.25% only for first \$250,000 profits)
 - No tax on capital gains, interest, dividends, inheritance
 - No VAT or GST

The Heritage Foundation

2017
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Terry Miller
Anthony B. Kim





Pillar sector: Financial services

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- Well-regulated tier-one international financial center; top-five IPO markets
 - Hong Kong Monetary Authority established Infrastructure Financing Facilitation Office (2016)
 - Largest offshore RMB business hub, handling over 70% of global RMB payments
 - Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
 - Member of Asian Infrastructure Investment Bank



Pillar sector: Trade and Logistics

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- **8th largest trading economy; free trade agreements/ negotiations with B&R countries**
 - **World class infrastructure: well-developed air/seaport, proximity to Asian countries; economic and trade offices in B&R countries**
 - **About 30% of China's trade intermediated through HK, including off-shore trade**
 - **Center and hub for trade fairs, conventions and exhibitions**



Pillar sector: Professional services

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- 4,000 foreign and Mainland Chinese companies in HK as regional HQs
 - HK: 2nd largest FDI recipient in the world
 - Professional services to support cross border transactions, mergers, acquisitions
 - World class legal/arbitration services

Pillar sector: Tourism

- Metropolis, food, countryside, cruise, theme parks, culture, sports: 57 million visitors (2016)
- “Show window” for Mainland tourists
- Air services agreements with 42 B&R countries
- International transportation and aviation hub: Hong Kong International Airport building third runway



Guangdong-Hong Kong-Macao Bay Area (“Greater Bay Area”) Development



“Greater Bay Area” Development

- **National Development/Cooperation Strategy: Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area (July 2017)**
- **One Country, two systems, three customs territories: mutually-beneficial integral regional economy**
- **11 cities with 66 million population: total GDP comparable to South Korea and Australia**



“Greater Bay Area” Development

- Within 90 minutes of travel radius: Guangzhou-Shenzhen-Hong Kong Express Rail Link and Hong Kong-Zhuhai-Macao Bridge
- To develop as international center of technology and innovation; to improve connections inside Bay Area through policy innovation; to enhance free flow of labor/capital, etc.



Hong Kong: Asia's World City

- **Gateway for two-way investment: foreign companies to invest in China and Chinese enterprises to “Go Global” via HK**

Hong Kong Economic and Trade Office
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More Exports → Less Exports

DATA SOURCE : US DEPARTMENT OF COMMERCE
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