



# Belt and Road Initiative

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# The Belt and Road Initiative

## “Silk Road Economic Belt” and the “21<sup>st</sup> Century Maritime Silk Road”



## China



China

## Southeast Asia



Brunei



Cambodia



Indonesia



Laos



Malaysia



Myanmar



Philippines



Singapore



Thailand



Timor-Leste



Vietnam

## South Asia



**Bangladesh**



**Bhutan**



**India**



**Maldives**



**Nepal**



**Pakistan**



**Sri-Lanka**

## Central and Western Asia



**Afghanistan**



**Armenia**



**Azerbaijan**



**Georgia**



**Iran**



**Kazakhstan**



**Kyrgyzstan**



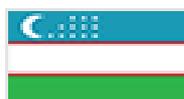
**Mongolia**



**Tajikistan**



**Turkmenistan**



**Uzbekistan**

## Middle East and Africa



**Bahrain**



**Egypt**



**Iraq**



**Israel**



**Jordan**



**Kuwait**



**Lebanon**



**Oman**



**Palestine**



**Qatar**



**Saudi-Arabia**



**Syrian Arab Republic**



**Turkey**



**United Arab  
Emirate**



**Yemen**

## Central and Eastern Europe



**Albania**



**Belarus**



**Bosnia and Herzegovina**



**Bulgaria**



**Croatia**



**Czech**



**Estonia**



**Hungary**



**Latvia**



**Lithuania**



**Macedonia**



**Moldova**



**Montenegro**



**Poland**



**Romania**



**Russia**



**Serbia**



**Slovakia**



**Slovenia**



**Ukraine**



- Silk Road Economic Belt
- 21<sup>st</sup> Century Maritime Silk Road
- Imaginative and significant strategy of the Chinese government on connectivity
- Promoting economic co-operation among countries along the Belt and Road routes



- The National Development and Reform Commission
- Statement of Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road: 28 March 2015
- Outline the framework, key areas of co-operation and co-operation mechanism



- Connecting Asia, Europe and Africa along 5 routes
- The Silk Road Economic Belt:
  - 1) linking China to Europe through Central Asia to Russia
  - 2) connecting China with the Middle East through Central Asia
  - 3) bringing together China and Southeast Asia, South Asia and the Indian Ocean



- The 21<sup>st</sup> Century Maritime Silk Road:
- Using Chinese coastal ports to:
  - 4) link China with Europe through the South China Sea and Indian Ocean
  - 5) connect China with the South Pacific Ocean through the South China Sea



## 6 International Economic Co-operation Corridors

- The New Eurasia Land Bridge Economic Corridor
- The China-Mongolia-Russia Economic Corridor
- The China-Central Asia-West Asia Economic Corridor



## 6 International Economic Co-operation Corridors

- The China-Indochina Peninsula Economic Corridor
- The China-Pakistan Economic Corridor
- The Bangladesh-China-India-Myanmar Economic Corridor



1. The New Eurasia Land Bridge Economic Corridor
2. The China-Mongolia-Russia Economic Corridor
3. The China-Central Asia-West Asia Economic Corridor
4. The China-Indochina Peninsula Economic Corridor
5. The China-Pakistan Economic Corridor
6. The Bangladesh-China-India-Myanmar Economic Corridor





## Five major goals

- Policy co-ordination
- Facilities connectivity
- Unimpeded trade
- Financial integration
- People to people bonds



- Mammoth project will need funding
- Belt and Road Initiative given high-profile status for China's financial resources
- Three financial institutions have been established to support its development
- They are meeting initial resistance in the West as they are seen to provide alternatives to the World Bank, IMF and ADB



## The Silk Road Fund

- US\$40 billion to finance the Belt and Road Initiative to invest mainly in infrastructure and resources and in industrial and financial cooperation
- Set up in December 2014 with following founding shareholders:
  1. China's State Administration of Foreign Exchange
  2. China Investment Corporation
  3. Export-Import Bank of China
  4. China Development Bank



## The Asia Infrastructure Investment Bank (AIIB)

- A Multilateral Development Bank (MDB) set up to complement and co-operate with existing MDBs to meet infrastructure needs in Asia
- An initiative of the government of China
- 57 member states as Founding Members
- Started operation on 25 December 2015
- Canada applied to join in August 2016
- UN: “Scaling up financing for sustainable development”



## The Asia Infrastructure Investment Bank (AIIB) (Cont'd)

- Capital: US\$100 billion (2/3 of the capital of the Asia Development Bank and about half of the World Bank)
- The New Development Bank (formerly known as the BRICS Development Bank)
- Established by the BRICS states (Brazil, Russia, India, China and South Africa)
- Bank shall support public or private projects through loans, guarantees, equity participation and other financial instruments



## The Asia Infrastructure Investment Bank (AIIB) (Cont'd)

- Shall cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank
- Initial authorized capital: US\$100 bln
- Initial subscribed capital: US\$50 bln divided into paid-in shares of US\$10 bln and callable shares of US\$40 bln
- Headquarter in Shanghai, China
- First regional office in Johannesburg, South Africa



- China has developed in just 30 years from a poor introspective agricultural nation to a global manufacturing powerhouse
- The world's 2nd largest economy after the USA
- Slowing economy at home
- Top priority to stimulate domestic economy via exports from industries with major capacity such as steel, cement and aluminium



- New channels to sustain its appetite for growth while its developing neighbours are facing rapidly rising demand for consumer goods and needs for infrastructures
- The Asian Development Bank estimates that there is an USD800 billion annual shortfall for infrastructure needs in Asia-Pacific countries
- China is banking its future on responding, via Belt and Road, to its neighbours' huge infrastructural needs



- Rationale of Belt and Road is global connectivity, part and parcel of what the World Economic Forum calls the Fourth Industrial Revolution
- China is the central hub for the world's production, supply, logistics and value chain
- Belt and Road deepens China's infrastructural, economic, institutional and cultural connectivity with key parts of the globe
- Enhances China's global rapport and influence



- Counters exposure to geopolitical risks inherent in US's "Asia rebalancing" as well as addresses China's own energy security challenges and other imponderables
- A counter measure to the exclusion of China in TPP, the Transatlantic Trade and Investment Partnership and the EU-Japan agreement: Comprehensive liberalization agendas which have the potential of increasing China's trading costs
- Projected investments estimated to benefit 4.4 billion people in 65 countries. 12 times US's Marshall Plan to aid post-second-world-war Western Europe.



- Shortfalls in infrastructure investment in G20 countries estimated to total at least USD20 trillion over next 15 years, including USD1 trillion in Asia alone.
- Besides infrastructural investments in projects, high-speed rail, power generation and other utilities, ancillary private-sector investment opportunities in real estate, telecom, e-commerce, financial, tourism, education, creative industries and green technologies.



- Not one way street. High export potential for products, technologies and services to enter China
- In an era of upheavals and shrinking economic growth, it offers enticing opportunities for entrepreneurs, professionals and a multitude of businesses



## Legal Services in:

- Infrastructure project
- Project financing
- Trade, investment and tax
- Intellectual properties
- E-commerce and cyber law



## Legal Services in: (cont'd)

- Barter and “money”
- Energy
- Cross border employment
- Cross border dispute resolution
- Etc, etc, etc



- Belt and Road not paved with gold
- Formidable challenges



- Is it up to the task of traversing territories fraught with political and geopolitical uncertainties?
- Is it a disruptor of geopolitical status quo?
- Will there be consistent and concentrated political will to sustain focus on the initiative's projects?
- Where is the attraction for private sector?
- Would corporate governance, market principles and environmental standards be compromised?



- Most expansive and complex political and economic undertaking ever attempted
- If these formidable challenges are overcome, upon maturity the initiative will develop into a most powerful force for international cooperation
- A vision of peace and prosperity



## Mission of The Law Society of Hong Kong's Belt and Road Committee

1. To be informed, updated and to understand the Belt and Road Initiative of the Central Government as well as the corresponding policies and programs of the Hong Kong SAR Government.



## Mission of The Law Society of Hong Kong's Belt and Road Committee (cont'd)

2. To reach out to the law associations in the countries covered by the Belt and Road Initiative (“the Belt and Road countries”) and to engage each of them in providing information on doing business and trade in its country (including (1) relevant laws and practices on business and trade and (2) information on its legal practitioners and on how to engage them), such information to be stored and updated in an information platform accessible by the public (such platform to be developed by the Law Society and/or Hong Kong Trade Development Council).



## Mission of The Law Society of Hong Kong's Belt and Road Committee (cont'd)

3. To facilitate the relevant specialist committees of the Law Society to work with UNCITRAL and other organisations towards harmonizing trade and business laws in the Belt and Road countries. 5 aspects will be focused in terms of harmonization promotion.
  - CISG and European Contract Law
  - E-commerce
  - Dispute resolution (including online dispute resolution)
  - Hague Convention on the Choice of Law in contract
  - Hague Convention on the Choice of Court



## Mission of The Law Society of Hong Kong's Belt and Road Committee (cont'd)

4. To organise jointly with the law associations in the Belt and Road countries a convention on business and trade law to be held in Hong Kong on 12 May 2017. The theme of the conference is **“The Belt and Road: A catalyst for connectivity, convergence and collaboration”**.



## Mission of The Law Society of Hong Kong's Belt and Road Committee (cont'd)

The substantive focus of the conference will be on the development of laws and regulations to prepare and support business and trade in the Fourth Industrial Revolution, which is characterized by **convergence** of cyber and physical systems, exponential increase in **connectivity** and automation, and the rise of new forms of **collaborative** innovation. New laws and regulations must be adapted to rapid growth in technology-driven markets.



# Q&A THANK YOU