



# Hong Kong: Quo Vadis?

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# Hong Kong in 2030?

## Governance outlook

- A. Continuity of „one contry, two systems“ in its mainland version  
support: 14th Five Year plan & 20th Party Congress
- B. Emphasis on political control over openness
- C. Improving smart city governance and public-private cooperation
- D. Support for key growth drivers and sustainability



# Hong Kong in 2030?

## Economic outlook

- A. Higher integration with Greater Bay Area, RCEP, ASEAN
  - 1. Collaboration in technology and innovation
  - 2. Cross-border infrastructure projects
  - 3. Strengthening economic ties and opportunities
- B. Premier Role as an world's #1 offshore RMB hub
  - 1. RMB internationalization
  - 2. Growing use of RMB for trade and investment
- C. Strong Hong Kong's status as a leading global financial center
  - 1. Stock exchange and IPO market
  - 2. Wealth and asset management No. 2 Asia (2022:USD3.9 trn)
  - 3. Financing the Belt and Road Initiative
- D. Growing importance of Sustainability and Green Finance





# Hong Kong in 2030?

## Challenges and potential risks

- A. Geopolitical tensions and trade disputes
- B. Political challenges and uncertainties domestically
- C. Adaptation to technological disruptions
- D. Competitive pressures from other financial centers
- E. Addressing talent pool and housing crisis



# Hong Kong World Class Business Environment



- **World No.4 for foreign direct investment inflows** (UNCTAD: World Investment Report 2023)
- **2/3 of mainland China's** inward and outward investment are made through Hong Kong (China's Ministry of Commerce)
- **World No.4 global financial centre** (UK-based Z/Yen and China Development Institute from Shenzhen: Global Financial Centres Index released in March 2023)
- **World No. 4 for IPO** funds raised among exchanges in 2022
- **Stock market:** World No. 7 and Asia No. 4 by market capitalisation among exchanges (end July 2023)
- **World No.2 for infrastructure & market access** (Legatum Institute: Legatum Prosperity Index 2023)
- **World No.1 air cargo hub** (Airports Council International: Air Cargo Traffic 2022)
- **World No.2 for emerging ecosystem** (US-based Startup Genome: The Global Startup Ecosystem Report 2023)
- **Asia-Pacific No.2 and World No.3 for digital intelligence** (Digital Intelligence Index 2020 compiled by US-based The Fletcher School at Tufts University and Mastercard)





# Business Momentum is Back

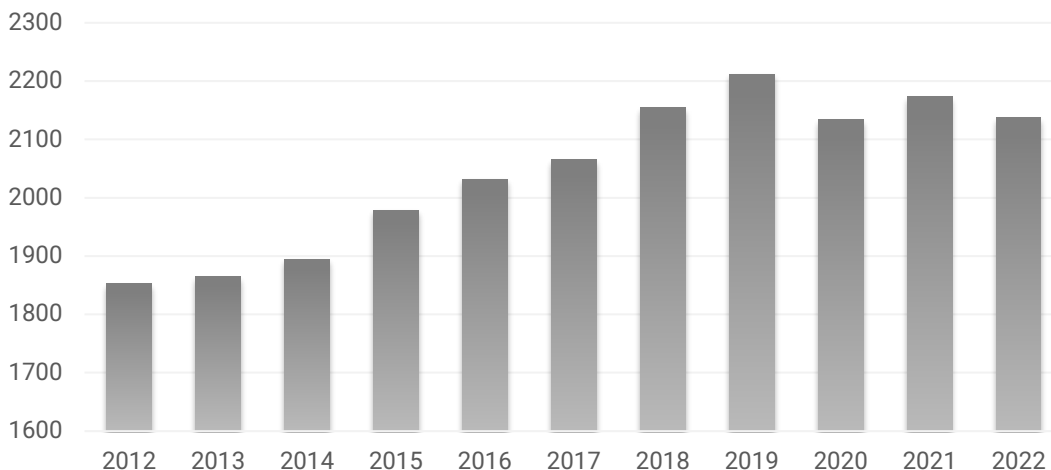


The number of companies in Hong Kong with parent companies located outside Hong Kong has remained at about 9,000 over the past five years.

Jan-Oct 2023:  
30 strategic firms  
invest US\$3.8b in  
Hong Kong

## In 2022, more than 2,000 European Companies Set up Business in HK

No. of Regional HQ, Regional Office & Local Office of European Companies in Hong Kong



(Census & Statistics Department, The HKSAR Government)

# Partner with HK for Opportunities in GBA, ASEAN & RCEP



## Hong Kong's Strategic Role

Finance, investment, trading,  
logistics, professional services,  
talent



## ASEAN

- HK-ASEAN FTA
- World's 3rd largest consumer market
- 150 million middle-class population

## RCEP

- World's largest FTA
- ~30% of world's GDP, population and trade
- >70% of HK's merchandise trade relates to RCEP members

- HK: Best access to mainland China (CEPA)
- Greater Bay Area





## “One-hour Living Circle”

### Travel Time from Hong Kong

- Shenzhen: 14 mins
- Guangzhou: 46 mins
- Zhuhai: <75mins



## Greater Bay Area

- 35% of exports & 11% of China's GDP
- High-income economies: per capita GDP US\$22,000+
- Population of 86m with GDP US\$ 1.9 trillion
- Total trade value of US\$2.6 trn ~ Germany (US\$3 trn)



# Close Economic Ties with ASEAN



**AHKFTA**

China: 2<sup>nd</sup> largest foreign investor in ASEAN

HK: facilitator for investment to ASEAN

→ 5<sup>th</sup> largest foreign investor in ASEAN

→ 2<sup>nd</sup> largest foreign investor in Malaysia

**>30 MOUs with ASEAN in July 2023**





# Hong Kong: Green Finance Hub in Asia

- In 2022, green and sustainable bonds arranged in Hong Kong amounted to US\$28 billion, accounting for **about 35% of the Asian green and sustainable bond market**
- By end of 2022, **177 authorised ESG funds with AUM US\$142 billion, +86% yoy in terms of number**
- **HK\$200 million** earmarked funding for talent development under the Pilot Green and Sustainable Finance Capacity Building Support Scheme
- Issuance of green bonds in Hong Kong by Hainan Provincial Government and Shenzhen Municipal Government at a total of **RMB 10 billion**

## Financing a sustainable future



In 2021, Hong Kong's green debt market grew 6.5 times to

**USD19 Billion**

the largest since 2016, when the data began.

Source: Climate Bonds Initiative

And over the last twelve months we have seen the following notable deals:



**RMB 5 billion**

Shenzhen Municipality

First Chinese offshore green bond by a municipality



**HKD 20 billion**

Hong Kong SAR Govt

Largest retail green bond globally



**USD 750 million**

Seaspan Corp

Blue transition bond to protect the oceans



# A City for Innovation and Technology to Thrive

## One of the Top Economies for Digital & Innovation

- **1st in Asia Pacific and 2nd worldwide for Digital Competitiveness** in the 2021 IMD World Digital report
- **14th most innovative economy** worldwide in the Global Innovation Index 2022

## Growing Investments in Innovation & Technology

- **More than HKD150 billion** invested by the Hong Kong Government to **promote I&T development** over the past five years
- **Two-fold increase in GDP expenditure on R&D** in the past decade to HKD26.6 billion in 2020

## Ready Pool of MNCs & Dense Population for I&T Adoption

- **9,000+ MNCs**, of which more 3,900 have regional headquarters or offices in Hong Kong
- **High population density**, making it ideal for product trials
- **High willingness to adopt AI technology**, 80% of Hong Kong people are interested in using AI to manage their health

## HK Tech Focus:

**Biomedicine and Healthcare, AI and Robotics, Smart City and IoT, Electronics**



# Public Private Partnership



**West Kowloon Cultural District – Art & Cultural Hub**

## Abundance of Opportunities



### Northern Metropolis

Twin Cities (Shenzhen & Hong Kong)

Three Circles (Technology, Modern Services & Logistics and Tourism)



### SkyCity

Largest commercial projects in HK covering Retail, Dining, Hotels, Entertainment Facilities and Offices



A wide-angle photograph of the Hong Kong skyline, featuring numerous skyscrapers and the Victoria Harbour in the foreground. The sky is blue with scattered white clouds.

# Thank you

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