



Hong Kong's Future as the Nexus of China-ASEAN Relations

Executive Summary

China is the world's second largest economy; meanwhile, the Association of Southeast Asian Nations (ASEAN), in combination, is the fifth largest. The deepening of relations between China and the ASEAN would benefit both parties immensely in three important ways: firstly, in terms of mutual access to markets with sizeable populations; secondly, in facilitating and cultivating new ties and synergy in technology and innovation; thirdly, in creating new windows for inter-cultural and people-to-people exchange. Undergirding all this is the fact that a more multi-polar world order is the prerequisite for a more stable, prosperous world with genuine development for all.

Such deepening of relations should be inclusive. Similarly, Hong Kong's future rests with China – more specifically, with connecting China with the rest of the world. As such, it has both the agency and mandate to play a key role as the nexus of this relationship. Hong Kong can come to spearhead closer ties between the two blocs through its unique geo-economic position,

superb legal and financial infrastructure, multicultural and diverse demographics, and its being a constituent part of the world's second largest economy. Stepping up to this role would also aid Hong Kong with its economic reorientation, as the pandemic wanes, and strategic reindustrialisation: core pillars of the city's future.

Any and all collaboration between China and ASEAN must be Comprehensive, Enduring, Multilateral (CEM). In practice, this requires Hong Kong practitioners and policymakers to consider how their decisions would benefit not just Hong Kong, but also the rest of China and the ASEAN. In seeking to deepen such ties, policymakers must work proactively with their counterparts and private sector actors in the ASEAN and Mainland China, in facilitating closer collaboration across five key areas: finance, trade, technology and innovation, knowledge and thought leadership, and culture and arts.

Reforms in these areas require more than just an expansion of capital injection, but also thorough and systemic reorientation, restructuring, broadening, and

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consolidation of existing capacities, to ensure that the voices from all sides are duly reflected and consulted in both the planning and implementation stages. Technology and innovation should be both leveraged as tools of transformation, and treated as ends in and of themselves. The private sector can and must step up to facilitating such transitions, through funding high-quality and targeted research, working in conjunction with entrepreneurs and start-up founders on the ground, and collaborating organically with the public sector in seizing upon the economic and financial opportunities offered by the ASEAN; pioneering technological and innovation funding, cultivating Hong Kong as a global talent hub; investing into a cultural metropolis drawing together the best of Chinese and Southeast Asian cultures, and, enabling high-quality society-led dialogues and conversations on topics of shared interest.

The anticipated returns will be substantial: not only would these reforms bring about significant economic growth and development opportunities, they would also facilitate more comprehensive and resounding trade synergy and alignment, a heightened level of empowered and knowledge-informed empathy between the peoples of China and ASEAN, and innovation that is targeted towards tackling problems confronting humanity ranging from climate change to pandemics and global health crises, from macroeconomic and financial stabilisation in face of ongoing crises to a better championing and understanding of Asian values.

Introduction

China is the second largest economy in the world in GDP size (totalling USD17.46 trillion in 2021¹), and the world's most populous country (with over 1.4 billion population in 2021²). The ASEAN is the world's third largest economy by population, with a population of over 660 million³; if measured in economic size as a single entity, the ASEAN is the fifth largest economy in the world – after the US, China, Japan and Germany, with a total GDP of USD3.2 trillion in 2021.⁴

Our world today is undergoing an unprecedented period of transformation and critical challenges.⁵ From geopolitical tensions to economic and trade disputes, resurgence of protectionism and nativism in face of globalisation, there exists a plethora of challenges that must be confronted with prudence and swiftness. Disruptions and reorientation to supply chains have established a pressing and urgent need on the part of countries to consider carefully their economic partnerships and broader positionings. It is against this broader context, that Hong Kong, ASEAN states,

Disruptions and reorientation to supply chains have established a pressing and urgent need on the part of countries to consider carefully their economic partnerships and broader positionings. It is against this broader context, that Hong Kong, ASEAN states, and the rest of China at large have much to gain from the fostering of closer, robust, multidimensional ties between China and ASEAN

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Indeed, such ties must extend beyond the financial and commercial in kind – financial and commercial ties are, whilst pivotal, by no means all there is to international partnerships and collaboration. From knowledge-based exchanges to joining forces on technology and innovation, from spearheading ESG-oriented reforms that tackle climate change and environmental challenges to greater cultural exchange and co-production, there is much that can and must be done between ASEAN economies and China. The China-ASEAN relationship shall emerge to be one of the stabilising pillars in the global order for the decades to come – yet in order for us to get there, there must be resounding understanding, empathy, and willingness to collaborate across national borders. Cultivating such conditions takes time and effort – and requires both public and private sectors' participation.

As a Special Administrative Region in China, Hong Kong has a critical role to play. This paper seeks to set out the case for, as well as a proposed roadmap to, actualising this very role. Section 3 examines the status quo – the strengths, opportunities, and challenges facing Hong Kong, China as a whole, as well as highlighting the underlying roots and windows of change. Section 4 starts by presenting the vision for how Hong Kong can come to serve as the nexus between China and the ASEAN. It also presents concrete policy proposals and action points for governments and business alike across five core areas – finance, trade, innovation and technology, knowledge and thought leadership,

and culture and arts. Section 5 concludes with a brief examination of the ethos and philosophical underpinnings of this very relationship.

2022 marks the 25th anniversary of the establishment of the Hong Kong Special Administrative Region. It is also a watershed moment for Hong Kong, as it transitions into greater stability and prosperity under a renewed commitment to One Country, Two Systems from our motherland. As a city, it is high time that it answers to its calling – and tapped into the unbound potential that renders it the ideal bridge between China and the ASEAN.

Status Quo – Strengths, Opportunities and Challenges

Hong Kong

Hong Kong is amongst the most developed and highest-performing, small economies in the world. As a Special Administrative Region in China, it champions an unparalleled combination of low tax rates, a highly international and advanced workforce, a robust rule of law underpinned by the common law tradition, and expansive connectivity to the mainland and the rest of the world. Yet as with all advanced post-industrial economies, it is necessary for Hong Kong to both pivot and diversify its growth engines and revenue streams. Such challenges present several imperatives that the administration and business community alike should adopt with urgency:



Diversification:

Hong Kong needs to diversify its sources of trade and capital to bolster its ability to contribute towards the Mainland.



Talents:

Hong Kong must act to stymy – and revert – the ongoing exodus through retaining and attracting talents.



Re-industrialisation:

Hong Kong should engage in strategic and targeted re-industrialisation so as to reignite growth and addressing socioeconomic inequalities.



Firstly, Hong Kong should seek to diversify both the range and depth of ties with trading partners at large. The past ten years have seen Hong Kong's trade ties with Mainland China deepen considerably: the city's imports from the mainland increased from the HKD1,721 billion in 2011 (43% of the total) to HKD 2,433 billion (46%) in 2021; exports, from HKD 1,923 billion (54%) to HKD 2,952 billion (60%)⁶. These numbers reflect a healthy and organic underlying trend – that Hong Kong has been pursuing mutually complementary economic and commercial integration with its motherland, upon which Hong Kong firms and businesses must seize. Much of this can be attributed to Hong Kong's resounding success as a financial, legal, and commercial hub in the region, serving as the preferred site of IPOs and capital raising for leading Mainland Chinese companies, and at the same time a resilient intermediary through which capital and trade enters and leaves the mainland.

As Mainland China continually opens up economically, the burgeoning and mature Chinese economy is likely to form substantially more direct connections with the world. Indeed, the volume of Chinese exports to the rest of the world has surged considerably – from USD 1,725 billion in 2012 to USD 3,013 billion in 2021: an increase from 84% to 90%.⁷ In other words, 90% of Mainland Chinese exports no longer exit the country via Hong Kong – only 10% still do so. Shanghai and Shenzhen Stock Exchanges have also surpassed Hong Kong in terms of the total market capitalisation.⁸ None of the above is inherently a problem for the city, given that the city is a constituent part, a clear beneficiary from the astronomical rise of China.

With that said, the prospects of decreasing competitiveness owing to disintermediation remain an issue that Hong Kong should be well cognizant of – the city must better tap into its potential and wherewithal, in generating more creative and resilient ways of adapting to the new economic normal. Indeed, such adaptation would be pivotal in enabling Hong Kong to better serve the interests of not only Hong Kong, but the entire country. With rapid liberalisation and transformation to trade controls and regulations in the mainland, it is clear that Hong Kong's role as a nexus processing Chinese exports and imports is – whilst potent still – no longer the city's sole proprietorship. However, important niches concerning trade financing, enforcement and mediation over legal disputes, and the drawing upon of emerging technologies (e.g. blockchain and big data) to enhance the transparency and efficiency of trade, are areas in which Hong Kong has a play. Additionally, the city can find new values in consolidating the trust, negotiations, and liaison between Chinese capital and capital from other prominent, emerging or mature markets. A paradigmatic example of the latter would be the ASEAN.

Secondly, Hong Kong must also actively tackle the ongoing outflow of international businesses and talents. It is certainly the case that any healthy, open society would see regular inflows and outflows of labour. If Hong Kong is to maintain and build further upon its competitiveness, it is in need of a constructive, proactive human capital policy, one that would enable it to remain a leading, world-class city. The number of companies with regional headquarters in Hong Kong

has steadily declined over recent years. Between 2018 and 2021, 5% fewer companies have their regional headquarters in Hong Kong, with the number of non-Chinese firms dropping from 1,333 to 1,205 – almost a 10% decrease.⁹ There has also been a net outflow of 320,000 Hong Kong residents between April 2020 and July 2022¹⁰.

The city's robust health infrastructure has blessed its population with one of the longest lifespans in the world, yet this, amongst other factors, has also given rise to an ageing population. The proportion of the city's population aged 65 or above has increased from ~7% in 1981 to 20% in 2021¹¹. With persisting low rates and a dearth of clear directionalities in relation to population policy over the past decade, it is clear that the city is in need of fresh, capable labour who can both replenish its workforce and contribute towards broadening its economic and tax base at large. In 2020, 81% of the city's migrant population came from Mainland China, with 11% from ASEAN. The former featured an increase from 1,886 in 2000 to 2,408 in 2020; the latter, from 254 to 321. A more globalised, diverse, and heterogeneous population, is one that is more dynamic and innovative. Hong Kong must step up to the mantle of serving as one of the most cosmopolitan and internationally connected Chinese cities.

Thirdly, as many studies¹² have highlighted, it is high time for Hong Kong to rethink its industrial policy. An over-reliance upon particular sectors and pillars over past years has left the city exposed to global financial vicissitudes, but also the potential risk of rising regional competition. None of this is to say that Hong Kong should not seek to double down on long-standing virtues and strengths such as its financial and real estate, trading and logistics, producer and professional services¹³ – which have served the city's interests well in steering its growth trajectory over the past decades. Yet if the city is to flourish for the next few decades, it must improve its versatility, through cultivating a deeper and more enduring pool of talents across fields of innovation, technology, cultural production and management, sustainability, and beyond.

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The city hence needs to import greater volumes of knowledge, capital, and manpower, that could aid it with its ongoing efforts to pursue re-industrialisation. Such efforts must be carefully planned and mapped out – industrial policy takes careful calibration, and the pursuit of it must reflect the Central Government's 14th Five Year Plan for the city.

out – industrial policy takes careful calibration, and the pursuit of it must reflect the Central Government's 14th Five Year Plan¹⁴ for the city. Indeed, both the cultivation of nascent and maintenance of existing industries must take place against the backdrop of the city's integration into the Greater Bay Area. These are all givens that the administration and business community should acknowledge. On the other hand, Hong Kong cannot go at this alone. The ASEAN presents a sprawling network of young, capable talents, amongst whom are many highly educated, skilled professionals that are eager to gain a glimpse into the inner workings of the Chinese economy. Hong Kong is already – and should strive to become the place to be for many such talents.

Hong Kong has various strengths that render it uniquely suited to playing a greater role in China-ASEAN integration. These include:

- **Economic and financial synergy.** The ASEAN-Hong Kong relationship is the most rapidly developing and consolidating tie between Hong Kong and other economies.
- **Hong Kong as a core part of China's broader ASEAN strategy.** The Central Government has high expectations and pledged substantial support to enable Hong Kong to play a greater role in contributing towards the ASEAN economy.
- **Long-standing, people-to-people ties.** Hong Kong is a premier hub for family businesses and overseas Chinese talents with strong connections with both China and ASEAN economies.

Economic and financial synergy. The ASEAN was Hong Kong's second largest trading partner in merchandise trade in 2021 and the third largest in services trade in 2020.¹⁵ ASEAN states count amongst the top four destinations for Hong Kong direct investment, and were the sixth largest source of inward investment in 2020.¹⁶ Hong Kong became the second largest source of FDI into the ASEAN in 2020. These agreements reflect the broader, burgeoning interest of both business communities and governments alike in the region in closer, multilateral ties and synergies between Hong Kong and all ASEAN member economies, and are indicative of the reception of Hong Kong's institutional virtues and resilience in face of global economic challenges and macro risks. Earlier this year, Hong Kong submitted a bid to join the Regional Comprehensive Economic Partnership (RCEP) – a move that would considerably strengthen the city's collaboration with regional partners. Through pursuing a more open and robust positioning of itself as a hub mediating between ASEAN states and China, this would also indubitably strengthen Hong Kong's case for admission into the RCEP.

Hong Kong as a core part of China's globalisation vision and strategy. Moreover, Hong Kong has been endowed with the wondrous opportunities presented by the duality of the Belt and Road Initiative (BRI) and the Greater Bay Area. The former has designated that Hong Kong served as a leading promulgator of trade and economic cooperation between China and participant states in the Belt and Road framework, through providing arbitration and mediation services, a site and hub for cultural and people-to-people exchanges, and room for more practical trade and economic cooperation. Value-based shipping systems and knowledge-based consultancy, in particular, are niches that Hong Kong can surely draw upon to aid with the consolidation and refinement to China's 'going outward'.

On the latter, the Greater Bay Area presents Hong Kong with a unique mega-ecosystem in which it can leverage its existing and develop new capacities to meet the needs of the remaining constituents of the '9+2' megapolis. Here, Hong Kong is best placed for ASEAN firms and individuals who are seeking a focused, tailored entry gate into the 87 million-

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population region¹⁷ that has an economy larger than Spain's (the 15th in GDP size in the world as of 2022). With an unmistakably international cultural outlook and lifestyle, as well as proximity to the mainland, Hong Kong presents ASEAN expatriates with an ideal destination.

Long-standing people-to-people ties. Last but not least, Hong Kong possesses a level of deep, profound, and multidimensional cultural and personal ties with ASEAN states that are unrivalled by all other locations and economies outside the region. These ties comprise multi-generational families that have made their fortunes in both Hong Kong and ASEAN states, such as Singapore, Malaysia and Thailand. The overseas Chinese diaspora, coupled with non-ethnic-Chinese families who have found their second homes in Hong Kong, make for a potent and highly qualified force of economic bridging, that provides grounding and cultural flair to the bilateral engagement between Hong Kong and Southeast Asia. Given the emphasis placed upon people-to-people and public exchanges in the BRI, it is clear that Hong Kong has much to offer both China and ASEAN in hosting important, candid, and nuanced conversations and discussions between all parties, that should duly reflect both the mainland's and ASEAN's interests whilst maintaining a degree of neutrality and openness between the two.



ASEAN

The ASEAN is a complex, diverse and highly distinctive association of economies, each with vast economic potential and comparative advantages in particular sectors. With incredibly young demographics, a burgeoning middle class, relatively affordable manufacturing costs, and proximity to core supply chain networks, ASEAN states are best placed to capture the dividends of both ongoing globalisation, and the shifts towards greater fragmentation and regionalisation of markets and capital in the post-globalisation era.

There are several reasons why ASEAN stands to gain from closer integration and collaboration with China:

- Trade ties between ASEAN and China have been rapidly developing – and are due to continue over time; they reflect structural complementarities.
- Chinese Foreign Direct Investments shall come to expedite the advancement and development of ASEAN economies.
- Innovation and technological collaboration shall prove to be vital in enabling ASEAN states to avoid the middle-income trap.

Trade ties. For ASEAN economies, China counts as by far their first and foremost trading partner – for two major reasons: first, China's vast population and consumer market, buoyed by its rapidly expanding middle class, generates voluminous demand upon ASEAN goods; second, China's comprehensive and sophisticated secondary sector – specifically its mid- to high-skilled manufacturing and processing – occupies a critical position within supply chain networks that both begin (through procurement of raw ingredients) and end (qua consumer markets) in Southeast Asia. Indeed,

China is by far ASEAN's top trading partner – 20% of ASEAN trade was with China, more than the combined total of trade with the US (11%) and the EU (8%).¹⁸ Trade between China and ASEAN has surged by over 80 times since the two sides established tentatively formal dialogue relations in the early 1990s. In 2020, ASEAN overtook the US to become China's largest trading partner – a sign of the two parties' increasing importance to one another.¹⁹

Chinese foreign direct investment. Whether it be via the 21st Century Maritime Silk Road (a component of the BRI), China's growing emphasis upon South-South collaboration in trade governance and management, or natural evolution of supply chain routing and compartmentalisation, Chinese businesses have been a prominent source of economic growth in ASEAN states – through the 'China+1' strategy, 55% of surveyed (in 2021) manufacturing companies²⁰ originally in China have moved or are planning to move manufacturing and production out of China, with 60% of them intending to relocate to the ASEAN. Chinese firms and investors have actively seized upon the growing gap in manufacturing costs between China and ASEAN economies, to transfer parts of their production lines to Southeast Asia, thereby providing domestic employment and capital injections. The influx of foreign, including Chinese and other international multinational companies, companies into the ASEAN, has been pivotal in ensuring a strong recovery in 2020 from the pandemic – with USD 70 billion of new investments, this was by far the largest of any emerging market region in terms of total FDI size.²¹

Innovation and technological collaboration. As most ASEAN states (with Singapore and Brunei

the notable exceptions) transition into mature middle-income economies, it is imperative that they can overcome the middle-income trap – one that finds countries ensnared by the dual effects of rising labour costs (hence losing out to competitors with lower wages) and straining to keep up with more advanced economies in terms of value added to products.²² Innovation and technology are hence absolutely vital – which is where leading Chinese companies (including unicorns) come in. As a powerhouse of innovation and talents, with the largest number of patents in the world in 2021²³, China provides ASEAN markets with both valuable knowledge and skilled labour, which would in turn kickstarting the transition of some of these economies (e.g. Malaysia and Indonesia) towards more knowledge-oriented and -driven economies. Ping An built a joint venture with Grab to develop an AI-powered healthcare tool that provides users with consultations and delivery of medicines; Alibaba has established a logistics hub in Malaysia to facilitate cross-regional shipments for small and medium enterprises. Mutually beneficial knowledge partnerships are happening and shall continue to deepen over time.

A further question here may be raised as such – why should ASEAN economies engage with China via Hong Kong, as opposed to directly entering the mainland? Here, Hong Kong provides ASEAN economies with much-needed solutions to two bottlenecks that they may encounter. The first concerns capital raising and consolidation for companies, including small and medium enterprises, and start-ups. The second concerns the knowledge and technical infrastructure, which supplies the buttressing required for accessing the Chinese market.

Capital raising and consolidation. On the first, Hong Kong's market capitalisation in 2022 is USD 4.6 trillion²⁴; Singapore's, by comparison, whilst respectable, is USD 640 billion²⁵. Listings in other large, international exchanges – such as that at the NYSE or LSE – are certainly possible; yet whether it be familiarity, proximity, or ease of legal and linguistic navigation, Hong Kong remains a top choice for many Southeast Asian firms hoping to take their growth and development to the next level. Indeed, Hong Kong has taken the global lead in spearheading ESG investment²⁶ and public-private partnerships, in ways that have enabled the city to innovate the integration of finance

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and capital-raising into public administration and policymaking. As ASEAN economies seek to adapt to the growing zeitgeist and awakening to ESG, Hong Kong possesses both the requisite and fundamental knowledge to expedite the process. As the premier financial hub in Asia, Hong Kong has the highest concentration of legal and financial professionals, foreign and international financial multinational corporations, and a distinctively open and unfettered capital regime, which allows for a low-barrier entry and access for Southeast Asian companies.

Knowledge and technical infrastructure vis-à-vis accessing China. On accessing the Chinese market: despite China's continued efforts at liberalising and internationalising its economy, such endeavours and structural reforms take time. Accessing the RMB-dominated Chinese market can be difficult – especially without the prerequisite connections, transferrable know-how and legal guarantees. Many ASEAN states are well aware that China possesses a substantial consumer market, preeminent crop of engineers and technological experts, and significant pool of capital that can be invested. There are few better gateways through which to access China, than Hong Kong, where an internationally recognised and long-enshrined rule of law, highly transparent and judicious legal and judicial apparatus, and constantly evolving and watertight consumer and investor protection laws help address the needs and interests of individuals seeking to conduct business with the mainland.



China

ASEAN states are strategic and invaluable partners in China's search for a multi-polar world order – one where different political and regional communities can co-exist with peace, and seek to collaborate over affairs that present grave challenges to the future of humanity. There are many reasons as to why China should find collaboration with and a greater, benign presence in ASEAN vital to its own interests.

- A strong and resounding China-ASEAN partnership is integral in exemplifying the monumental value of China's vision for global peace and stability.
- The investment potential in ASEAN states presents lucrative returns for Chinese investors and companies.
- The consumer markets of ASEAN economies provide Chinese firms with substantial revenue bases.
- ASEAN societies are pivotal in enhancing, amplifying, and bolstering the quality of Chinese cultural education and exchange abroad.

Global peace and stability. ASEAN constitutes – and would only increasingly be – a vital strategic, economic, infrastructural, and global-governance-centered partner to China. The China-ASEAN pillar amounts to a primary front of President Xi Jinping's vision for a multipolar and inclusive world order. Indeed, on 22 November 2021, President Xi attended

and spoke at the Special Summit commemorating the thirtieth anniversary of China-ASEAN dialogue relations – declaring the establishing of a China-ASEAN Comprehensive Strategic Partnership, one that would elevate the relationship from an economic and financial one, towards a comprehensive and robust set of ties that endure and straddle a multitude of fronts. The deepening of these ties is integral to China's vision of a world where no state need feel compelled or subjugated under particular hegemonies. As President Xi Jinping noted, with the 'unique geographical proximity and cultural affinity' between China and ASEAN states, it is only natural that the China-ASEAN relationship comes to anchor the search for 'equality and harmonious coexistence'²⁷ between countries in the world.

Investment potential. From an economic perspective, ASEAN countries offer a prime destination for Chinese investments. ASEAN is anticipated to morph into the fourth largest economy in the world by 2030, with domestic consumption expected to double to USD 4 trillion.²⁸ As economies that are very much FDI-driven (4.6% of Vietnam's GDP in 2020 came from FDI, with 1.9% in the Philippines and 1.8% in Indonesia), ASEAN member states provide ripe grounds for Chinese investments pursuing high growth rates and steady yield over time. This is particularly the case when it comes to infrastructural investments that have long comprised a stalwart and bulwark to China's contemporary economic miracle.

In face of a geopolitical environ that is increasingly fractious and volatile, it is imperative that China maintains resoundingly positive and mutually beneficial, win-win relations with its neighbours, especially in Southeast Asia, where many ASEAN economies are not only core constituents of the country's Belt and Road Initiative, but also rapidly developing and modernising economies in their own right.

Consumer markets. Additionally, ASEAN states also present a sprawling and expanding consumer market that is in many ways as impressive in its growth as China's – from a population of 517,830,000 and total GDP of USD 628 billion in 2000, the past two decades have seen ASEAN economies surge in their total GDP, to USD 3 trillion in 2021, with an addition of less than 30% in population. This five-fold increase in total GDP, paired with a relatively proportionally contained growth in population and the emergence of a more well-defined middle class (with an anticipated 65% of the total number of households either middle-class or emerging consumers), is indicative of the maturing of ASEAN economies as a powerful market for Chinese producers and retailers.

There are two reasons as to why Hong Kong can help support China in relation to ASEAN states. The first is the aforementioned linguistic, cultural, and idiosyncratic capacities possessed by Hong Kong talents, in navigating the cultural and social milieu straddling China and Southeast Asia. China remains in need of talents and personnel with deep knowledge and linguistic capabilities needed to navigate ASEAN economies. With a significant (though by no means plural) segment of the population in Hong Kong from Southeast Asia (2.7% from the Philippines, 1.9% from Indonesia, 0.2% from Thailand, in 2021²⁹), Hong Kong is amongst the most ethnically diverse – if not the most – cities in China, and one with the greatest volume of migrants

from ASEAN. Furthermore, as the only Chinese-English bilingual city on Chinese soil, Hong Kong can and should step up to playing a greater role in facilitating the deepening of China's reform and opening-up, through cultivating much-coveted and -needed ties with regional partners, and transforming such ties into organic and dynamic communities. Many amongst the city's business sector are professionals with decades of experience operating and investing in Southeast Asia.

The second, and more fundamental, reason is that Hong Kong remains substantially more equipped and open than most cities on the mainland – in terms of travel, capital and wealth movement, cultural and ideational diversity, and capacity of accommodating a wide range of ethnicities and national communities with competing values – to serve as a hub and nexus for international exchange. With its flourishing and scintillating cultural, entertainments, arts and lifestyle sectors, Hong Kong is best-suited to serve as the bridge between the rest of China, and Southeast Asia. In face of a geopolitical environ that is increasingly fractious and volatile, it is imperative that China maintains resoundingly positive and mutually beneficial, win-win relations with its neighbours, especially in Southeast Asia, where many ASEAN economies are not only core constituents of the country's Belt and Road Initiative, but also rapidly developing and modernising economies in their own right.

The Way Forward – for Hong Kong, ASEAN, and China

Our Vision – Towards Comprehensive, Enduring, Multilateral China-ASEAN Collaboration

The China-ASEAN relationship shall come to define the upcoming decades – if not the rest of this very century. It shall serve as a pivotal pillar in international geoeconomics, finance, and commerce, not qua an interest bloc or parochial group, but in the sense of promulgating growth and improvement in the material and living conditions for many across our world. In 2026, China and ASEAN will account for 27% of the global population, 55% of the global labour force, and 23% of the global GDP. Should current growth trajectories continue, these numbers would only further increase over the many years ahead.³⁰ The facilitation of genuine, well-rounded collaboration and understanding

Our vision for Hong Kong's role in relation to this partnership is underpinned by three core principles – best encapsulated as Comprehensive, Enduring, and Multilateral (CEM)

between China and ASEAN across all levels – is thus an imperative that all should work towards; especially in Hong Kong, a foremost Chinese metropolis that straddles both East and West.

Our vision for Hong Kong's role in relation to this partnership is underpinned by three core principles – best encapsulated as Comprehensive, Enduring, and Multilateral (CEM):

Comprehensive. The China-ASEAN partnership clearly encompasses a wide range of areas, including the economic, financial, cultural, and technological so on and so forth. Correspondingly, it is high time that Hong Kong takes its role as an international nexus seriously – beyond the obviously instrumental spheres of the financial, the legal, and the commercial-logistical (the importance of which cannot be overstated), Hong Kong should aspire to play a more proactive role in facilitating and elevating China-ASEAN synergy in areas including but not limited to: environmental protection and sustainable development (e.g. ESG), innovation and technological cultivation, education and cultural exchange, and – above all – intellectual conversation and development.

Enduring. Hong Kong's anchoring role in China-ASEAN relations cannot be transient, or contingent upon external circumstances. Instead, we must play a proactive role in shaping and facilitating the dynamics of the bilateral relationship, both given our roles as a part of one country, but also as a regional financial, logistical, and commercial hub. This requires Hong Kong to introduce, nurture, and retain a large volume of specialised talents and manpower, with the technical know-how, personal passion, and savvy innovativeness to navigate the increasingly complex international geopolitical environs, and to preserve the strength of China-ASEAN ties over time.

Multilateral. ASEAN is heterogeneous, with substantial, constructive differences and variations across member states. Similarly, China is a substantial country comprising a vast range of provinces and regions with distinctive economic, governmental, and cultural needs. Hong Kong must be flexible and cognizant of international and infra-regional differences, and seek to engage the ASEAN not as a monolithic entity, but as independent states. Hong Kong must also seek to channel the differentiated concerns and interests of not only the Greater Bay Area, but also leading urban metropolitan areas such as the Yangtze River Delta and the Bohai Economic Rim.

Hong Kong is by far the best suited to serve as the internationally oriented face of China – as a distinct economic entity whilst remaining a firm constituent of China under One Country, Two Systems, and the contact point and conduit for ASEAN firms and individuals seeking to enter China.



Policy Recommendations – Reforms and Expected Outcomes

The following are a series of policy recommendations for the Hong Kong government and business community – for us – to consider strongly. There are five core areas of priorities:

- **Finance:** Hong Kong as a world-class capital hub for ASEAN companies and governments to raise capital;
- **Trade:** Hong Kong as a consolidated trade nexus for Chinese and ASEAN businesses to transit via and connect;
- **Innovation and technology:** Hong Kong as a radical incubator of innovation, technology, and Environmentally Sustainable, Socially Conscious, and Governmentally Accountable (ESG*) policymaking, with a pan-Asian orientation;
- **Knowledge and thought leadership:** Hong Kong as a centre and nurturing ground for high-quality education, intellectual, thought, and knowledge exchange between China and ASEAN;
- **Culture and arts:** Hong Kong as Asia's cultural and recreational capital and a demonstrative exemplar of contemporary Chinese and Asian culture; it remains where East meets West.

AREA 1: FINANCE

Policy proposals



1. Position Hong Kong as a listing destination for all ASEAN companies – including promising Small and Medium Enterprises, but also unicorns.
 - a. Shorten the time required and complexity for companies to be listed in Hong Kong (e.g., the SPAC listing regime as an example to enhance attractiveness to business to list in Hong Kong);
 - b. Collaborate with ASEAN exchanges on dual listing opportunities through establishing strategic cooperation relationships;
 - c. Conduct roadshows with both public and private stakeholders of Hong Kong and ASEAN countries to engage in bidirectional exchanges and consultations over how to make HKEX more accessible and open for ASEAN businesses.
2. Engage investors on transforming Hong Kong Stock Exchange from a predominantly China-oriented and -based capital market, into a truly diversified capital market that spans both China and ASEAN.
 - a. Create an ASEAN-oriented index based on shares of leading ASEAN companies in Hong Kong.
 - b. Enable the expansion of Asian local currency markets through adopting acceptance of regional sovereign securities as collateral.³³
 - c. Provide direct communication channels for ASEAN business leaders and key investors to reach the senior leadership and executive of the HKEX.
 - d. Undertake concrete and substantial reforms to transform Hong Kong into a tailored and secure private wealth and asset management centre for high-net-worth individuals in ASEAN and China alike.
 - e. Further reduce the regulations required for ASEAN family offices to set up headquarters in Hong Kong.
3. Develop a pool of financial talents well-versed in ASEAN markets and idiosyncrasies
 - a. Proactively provide added subsidies and tailored benefits for ASEAN finance professionals seeking to work in Hong Kong financial institutions – e.g. working with financial institutions to create targeted secondment exchanges and opportunities.
 - b. Proactively reach out to senior-level to mid-ranking finance professionals in ASEAN, and engage them in a series of enduring knowledge transfer and exchange workshops and dialogue.
 - c. Provide intensive language and cultural training to Hong Kong finance graduates on all ASEAN economies.
 - d. Encourage further ASEAN-oriented educational activities and training within high schools and universities, through programmes including but not limited to, ASEAN-themed debating and public speaking competitions, case competitions, and Model ASEAN.
 - e. Invite retired, senior civil servants and bureaucrats from ASEAN financial departments to teach at leading Hong Kong universities.

Feasibility

The above recommendations are highly feasible for Hong Kong, for a number of reasons. First, Hong Kong possesses an incredibly broad and deep capital market – the third largest stock market in Asia, second in terms of IPO volume, and by far the largest off-shore Renminbi hub. It is also a highly popular listing destination for ASEAN firms – with the highest number of listings of ASEAN-based companies outside the region.³¹ A majority of HKEX-listed ASEAN companies are, perhaps not coincidentally, based in Singapore. The resounding presence and legacy of private equity investment in the city renders it well-equipped to handle the influx and increase in China-ASEAN financial collaboration at large.



Indeed, in his latest Policy Address, Chief Executive John Lee Ka-chiu noted that Hong Kong must step up to playing a greater role as an international legal and dispute resolution hub for ASEAN governments and companies – and pledged that leading practitioners in the legal industry from Hong Kong should be paying visits to ASEAN countries in seeking room for collaboration with counterparts in the region.

Anticipated Benefits

Hong Kong. Hong Kong stands to gain from embracing its role as a China-ASEAN financial nexus, especially as an IPO centre for ASEAN corporations. The Southeast Asian region counts amongst one of most dynamic and rapidly evolving markets in the world – with its highly energised workforce, untapped investment potential, and openness to contestation and transformation through creative rivalries and synergistic competition. If we were to lean into our position as the capital bridge connecting Mainland China with the rest of the world,



especially Southeast Asia, this could prove to be a highly promising in diversifying our sources of IPO-seeking companies.

Furthermore, the above series of reforms will once again establish Hong Kong's comparative advantage and distinctive positioning vis-à-vis Shanghai and Shenzhen. Whilst these cities are by no means absolute competitors of Hong Kong's, given the high degree of compatibility and cooperation between the three, it remains the case that the gaps between Hong Kong and these cities are progressively narrowing over recent years. The dexterity and acumen with which these cities have approached their financial regimes and market policies, are a wake-up call for Hong Kong that it must take seriously. Focussing on Asia and bridging the China-ASEAN gap could prove vital in allowing for Hong Kong to reinvigorate its role as the leading nexus for financial internationalisation and regional connection – a niche and virtue that Shanghai and Shenzhen, as more domestically oriented markets, cannot easily replicate.

Finally, a more ASEAN-literate workforce is likely to be one that can better steer Hong Kong across a variety of sectors, towards more open, aggressive innovation expediting creative destruction³² and heralding positively disruptive changes to come in terms of Southeast Asia-Hong Kong collaboration. If Hong Kong firms, or Mainland Chinese firms, are to cultivate a presence in ASEAN, Hong Kong can and must serve as the go-to repository for talents.

ASEAN. The above reforms would also serve a critical role in transforming ASEAN economies. In the status quo, many Asian countries have struggled to find a bearing and footing in the international markets with regards to sovereign securities. Whether it be due to the fragmentation of markets in ASEAN, infra-ASEAN

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Hong Kong has long-standing wherewithal and institutional knowledge on how to serve foreign companies seeking to do business in Asia, especially Mainland China; it is high time that it offered the same to Chinese firms as they seek to expand their presence in Southeast Asia – through legal, financial, institutional, and substantial support.

rivalry and barriers to entry and exit (which are being progressively cleared, albeit the process certainly takes time), or general incompatibilities, there has been a lack of uptake with respect to purchase and sales of securities based in regional currencies. Hong Kong can step up, in virtue of its neutrality vis-à-vis all ASEAN states, to offer a platform where sovereign securities can be securely traded, with robust legal protections and guarantees for buyers and sellers alike. This would be vastly helpful in reducing the costs and risks associated with borrowing for state actors and corporations.³¹

More generally, the sheer scale and substantial volume of cross-border investment from China renders China a substantial partner that ASEAN states would benefit greatly from, both in terms of infrastructural and non-infrastructural investment. In particular, the willingness of Chinese companies and investors³² to commit to more long-term growth would be vital in supporting large-scale societal transformations and undertakings by regional and local governments in Southeast Asia, as well as structural overhauls that may be introduced by national governments as ASEAN states undertake transition through the middle-income phase of their economic trajectories. Hong Kong has long-standing wherewithal and institutional knowledge on how to serve foreign companies seeking to do business in Asia, especially Mainland China; it is high time that it offered the same to Chinese firms as they seek to expand their presence in Southeast Asia – through legal, financial, institutional, and substantial support. This also behooves Hong Kong to think not just in terms of what works best for China, the United States, Japan, or the European Union, qua long-standing partnerships and relationships that must be preserved, but also what suits ASEAN economies and their needs in face of the increasingly complex geopolitical environment.

China. Hong Kong is best placed to enable the diversification and broadening of horizons for Chinese investors, and thereby indirectly enable an improvement to the rates of returns for their investments at large.

Hong Kong is a unique financial-legal centre – on one hand, it remains a common law jurisdiction and enjoys prestigious reputations as a world-leading arbitration, mediation, mergers and acquisitions, and intellectual property legal hub; on the other hand, it is also a constituent part of China. Whilst international investors see the former as the primary reason for which they seek Hong Kong as the conduit into China, Chinese firms and businesses are likely to find the latter fact most reassuring in face of the aforementioned challenges concerning Chinese overseas investment. With the above reforms in place, Hong Kong shall indubitably become the preferred choice through which Chinese capital can safely and enduringly seek lucrative returns in Southeast Asia, through supporting win-win undertakings that benefit the people of both ASEAN and China alike.

Furthermore, as a key pillar in the ‘internationalisation’ and ‘digitalisation’ strategies concerning the RMB, Hong Kong must scale up its involvements with large, emerging markets as a means of convincing sovereign and non-sovereign entities alike to take up RMB as the preferred currency of transaction. A more international RMB requires trust and confidence – this is something Hong Kong can uniquely supply, especially towards governments that take reassurance in Hong Kong’s transparent and stable functions as the designated offshore RMB centre. The above reforms shall enable HKEx and HKMA to more proactively undertake in-depth dialogues and conversations with their counterparts in Southeast Asia, with RMB internationalisation as the primary objective in mind.

AREA 2: TRADE**Policy proposals**

1. Promote Hong Kong as a regional headquarters (HQ) destination for ASEAN businesses targeting China market and China businesses targeting ASEAN market.
 - a. Explore the possibility of an ASEAN-focuses financing guarantee program to support these incoming companies' working capital needs, similar to the SME Financing Guarantee Scheme (SFGS).
 - b. Lower taxes, minimum requirements and thresholds at large for ASEAN businesses to set up their regional headquarters (for Northeast Asia) in Hong Kong.
 - c. Form a public-private task force to identify ASEAN and China businesses strategic to Hong Kong's development and encourage them to set up regional headquarters in Hong Kong with strong and robust policy incentives.
 - d. Improve accessibility to government services by recruiting financial and governance professionals from ASEAN, provided that they satisfy core linguistic requirements.
 - e. Contribute direct innovation towards the Belt and Road Initiative, through providing a platform and shared hub for insurance, regulatory, and legal technologies.
2. Transform Hong Kong into a holistic business information, facilitation, and expedition centre for ASEAN and Chinese firms seeking to expand into each other's markets.
 - a. Strengthen and invest into refining all services available in Hong Kong related to expansions into China or ASEAN markets, and market them to both ASEAN and Chinese businesses.
 - b. Offer distinctive business visas to travellers from ASEAN to Hong Kong, that would enable them to access Mainland China visa-free.
 - c. Provide active guardrails and subsidies for Hong Kong businesses seeking to expand into ASEAN.
3. Work closely with Singapore in compartmentalising and dividing between the two cities designated areas for specialisation – thereby avoiding duplication.
 - a. Reposition Hong Kong as the gateway to Northeast and North Asia for ASEAN suppliers, through speaking to and addressing their needs and concerns over market access and entry.³³
 - b. Leverage Hong Kong's financial capabilities to support trade financing.
 - c. Target small and medium enterprises in ASEAN, Mainland China, and Hong Kong through simplifying processes required for them to access complex trade and supply chains.³⁴
 - d. Provide special rates for trade credit insurance for ASEAN firms and reduce the borrowing cost of trade finance in relation to ASEAN.
 - e. Subsidise and encourage fin-tech service providers to leverage nascent technology to shorten processing times and costs for trade finance.



Feasibility

It is distinctly possible for Hong Kong to undertake the above transformations. Hong Kong remains one of the few economic regions in the world that are robustly connected with both Mainland China and ASEAN. 40 billion USD of goods of ASEAN origins are re-exported through Hong Kong to the mainland each year, with 7.4% growth rate in trade volume between 2017 and 2021.³⁵ 17.1% of Hong Kong's imports are from ASEAN, and 12.7% of the city's exports go to ASEAN. A large number of businesses with strong ASEAN backgrounds and connections – straddling the finance, consumer-retail, real estate, and logistics industries – straddle both Hong Kong and Southeast Asia.

Hong Kong's importance to the rest of the country is only due to increase over the decades ahead. With the 14th Five Year Plan stipulating Hong Kong's role as a 'transport and trade centre'³⁶, and a growing acknowledgement that Hong Kong can play a far more significant role in facilitating the future synergy between Mainland China and the respective ASEAN economies on a one-on-one basis, it is clear that Hong Kong has both the duty and capacity to serve its country through broadening and deepening trade and commercial collaboration between China and Southeast Asia. Much of this is buoyed by our unrivalled infrastructure, across logistics, transportation, exhibition, and aviation. The Special Administrative Region is also endowed with a unique geophysical location – it is within five hours of flights from all key Chinese cities and ASEAN capitals: no other major regional hub could lay claim to this statement.



Anticipated Benefits

Hong Kong. The above policies shall prove vital to Hong Kong as it seeks to continually diversify and seek sources of value independently of China – this, in turn, enables the city to better complement and contribute towards China's trade priorities, including the deepening and strengthening of trade ties with existing partners, the consolidation of commercial exchanges and investment into and out of ASEAN, and solidifying of ties between civil societies in Southeast Asia and China, with the latter a crucial component of the Belt and Road Initiative. Hong Kong cannot possibly engage in such diversification without paying heed to the quality and dynamism of its institutions – which is why only institutional reforms, such as the ones outlined above, can resolve residual bottlenecks and push the city further towards the end goal of connecting China with the world.

Whilst it may be true that Singapore – and other leading regional economies – possesses substantial virtues that cannot be fully rivalled or captured by Hong Kong, it would be erroneous to see the Singapore-Hong Kong relationship as zero-sum. Indeed, the above policies enable Hong Kong to double down on its existing strengths, e.g. finance and legal innovation, precisely to fill niches and gaps that are yet to be filled by its ASEAN counterparts, thereby facilitating heightened complementarities between ASEAN and Hong Kong governments and private firms alike. By reinforcing Hong Kong's positioning as an ideal destination for headquartering for not just Western multinationals, but also leading multinational corporations that are founded and flourish in Southeast



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Asia, these measures would also support Hong Kong's positioning as a world-class company hub and nexus within the Greater Bay Area.

Historical case studies³⁷ have shown that at times of increasing economic integration without corresponding technological advances that would reduce logistical or financial barriers, it is the intermediaries and transition ports that have the most to gain. Both China and ASEAN are seeking further synergy with each other – Hong Kong, and, indeed, Singapore, has a substantial role to play in enabling such trends.

ASEAN. ASEAN economies have seen an astronomical rise in the number of promising multinational corporations, unicorns, and start-ups over recent years. Many are in search of a well-established, internationally recognised, and secure hub for corporate wealth and asset management; additionally, as many set their eyes on the burgeoning Chinese market, they are equally invested in keeping a proverbial foot through the door via setting up regional headquarters in China. Under the above reforms, ASEAN firms shall find that many of the core barriers and restrictions hitherto inhibiting their entry into China will be swiftly removed – with Hong Kong serving then as both a pedestal and base for their China-, or Northeast Asia-oriented activities.

The leveraging of trade financing to resolve bottlenecks confronting SMEs is equally vital. For too long, ASEAN SMEs have found themselves disadvantaged by bureaucratic and logistical hurdles that preclude them from reaping the full benefits of trading with and servicing China.³⁸ Hong Kong can specialise in providing services and technological support that streamlines the process considerably, thereby reducing the barriers to entry and maintenance of presence within the Greater China region. The above measures strengthen the Hong Kong-Singapore commercial and trade connection, enhancing the flow of goods and services through both cities, and thereby paving the way for ASEAN SMEs headquartered in Singapore to access China via Hong Kong.

Finally, ASEAN economies undertaking trade and taking in investment from China through the Belt and Road Initiative, shall be provided with a more comprehensive, expedient, and efficient hub for arbitration, mediation, and contract-based legislation. This is crucial, as the complexity and volume of trade

agreements between both parties only look set to be increasing over time. The centrality of a mutually agreeable rule of law and appeals mechanisms to resolving disputes between Chinese and Southeast Asian companies, is an unmistakable fact.

China. The Belt and Road Initiative's success turns significantly on whether China succeeds in developing a robust, enduring, and respectable economic presence in Southeast Asia, in ways that organically reflect and adjust to the needs of the domestic communities and economies. China does not seek hegemony – it seeks instead collaborative, win-win economic cooperation. As such, the facilitation of trade inflows and outflows into ASEAN economies, is just as important as China's own balance of payments vis-à-vis ASEAN.

Hong Kong offers China the flexibility and know-how needed to tailor trade routes and conditions to the specific needs of each and every ASEAN economy – this is done through the legal, regulatory, and financial technologies drawn upon to support trade and logistics, but also Hong Kong's long-standing advantage in commercial and international arbitration law.³⁹ The above reforms shall serve to strengthen the leveraging of these stand-out features, and ensure that Hong Kong can truly play a role in China's vision for trade in the 2020s and 2030s, contributing towards the Dual Circulation Strategy that the State Council has repeatedly emphasised over recent years.⁴⁰

AREA 3: INNOVATION AND TECHNOLOGY

Policy proposals

1. Establish Hong Kong as a carbon trading hub connecting China with international markets including ASEAN.
 - a. Serve as a bridge between international Emission Trading Schemes (ETSs) and China's national ETS by developing and upholding a recognised conversion standard.
 - b. Promote HKEx as an exchange for carbon credits, targeting buyers and suppliers from China, ASEAN, and other countries.
 - c. Form resounding partnerships with regional carbon exchanges in China and the ASEAN to establish cross-exchange trading mechanics.



2. Continually deepen and bolster Hong Kong's ESG professional service industry, building on Hong Kong's leading position in ESG reporting requirements
 - a. Making ESG education in Hong Kong high schools and universities a part of mandatory core curriculum to ensure supply of ESG-savvy professionals in different industries.
 - b. Provide active subsidies to grassroots, bottom-up ESG- and sustainability-themed start-ups and entrepreneurs in the region.
 - c. Conduct extensive ESG-themed conferences, seminars, and workshops, to upskill Hong Kong's professional service providers.
 - d. Subsidise and platform ASEAN-oriented ESG research, with multiple foci – including but not limited to leveraging financial tools for ESG purposes, cultivating ESG leadership amongst businesses, and strengthening public understanding in ASEAN economies and states of existential risks confronting humanity – including climate change.
3. Invest in technological enablers for ESG goals in ASEAN and China.
 - a. Establish data exchange protocols to enable companies from different jurisdictions (e.g. Mainland China and ASEAN) to report their ESG data under standardised metrics which can be easily converted to other international frameworks.
 - b. Develop blockchain technologies to track and verify a sustainable bond's ESG claims and fulfilment progress.
 - c. Create cloud-based carbon trading and green asset management platforms to achieve economies of scale, faster innovation, and flexible use of resources.
4. Consolidate Hong Kong's capacities in research, development, and innovation through deep, meaningful partnerships and exchanges with ASEAN/Chinese institutes.
 - a. Expand the partnership scope of Hong Kong-Shenzhen Innovation & Technology Park (HSITP) to include leading ASEAN universities, companies, and research laboratories to promote cross regional research cooperation.
 - b. Provide comprehensive research and residential facilities (e.g. in the HSITP) for locally and ASEAN-originating start-ups conducting R&D – as well as Hong Kong-unique benefits such as financing, legal advice and support, and media and press exposure, to encourage ASEAN start-up founders to migrate to Hong Kong.
 - c. Provide shared laboratories with advanced instruments for Hong Kong biotech companies, especially start-ups, to accelerate and reduce overhead costs (e.g. the joint venture between Enterprise Singapore and Nest.Bio in Singapore⁴¹)
6. Facilitate enduring commercialisation of ideas and scaling of start-ups targeting ASEAN and China markets.
 - a. Establish start-up incubator programmes in conjunction with Mainland Chinese counterparts, to help local and ASEAN-originating start-ups in growing, accelerating and scaling (e.g. Y-combinator).
 - b. Expand and establish designated office & commercial real estate spaces for start-ups to foster a genuine community of innovation and entrepreneurship (e.g. Block 71 in Singapore⁴²).
 - c. Secure internship opportunities for local university students at leading ASEAN- and Mainland Chinese-originated start-ups and unicorns.
 - d. Incentivise Venture Capital investment in Hong Kong-based start-ups through investment matching algorithms and programmes.
 - e. Work proactively with Hong Kong corporations with strong ASEAN ties to set up Corporate Venture Capital (CVC) funds to invest in and provide start-ups with advisory on ASEAN know-how.
6. Facilitate, for ASEAN-based bio-technology and medical technology start-ups, favourable conditions, e.g. unfettered access to Mainland Chinese markets.
 - a. Establish a one-stop, concentrated bio-technology research repository providing free access to research outputs from top institutes in ASEAN, China, and Hong Kong, enabling knowledge exchange between the three markets.
 - b. Offer long-term leases to bio-tech companies with long research cycles to reduce their uncertainty about conducting long-term research.

- c. Provide subsidies, partnership pairing, cultural and language training to ASEAN-based bio-tech entrepreneurs and firms to tap into the Chinese market.
7. Advance the commercialisation of Hong Kong biotech research and product indigenisation in China and ASEAN.
8. Facilitate local laboratories' partnering up with Mainland Chinese and ASEAN laboratories to conduct clinical trials for products designed in Hong Kong, manufactured in ASEAN, to be sold in Mainland China (the bio-technology triangle).
9. Facilitate alignment between Mainland Chinese, ASEAN, and Hong Kong health authorities over the registration processes of products developed in the respective regions.
10. Further strengthen Hong Kong's capacity as a regional leader in determining and driving medical and biosafety standards.
11. Reach long-term agreements with major marketing and distribution partners (e.g., marketing agencies, pharmacies, clinics and hospitals) to provide services for ASEAN and Hong Kong bio-tech companies operating in Mainland China and Hong Kong.

Feasibility

Hong Kong possesses the resources, capacity, and manpower to be a region-leading capital of ESG development, and technology and innovation. On the front of ESG, Hong Kong leads the pack in terms of incorporating ESG requirements into its financial markets – the HKEx was amongst the first exchanges to set ESG disclosure requirements for listed companies to engage in decarbonisation in Asia, with



the government having established a HKD 200 billion Green Bond Programme and a HKD 200 million Green Tech Fund.⁴³ Existing negotiations between the HKEx and Guangzhou Futures Exchange centred around carbon emissions trading are paving the way to Hong Kong's becoming the international Chinese capital for ESG-related quota trading and exchange. Such developments reflect Hong Kong's capacity to seize upon its long-standing strengths in finance, in advancing objectives that are universally recognised as vital for the shared fate and future of humanity.

When it comes to technology and innovation, Hong Kong is by no means reticent in supporting genuinely transformative growth and development in the technological sectors. The Hong Kong government invests heavily into innovation and start-up infrastructure – with 150 billion HKD of government investment into innovation, including the doubling of number of co-working spaces, incubators, and accelerators between 2017 and 2021.⁴⁴

Anticipated Benefits

Hong Kong. There is much potential within Hong Kong's start-up space – there has been a 68% increase in the number of start-ups from 2017 to 2021, and 118% increase in the number of start-up employees from 2017 to 2021. Yet there exist two shortcomings – or hurdles – that Hong Kong must tackle, and that for which ASEAN can indeed provide substantive solutions. The first, concerns the question of market size and saturation – with fierce competitors and rivals in the mainland, many Hong Kong firms (with notable exceptions) have struggled with making



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headways in the mainland. The second, concerns the ability on Hong Kong's part to attract and retain top talents in innovation and technology.

The deepening of Hong Kong's ties with ASEAN would be instrumental in overcoming both challenges. The first is ameliorated through the fact that ASEAN's burgeoning e-commerce and fin-tech market presents a vast opportunity for Hong Kong-based tech start-ups. The 2026 gross merchandise value in ASEAN e-commerce is anticipated to reach USD 230 billion. Transaction value is anticipated to be more than double of that (USD 554 billion) in 2026. These reflect hugely lucrative prospects and returns for Hong Kong-based firms, including bio-technology companies and unicorns. Indeed, 128 million of the ASEAN population will be over 65 years old by 2050, with an addressable market of USD 148 billion in the market over 2021-2027.⁴⁵ With increasing receptiveness towards vaccination and diagnostic technologies in the market, it is inevitable that ASEAN shall emerge as one of the leading consumer markets for Hong Kong bio-tech products.

The second challenge is equally pressing – how can Hong Kong attract, and retain talents? Yet here, Hong Kong's living conditions, higher wages, and general career prospects – especially given the above reforms – would render it a highly attractive destination for Southeast Asian talents, especially in technological sectors. The ongoing exodus of manpower and talents can and must be offset through the incorporation of fresh blood and talents from Southeast Asia.

The above logic also extends to Hong Kong's role as the hub for ESG in Asia. Hong Kong is by far the pioneer,

as compared with many of its rivals and counterparts, when it comes to championing corporate accountability, create leveraging of financial and entrepreneurship-based tools to service public ends, and the development of a culture and consciousness of sustainability amongst its businesses and professionals. These strengths should be capitalised upon – as opposed to laid to waste – given that questions of climate change, biosecurity hazards, environmental and resource depletion⁴⁵ are only due to become precipitously significant over the coming decades, if not century. There is much that Hong Kong stands to gain through fostering closer and better ties between China and ASEAN across these fronts.

ASEAN. There is a sizeable demand in green and sustainable finance from both China and ASEAN. The significant downside of climate change to the region (with an estimated 11% of ASEAN countries' GDP anticipated to be lost as a result of climate risks) renders tackling climate change a matter of vast urgency for the region. Indeed, many of the Green Recovery Plans of ASEAN economies – including green bonds and sukuk bonds (Islamic bonds) – are vastly resource-intensive, and call for substantial volumes of overhead capital and pre-committed investments designated for financing sustainability-related projects. Such an appetite and demand are reflected by the positive trajectory of increasing GSS bond issuance – from USD 0.3 billion in 2016, the total of bonds issued across ASEAN countries had experienced a steep increase, by over 96 times, to USD 24.4 billion in 2021. It is clear that the demand for and openness to the financialisation of ESG are both rapidly increasing in ASEAN – and Hong Kong is well-placed to meet the ensuing demands.

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When it comes to technology at large, it is clear that Hong Kong offers ASEAN firms and start-ups unrivalled access to capital and legal-infrastructure support. The above reforms would move to vastly reduce the barriers for entry and maintenance, pave over short-term contingency risks and costs, and cultivate a complete ecosystem and supply chain for the processing and sales of ASEAN technological products. Indeed, Hong Kong enables ASEAN firms to tap into the substantial and yet growing middle class in China, as a ready and reliable consumer base for their products. More fundamentally – and perhaps less discussed in existing policy advocacy and deliberation, the world-leading education facilities and high-quality human capital – attracted from overseas and Mainland China – renders Hong Kong a rare confluence of liquidity and intellectual innovation that ASEAN firms would benefit from. Hong Kong truly is where East meets West – thereby providing ASEAN and Mainland Chinese firms alike the perfect ground for incubation and cultivation of fresh ideas.

The relative proximity Hong Kong enjoys with both Southeast Asia and China would enable the cultivation of another ‘Great Boston’⁴⁶ of science and technology in Asia – one where international capital comes to fund ASEAN-, Mainland Chinese-, and Hong Kong-sourced companies in servicing the Asian market at large. Furthermore, the concentration of legal and technological/patent law talents in Hong Kong would allow for the robust protection of intellectual property rights and patents pertaining to innovation. All in all, Hong Kong remains the top destination for aspiring technological and start-up entrepreneurs.

China. Substantial green investments (an estimated USD 450 – 570 billion) would be required by China in order for it to achieve its very own green targets.⁴⁷ This opens up monumental opportunities for foreign investors, as well as creates needs for the meeting of international standards. Both are areas in which Hong Kong has a clear role to play – in virtue of our mature financial markets and high volumes of experts and concentration of expertise. China has – and can continually – looked towards Hong Kong for institutional and technical support on the undertaking of the ESG transition. The city’s internationally renowned and experienced services industries render it a preeminent pillar in China’s seeking to undertake

greater global leadership in the spheres of ESG and sustainability policymaking.⁴⁸

Chinese consumers stand to gain from the wide array of products and innovations generated through collaborative synergy between Mainland Chinese, ASEAN, and Hong Kong entrepreneurs, inventors, and scientists. Hong Kong offers such top-end talents by far the best and most liveable destination for such long-term research and collaboration. ASEAN consumers are very much interested in, and thus have their eye on closer relations with China via Hong Kong. There was a 69% and 25% increase in Chinese exports of traditional Chinese medicine to Vietnam and Malaysia, respectively, in 2019.

AREA 4: KNOWLEDGE AND THOUGHT LEADERSHIP

Policy proposals



1. Transform Hong Kong into a multilingual education destination for ASEAN students.
 - a. Expand university curriculum (in both undergraduate and graduate level) to offer courses that are centred around the past, present, and future of ASEAN, but also tailored to the needs of ASEAN students (e.g., in high-tech manufacturing, sustainability).
 - b. Collaborate with ASEAN governments in offering joint, bonded scholarships to high-potential ASEAN students – e.g. scholarships that would require ASEAN talents to work in Hong Kong and their home countries for fixed periods of time.
 - c. Offer public secondary school placements for ASEAN and Mainland Chinese students by leveraging extra capacity in Hong Kong’s English as Medium of Instruction schools.
 - d. Provide cultural awareness training to academics, teachers and school administrators to ensure that they understand and are sensitive to the needs of students with different religions and ethnicities.
2. Bring ASEAN countries into the fold of Hong Kong’s education and curriculum system and network.
 - a. Set up overseas campuses of Hong Kong universities in ASEAN countries to establish local networks and draw ASEAN talents to Hong Kong upon their graduation.

- b. Invite non-Hong Kong schools to adopt the Hong Kong curriculum and standardised examinations to increase reach and uptake across the world.
 - c. Invite representatives from leading Mainland Chinese and ASEAN universities to offer inputs into the design of Hong Kong standardised exams and curricula.
 - d. Offer offers and scholarships and living cost support to Mainland Chinese students seeking to study in ASEAN, with the condition that they must return to work in Hong Kong.
 - e. Reposition Hong Kong as the leading site for Chinese language and cultural learning in Asia, for students and migrants from ASEAN.
3. Reposition Hong Kong as a site where critical track-II conversations are held across a multitude of fields (e.g. economics, trade, people-to-people dialogue, culture and arts, climate change, artificial intelligence and technology).
- a. Support the establishment of and work closely with think tanks designated with the researching into and facilitating greater ties between China and the international community.
 - b. Regularly conduct and house large-scale, open dialogues on issues and topics of international interest, with international buy-in and participation.
 - c. Leverage Hong Kong's exceptional exhibition spaces as venues for a larger number of international exhibitions, festivals, and conferences.
 - d. Support and fund constructive ASEAN and China studies programmes at leading local universities, thereby re-establishing Hong Kong's role as a prominent and stellar hub for ASEAN and China research.
 - e. Introduce the regular fixture of the 'HK-ASEAN Forum', where leading voices, experts, and professionals from across Asia can assemble to discuss and debate the future of Asia.
4. Leverage the robust private and public sector wherewithal in Hong Kong and ASEAN to facilitate the creation of an expansive knowledge community.
- a. Fund and maintain regular exchanges and collaborative programmes straddling the bureaucracies and public sectors of Hong Kong and ASEAN economies, including Singapore, Indonesia, and Malaysia.
 - b. Fund and maintain talent mentoring programmes, where mentors are paired with mentees from across China (Hong Kong) and ASEAN, in spheres including but not limited to public policy and governance, finance and trade, ESG and sustainability, and academia.
 - c. Work with ASEAN governmental and non-governmental counterparts in co-sponsoring and supporting the introduction of leading international experts and academics – with joint positions across leading Hong Kong and ASEAN universities.
 - d. Expand joint-campus academic degrees and exchange programs between Hong Kong and Singapore universities for Hong Kong and ASEAN students.
 - e. Expand research agreements between Hong Kong-ASEAN research institutes, especially in fields relevant to ASEAN countries' economic development, e.g. Industry 4.0, sustainable tourism, and the 'Asian Way' etc.
 - f. Actively pursue the possibility of having the civil service, public agencies and bodies second early-career professionals to ASEAN headquarters – where they could cultivate first-hand insights into ASEAN's inner workings.

Feasibility

The above reforms concerning Hong Kong's education are distinctly possible. Hong Kong enjoys a substantially robust education regime – housing, as aforementioned, globally leading universities. The city produces students that score consistently high scores in international tests, such as PISA. Additionally, as it stands, the city's secondary schools most certainly have vacant spaces that can take in additional students: there are 60,000 unfilled quotas in secondary schools (15% in total) in the status quo, leaving many campuses comparatively under-enrolled.



Language and cultural training of existing administrators and educators – whilst a challenge – is by no means impossible. Hong Kong is the only place in the world that offers standardised examinations in both Chinese and English for all subjects. An overwhelming

concentration of the city's population is bilingual. It possesses a teaching force that is well versed in both Chinese and English, and can be expanded to include individuals who speak one or more of the languages most prevalent in ASEAN (e.g. Bahasa Indonesian, Filipino Tagalog, or Vietnamese). Hong Kong-ASEAN Foundation Limited, with an eye on strengthening the ties between ASEAN countries and the Greater Bay Area, has undertaken efforts to connect Hong Kong universities with their counterparts in Southeast Asia, through establishing scholarship and exchange programmes that can bring young, promising students and talents to Hong Kong. These programmes are anticipated to also enrich the understanding of young professionals in ASEAN, facilitating the cultivation of vital linguistic and cultural capital in the local community.

Hong Kong's mature exhibition and event-holding infrastructure renders it an ideal site for conferences and summits on issues of multilateral and international interest. Hong Kong possesses highly connected and well-resourced demographics that can come to serve as a leading site for track-II and civil society-based dialogue and exchange between China and the world.

Anticipated Benefits

Hong Kong. It would be futile to speak of Hong Kong as a site for China-ASEAN exchange, unless the city possesses both the human capital repository, as well as the connectivity and accessibility for counterparts across the region, to engage in genuinely transformative and in-depth education and training for youth and scholars around the world. Hong Kong cannot be the neck of the hourglass without undergoing an active pivot – and making active efforts – towards serving as a repository of understanding and knowledge of both China and ASEAN. Much of this is clearly doable: it is possible, with subsidies, incentives, and measures designed to build a holistic ecosystem, for Hong Kong to become the preferred destination and site of educational and academic exchange in the region. Yet this cannot occur without state-centric and -driven efforts, such as the ones outlined above.

Notably, ASEAN talents – both in terms of students and researchers/scholars – have much to offer Hong Kong, not just in virtue of their sheer numbers, but



also the rich cultural, religious, and political milieu in which they are situated. The ASEAN comprises a range of highly academically stimulating and fascinating countries, each endowed with rich cultural and historical legacies that deserve rigorous study, preservation, and transmission in understanding to audiences in Greater China. The fact of heterogeneity and cultural diversity also applies to China, a unitary state with a plurality of ethnicities and cultures – in relation to audiences and learners in Southeast Asia. Hong Kong is best placed to house dialogues and conversations around such topics, with its world-class and rankings-topping higher education institutes. Yet such institutes alone cannot broker this nascent *modus operandi* – it is only with governmental authorisation and support, that such expansion in scope and focus could be accomplished. The above measures targeting university and higher education are thus most seminal.

To achieve true education and academic synergy with ASEAN and Mainland China at large, however, it is imperative that Hong Kong schools and educators start small – in primary and secondary schools. Bringing in students from ASEAN countries, through scholarships, subsidies, and other positive studentship opportunities, as well as increasing the frequency and depth of exchange with counterparts in Southeast Asian schools, is vital in fostering cross-cultural linguistic competences and comprehension. Much of this requires support and coordination from the Education Bureau, but also from private actors who are invested in the successes of Hong Kong's relationship with ASEAN at large.

Furthermore, as the most international and globalised city in China, there exists much room for track-II diplomacy within Hong Kong – that is, diplomatic efforts and initiatives conducted by private citizens, in complementing and co-existing alongside track-I (official) diplomatic efforts. Hong Kong, with its cultural, linguistic, and historical diversity, is most suited to serving research programmes and initiatives, thinktanks and ideational communities, tasked with investigating the consolidating of China-HK-ASEAN collaboration. Hong Kong can most certainly facilitate dialogues and discussions across business, financial, and academic communities on areas of regional – if not – international importance. This, in turn, shall prove to be a unique niche it can occupy in relation to the rest of China.

Hong Kong's unrivalled civil service, public bodies, transparency- and accountability-enforcing agencies, as well as broader efficiency and institutionalism in governance are all virtues that can and should be shared; on the other hand, the dynamism, creativity, and innovativeness of governments in Southeast Asia, also offer their counterparts in Hong Kong unrivalled insights into how to govern and serve substantial populations such as those in the region

A complementary dimension to this, is Hong Kong's role as a capacity-builder. Hong Kong's unrivalled civil service, public bodies, transparency- and accountability-enforcing agencies, as well as broader efficiency and institutionalism in governance are all virtues that can and should be shared; on the other hand, the dynamism, creativity, and innovativeness of governments in Southeast Asia, also offer their counterparts in Hong Kong unrivalled insights into how to govern and serve substantial populations such as those in the region. Given the above, it is only reasonable that Hong Kong aspires to platform and convene such knowledge exchange dialogues and initiatives⁴⁹ – including workshops, trainings, and other educational initiatives directed towards bridging the cultural and national gaps between ASEAN and China.

ASEAN. It is clear that there exists an increased demand for bilingual education with Chinese cultural connections from ASEAN, in light of the closer economic ties between China and ASEAN. Many ASEAN students are increasingly interested in studying abroad in the Chinese-speaking world. Additionally, with the increasing number of overseas universities setting up campuses in ASEAN countries (e.g. Monash University campus in Indonesia; Royal Melbourne Institute of Technology campus in Vietnam, and the joint degrees offered by Regis and Ateneo Universities), it is evident that there exists substantial interest on the part of ASEAN students in enrolling in international universities from outside the region.

As for researchers and scholars, the exceptional pay offered by Hong Kong is highly attractive for academics from across the world. Provided that the residual barriers to entry and access are eliminated through the aforementioned measures, their likely migration to Hong Kong would bring with it an unrivalled range of perspectives and views that both enliven and consolidate the quality of scholarship within the city.

Indeed, with its close proximity to the mainland, and its being a part of China, Hong Kong enables ASEAN scholars involved in China studies to gain a first-hand and direct understanding of the mechanics and trajectory of Chinese society and politics.

Finally, when it comes to Chinese language training, existing initiatives and programmes in Southeast Asia may not suffice in meeting the voluminous demand (aside from, perhaps, Malaysia and Singapore, where there exist large Chinese-speaking populations). Hong Kong's role as a language teaching hub, then, shall become increasingly valuable as ASEAN businesses and firms seek to increase their presence in the mainland. The age-old question of 'why not mainland' could be answered through noting that as compared with the rest of the country, Hong Kong remains a more international and culturally accommodative, cosmopolitan city – and a highly liveable city, at that. Hence it is in ASEAN economies' interest for Hong Kong to strengthen its role as a regional education destination.

China. Whilst Hong Kong's role as an education and intellectual hub is perhaps less discussed within China's clearly laid-out vision for the city, it is apparent that China could only stand to gain from a more regionally linguistically proficient population well versed with the cultural idiosyncrasies and traditions of ASEAN counterparts, as well as an ASEAN that is more integrated into Hong Kong's international education and academic networks. A heightened level of intellectual exchange feeds into the objective of people-to-people exchanges within the Belt and Road Initiative, as well as serves to improve international comprehension and interest in China, thereby ameliorating potential misunderstandings and facilitating the cultivation of friendships between the Chinese and their ASEAN counterparts.⁵⁰

Additionally, with Hong Kong a secure and stable part of China, it would be in China's interests to permit track-II dialogues oriented towards the enabling of more multidimensional entente between Mainland Chinese, Hong Kong, and ASEAN citizens, thereby paving the way for constructive collaboration over areas such as climate change, technological regulation, trade and development, and cultivation of deeper understandings of the 'Asian Way' and the 'China Model'⁵¹. Hong Kong certainly has a role to play in relation to facilitating a more balanced and realistic understanding of China's present state of development in the world.

AREA 5: CULTURE AND ARTS

Policy proposals



1. Work proactively with ASEAN counterparts in facilitating inter-Asian cultural exchange.
 - a. Organise regular (e.g. four times a year) Hong Kong Cultural and Arts Symposia featuring leading practitioners, speakers, academics, theorists from the field.
 - b. Collaborate closely with leading ASEAN artistic bodies, organisations, and groups in conducting cross-ASEAN-China cultural exchanges and visits.
 - c. Liaise and engage with international arts bodies and societies including but not limited to the Asia Society, Goethe Institute, Japan Foundation, in advancing intercultural dialogue and exchange between ASEAN and abroad.
 - d. Conduct strategic practical research oriented around how to increase and maintain public interest in the arts – and apply such research accordingly to policymaking.
 - e. Provide direct funding or loan guarantees for local cultural enterprises to cover deficits or shortages in funding.
 - f. Partner with cultural ministries, museums, and performance venues in ASEAN to host Chinese culture- or Hong Kong-themed events and performances by Hong Kong artists for international audiences.
 - g. Organise and subsidise ASEAN exchange programs for Hong Kong university students studying arts and cultural management to develop cultural talents with ASEAN exposure
2. Develop Hong Kong as a home-base for culture creators, ranging from artists, performers to internet influencers from China and ASEAN.
 - a. Build Asia-focused cultural creation sites providing low-cost community working spaces, modern facilities, and collaborative canvas and terrain for ASEAN and Chinese creators.
 - b. Create specialised sponsor-free visas and subsidised training programmes to attract creative talents, who may have difficulty finding employer sponsorships.
 - c. Initiate creator-in-residence programs to identify and attract world-renowned artistic talents, to pair them up with local practitioners and creators in mentorship relations.
 - d. Accelerate development of Non-fungible Token (NFT)-related rules and regulations to ensure the timely development of NFT art marketplaces in Hong Kong.
 - e. Create a 'freeport' facility with secure artwork storage warehouses and service support near the Hong Kong International Airport.
3. Transform Hong Kong into a centre of contemporary, avant-garde arts and culture.
 - a. Invite and fund leading practitioners of contemporary Chinese arts to engage in regular workshops and exhibitions with local performing arts talents.
 - b. Encourage and legalise 'street performances' of 'community art' in public spaces in Hong Kong.
 - c. Host cultural events, festivals, and exhibitions to celebrate the common cultural and artistic ties between Hong Kong and the ASEAN.



- d. Establish leading cultural institutes specialising in diasporic cultures and identities – e.g. of Cantonese, Hokkien diaspora in ASEAN.
 - e. Establish a ‘popular arts fund’ dedicated to the harnessing of local pop cultural talents and the dissemination of their works over the world.
4. Rebrand and reform Hong Kong into a comprehensively attractive tourist destination for tourists from ASEAN.
- a. Transform Hong Kong into the premier hub and venue for regional sports leagues and competitions.
 - b. Establish a Hong Kong-Singapore fashion week with themes oriented around various Southeast Asian fashion elements – e.g. Cheongsam and Beju Melayu.
 - c. Systemically invest and research into eco-tourism, historical-cultural tourism, and other forms of tourism that seek to preserve the distinctiveness of the Hong Kong identity.

Feasibility

Hong Kong is highly recognised as a nexus of cultural production and consumption amongst ASEAN countries. Hong Kong also possesses world-renowned cultural venues, exhibitions, and auction houses – it is one of the only four global venues for Art Basel, the second largest auction market for artworks across the world, with 23% of the global market share in 2020. M+ is Asia’s first global museum of contemporary visual culture and arts. None of this is to say that reforming and consolidating Hong Kong’s advantages in the arts and cultural industry would thus be smooth-sailing – after all, soft infrastructure and human capital are all the more vital when it comes to cultural and artistic production, curation, management, and planning. It is, however, to say that the city has vast potential in providing the spaces and resources required for talents to grow – what is now needed, is a cogent and streamlined arts policy that orients arts around the artists, the practitioners, and the producers.

Hong Kong-ASEAN Foundation Limited – and its strategic advisors – is in the process of working with leading practitioners in the cultures and arts to devise a comprehensive proposal for facilitating artistic sharing and capacity-building across ASEAN, leveraging the



exceptional experience Hong Kong has to offer on this front. Indeed, leading figures in Asian arts such as Danny Yung⁵⁰ and Uli Sigg⁵¹ have repeatedly affirmed the need for Hong Kong to serve as a centre for cultural exchange and dialogue in the region.

From a financial perspective, the volume of high net worth individuals’ art and collectible wealth in Asia has increased substantially over recent years – from USD 370 billion in 2018 to USD 455 billion in 2023.⁵² Just in the 2020-21 year alone, the sales volumes of art dealers has increased by 31% in Asia.⁵³ The core question, then, is how such strengths can be capitalised upon in ensuring that arts are not just accessed as exotic goods by the few, but as popularly understood and interacted-with public goods. Popularisation of the arts remains a challenge for cities and countries all over the world – Hong Kong is not an exception. Yet this also points to directions for reforms and rethinking that the city must take seriously: how can we make arts available for all, and preserve culture that has and truly does matter to us all?

Anticipated Benefits

Hong Kong. From an economic perspective, there exist substantial rewards to be reaped from Hong Kong’s becoming a regional cultural hub.

8.4% of New York City’s GDP in 2020 – USD 127 billion – stems from the arts and cultural sector, one of the few sectors that remains universally agreeable and renowned, capable of withstanding geopolitical and economic headwinds at large. Whether it be Broadway in New York, West End in London, the two other leading ‘world cities’ clearly are steeped in cultural traditions and legacy that – frankly – Hong Kong hitherto lacks. Hong Kong’s West Kowloon Cultural District most certainly has the potential of replicating – even surpassing – these cultural landmarks, yet what is needed here is not just consolidation, but also an added orientation to the city’s cultural policy: a greater emphasis upon China-ASEAN synergy.

A considerable and measured push for more open-minded, inclusive, and pluralist cultural production and curation in Hong Kong, would be vital in revamping and rebooting the city’s image in the aftermath of the past few years of turmoil. Hong Kong stands at the unique intersection of China and the rest of the world



– it bathes in the richness of Chinese culture, yet also adds its own distinctive flavours and customisation to traditions and heritage. Through such organic synthesis, Hong Kong comes to play a crucial role in the internationalisation and global transmission of Chinese culture – but also as a textbook exemplar for a different dimension or aspect to China that observers may not see in the mainland.

More generally, whilst tourism has historically been a vibrant and instrumental pillar of Hong Kong's economic and industrial policy, the pandemic and ensuing restrictions have most certainly put a damper on the industry, with revenues severely hit by the quarantine and entry regulations. Now that Hong Kong is well on its way towards normalisation and revitalisation of its economy, it is high time that it considered how it could enhance and augment its cultural policies in ways that reflected both the zeitgeist and character of its people – as well as attract new visitors. With a distinctive blend of nature and modernity, Hong Kong is well-suited to remain as a leading hub for tourism and commerce in not just the Greater Bay Area, but the entirety of China and Southeast Asia. Drawing upon elements of Southeast Asian culture (via Hong Kong's strong connections with the overseas Chinese diaspora) and incorporating them into the way we narrate and understand our own histories, would be pivotal in ensuring the continued flourishing of the city's tourism industry.

ASEAN. Asia's appetite (and thus market) for arts and culture is rapidly growing – bringing in a projected revenue of USD 455 billion in 2023. 96% of the Southeast Asian artworks in Sotheby's 2022 Hong Kong auctions were sold – indicative of a very high level of eager demand for such works in the Hong Kong arts market, which is itself highly diversified and internationalised in demographics and capital origins. In 2020, Hong Kong ranked second in arts sales globally, behind only New York, taking up over 26% of the global arts market share.⁵⁴ A Hong Kong that is more embedded within the ASEAN cultural and artistic ecosystem, is one that can better serve as a platform for inter-Asian transactions and transfers of artworks, thereby facilitating greater cross-country cultural synergy.

Additionally, Hong Kong possesses talents well versed in Web 3.0 technologies (e.g. NFT and blockchain) that would be essential in supporting a more efficient, streamlined, and expansive model of transactions over artworks, as well as arts curation and management. Just in June this year, Hong Kong hosted ARTAVERSE – one of Asia's largest NFT and Outdoor Exhibitions.⁵⁵ The city offers blockchain platforms an ecosystem that is unrivalled in its globalisation and internationalism; through the deep pools of human capital, such platforms can easily unlock pioneering technologists, coders, and programmers, of which there is no shortage in the city.

More generally, the above reforms would be pivotal in both shoring up the ASEAN-friendliness and -orientation of Hong Kong as a tourist destination, as well as the room for prospective collaboration and cultural exchange (e.g. via tours, exchange visits, and beyond) between tourism providers in ASEAN and Hong Kong. This builds on the pre-existing synergy the city enjoys with ASEAN on opening up to unfettered and unrestricted access by international visitors. The richness of Hong Kong's environs and settings allows for ASEAN tourists to access a highly eclectic and diverse range of experiences in the city – ranging from top cuisine and F & B opportunities, to tours of the pristine countryside, to the city's rapidly evolving and modernising arts and cultural scene.

Much more should be done to capture the distinctive connections Hong Kong shares with the overseas Chinese diaspora communities, who are ASEAN citizens and have made Southeast Asian nations their home, and in so doing, have come to develop sui generis cultures fusing traditional Chinese and Southeast Asian elements. Preserving, narrating, and promoting such cultures are responsibilities that should be taken up by ASEAN countries and Hong Kong alike.

China. A core emphasis placed by the Central Administration in its vision for Hong Kong's future, is that Hong Kong must proactively play the role of telling China's story well. This requires Hong Kong to go above and beyond formalities and rigid discourses, to embrace and reimagine – and then communicate – the multifaceted and dynamic nature of the 1.4 billion-strong country of which it is a part:

China. Only through embracing Chinese culture and combining it with the many influences that Hong Kong has historically interacted with or been influenced by, could Hong Kong develop a distinctive and constructive narrative concerning the contemporary China story. This must be achieved through measures such as the above, which proactively orient the city as the epitome of where East meets West, and where China meets the world. The future of Hong Kong must be intertwined with its country – it is thus its responsibility and duty to contribute towards better international understanding of China.

What Can We Do? – Five Core Action Points for the Business Community

Given the above, what can we do as the business community? How can we contribute towards making the above happen? The following are five core action points that we could consider:



Seizing upon the economic and financial opportunities offered by the ASEAN. Shape the future of the China-ASEAN relationship through setting up dedicated desks for ASEAN markets and hiring ASEAN professionals. Increase collaboration with ASEAN-based partners – e.g. funds, banks, corporations – to identify new business opportunities. Work closely with ASEAN communities in a bottom-up manner to identify ways of attracting ASEAN tenants, talents, and professionals to base their operations in Hong Kong.



Pioneering the innovation and technological growth of the ASEAN market through establishing incubator funding and support for pilots and scaling-up of start-ups in the region. Connect with ASEAN start-up communities for potential partnerships and acceleration. Set up joint ventures and partnerships between Mainland Chinese, the ASEAN and Hong Kong laboratories, start-ups and research units.



Developing a genuine, holistic one-stop hub for educating the future talents and leaders of ASEAN. Cultivate more school boarding capacity and scholarships to fund and enroll incoming students from the ASEAN. Expedite the broadening of linguistic diversity in our curricular offering and foster more culturally embrative and pluralistic campuses. Reach out to ASEAN universities, academics, and students through systemic and resounding outreach.



Investing into co-creating a cultural metropolis that draws together the best of Chinese and Southeast Asian cultures. Funding and hosting artistic exchanges and visits, workshops and symposia, and collaborative and multidisciplinary performances. Bringing together local and ASEAN creators for projects spotlighted and platformed by the Hong Kong private sector and beyond. Encouraging and devising more joint artistic ventures between China and Southeast Asia.



Funding and supporting high-quality policy research, track-II diplomatic dialogue and conversations, and capacity-building-oriented people-to-people exchanges. Working with public and private sectors of ASEAN governments to devise policies and projects compatible with corporate ESG values. Sponsoring high-level civil society exchanges and dialogues. Working with administrations and governments in improving the level of connectivity between ASEAN and China.

Conclusion – Towards a Shared Future for Asia and the World

Scholar Gayatri Spivak once asked in her seminal 1988 essay, 'Can the Subaltern Speak?'

When that essay was published in 1988, the total GDP of the six countries that then comprised ASEAN members (Thailand, Philippines, Malaysia, Singapore, Indonesia, Brunei)⁵⁶ was USD 247 billion. Three decades on, in 2018, the total ASEAN GDP was USD 3 trillion – a twelve-fold leap. In 1988, China's GDP was USD 3.1 trillion. In 2018, that had soared to USD 13.9 trillion.

Action speaks louder than words. Asians can speak to a distinctive set of values and norms that underpin their commitments towards sustainable, balanced, and contiguous growth. Asians can speak to a vision of multi-lateralism and multi-polarity, with an understanding that the world is better off through more, not fewer, ties; without wars, and without undue imposition of ideals and values on populations that are inimical to them. Asians can speak up by themselves, as opposed to for others.

Southeast Asia and China alike have been prime beneficiaries of globalisation – and are now stepping up to be the economic powerhouses driving global economic growth through the 21st century. With great power comes great responsibility. We must step up to embrace such responsibilities. The case for international cooperation has never been stronger.

Hong Kong is a city with a heart of gold. Its unique tenacity, constant fervour, and openness to new ideas and talents render this a home that we all cherish and love dearly. As the city turns a new leaf in the implementation of 'One Country, Two Systems', it is high time, too, that Hong Kong steps forward and up to the mantle of connecting China with the ASEAN, and Asia with the world. This is a vision that we can all play a part in shaping and enabling.

Both China and ASEAN countries understand this fact. Leveraging the interconnectedness and multi-culturalism of Hong Kong, the Belt and Road Initiative is a cornerstone of China's vision for the world's future – one where trade routes and commercial collaboration can occur between economies, with the primary recipients and beneficiaries of such synergy being the peoples, as opposed to the select few, of such economies. Underpinning its vision of multi-polarity, then, is healthier and more robust relations between the country and its ASEAN counterparts, many amongst whom share its vision of development without unfettered inequality, rise without hegemony, and a world where different countries can live in peace and understanding. It is for such global harmony and honest understanding that we strive, and it is with such ideals in mind that we commit to a better future of China-ASEAN relations. Here's to a better and brighter future for China, ASEAN, and Hong Kong!

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Hong Kong-ASEAN Foundation Limited serves as a platform to promote mutual understanding between Hong Kong and the ASEAN, and to deepen cultural and economic ties between the two areas.

We seek to promote public interest, mutual understanding, appreciation, and to support education, research and studies in ASEAN cultural heritage, histories, customs and cultural properties as well as foster greater awareness of collaboration opportunities for the benefits of Hong Kong and the ASEAN.

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