A STUDY ON THE ROLE AND FUNCTIONS OF HONG KONG UNDER THE ‘ONE BELT, ONE ROAD’ STRATEGY

THE HONG KONG POLYTECHNICAL UNIVERSITY

NOVEMBER 2015
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5 November 2015
Abstract

There are several background factors favouring the promotion of One Belt One Road (OBOR). First, China begins to draw its attention to its relatively poorer Western Region. Second, the China-Russia-dominated Shanghai Cooperation Organization (SCO) provides a platform for communication, coordination and cooperation between China and Russia on issues of regional development. China is more likely to gain the endorsement and even support of Russia of its regional role. Third, EU begins to expand eastward, and the bi-directional trade between Western Europe and China has been reshaping the Silk Road which broke down during the 18th and 19th centuries. Last but not least, the Northern Distribution Network for military logistics supply to Afghanistan of the US during its war there between 2009 to 2014 has changed the transportation links between Central Asia and Europe, laying the foundation for new Silk Road.

The change of relationships among China, US and Russia has been the triggering factor for the launch of OBOR by China. In 2012, US began to carry out the strategy of Pivot to East Asia, obliging China to use OBOR as a means to counter the blockade set up by the US. After the Ukraine Crisis in 2013, Russia has no choice but to increase cooperation with China, removing any ground for its objection to China’s OBOR. Despite the hostility from the US and Japan, OBOR can still gain the support from many countries along the old silk roads and beyond as shown by the participation in the founding of the Asia Infrastructure Investment Bank (AIIB) by European and emergent market countries.

OBOR is project-oriented, and so China does not attempt to seek common agreement on overall content of the strategy before its implementation. OBOR focuses on the construction of infrastructure and transportation as the first step for inter-regional and inter-national cooperation. Before the launch of OBOR, countries along the route, especially those in Central Asia, have already put much effort in building three kinds of infrastructure. The first one is railways and highways. The second one is trans-border oil and gas pipelines. The
third one is trans-border electricity system. Regional electricity trade concerns only Afghanistan purchasing electricity from Uzbekistan, Kyrgyzstan and Tajikistan. The other two are not limited to Central Asia, extend to countries along the Silk Roads.

In the past, Asian Development Bank (ADB) has coordinated the five countries in Central Asia, and Afghanistan, Pakistan, Azerbaijan, Mongolia and China to engage in a plan for the construction of six economic corridors in the region. Lack of capital, there has been little progress until China takes a more active role. In fact, when OBOR was proposed, some railway projects in the regions along have already been under construction by China. With the support of AIIB, Silk Road Fund, loans from China Development Bank and The Export-Import Bank of China, as well as investment from Chinese enterprises, a trans-border railway system will be further developed. Efficient and high-capacity transportation will lead to a dramatic change of traffic flow in the region and on the Eurasian landmass. Together with the existing and newly-built oil and gas pipelines and trans-border highways, these railways will generate greater efficiency in every aspects of development along the Silk Roads.

With improved connectivity and accessibility by means of infrastructure investment, how China would cooperate with Russia, India, Iran, EU, and others to establish a new platform for international development excluding US and Japan is the key for the success of OBOR. As an outcome a great transformation will be made to create a multipolar world with extensive development for many countries. US is likely to block China’s way to success, and work with Japan to isolate China, e.g. by the use of the Trans-Pacific Partnership (TPP). Yet, the number of participants of TPP can hardly be comparable to that of AIIB. Also, TPP is unlikely to exert trans-regional influences comparable to that of SCO. The development of WTO is affected by the dispute on service trade among its members. OBOR will probably become another platform and mechanism to supplement the multilateral negotiation.
Globalized advanced producers’ services, internationalized talents, social and business networks and vision are key elements of the advantages of Hong Kong. Capital, technology, management capability and complementary producers’ services are ready for overseas transfer. Another major advantage comes from Hong Kong’s present position as a global financial centre and the institutional and human capital resources associated with it. These offer Hong Kong a chance to become an offshore financial centre and a service and knowledge hub for the OBOR strategy, playing the role of connector, coordinator, intermediary and promoter. Hong Kong might need to establish outposts, for example, like Georgia for the “Belt” and Myanmar for the “Road”.

Hong Kong should strengthen its international connectivity in the areas of transportation, knowledge and telecommunication, and the like, and should shift its focus from developed countries to emerging markets. The education system of Hong Kong should also be reorganized and reoriented to improve its access to regions along OBOR including Central Asia, Western Asia, Southwestern Asia, Southeastern Europe and Eastern Africa, instead of limiting to China, US and the EU. Hong Kong needs also to train diplomatic talents specializing in dealing with commercial, educational and cultural exchanges and transactions. Hong Kong can expand its visa-free list by including OBOR countries other than Russia and Kazakhstan to facilitate efficient flow of people and thus of businesses and ideas between Hong Kong and these countries.