

The Hong Kong Institution of Engineers Conference

“Our Hub • Your Future in Belt and Road”

7 April 2017



THE
LAW SOCIETY
OF HONG KONG
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“The Belt and Road Initiative” from a Legal Perspective

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Belt and Road

- **Over 60 countries** with an estimated population of **4.4 billion people** (about 63% of the world total)
- Gross aggregate economic value of areas covered is about **US\$22 trillion** (about 30% of the world total)
- Opening up of markets for trade and investment.
- Large scale infrastructure.



Role of Hong Kong

13th Five Year Plan (2016-2020) of China

- **international legal and dispute resolution services**
- international financial, transportation and trade centres
- global offshore Renminbi business hub
- international asset management centre



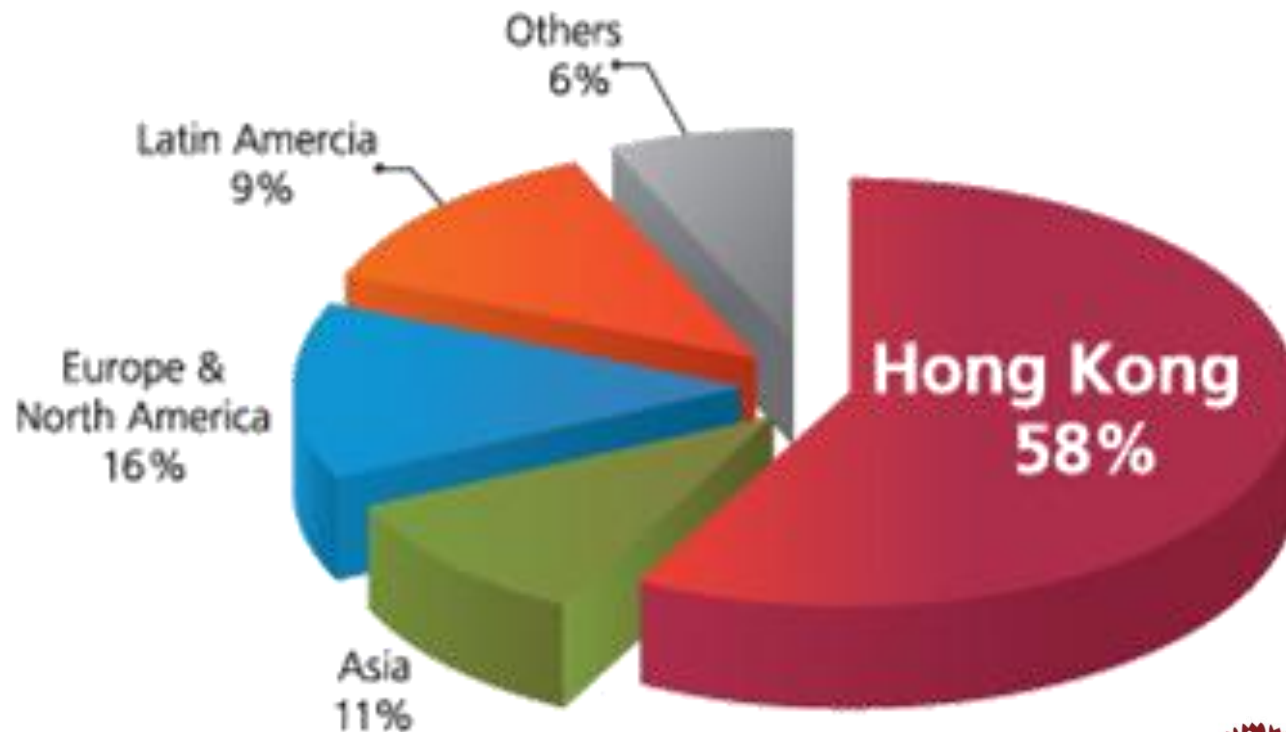
Role of Hong Kong

13th Five Year Plan (2016-2020) of China

- **Super connector**
- The advantage of our **commercial** and **legal** infrastructure as a **one-stop shop**
- A significant role in **connecting** China and the world



Destinations of China's Outward FDI Stock (end-2014)



approximately
US\$73 billion

Source: Ministry of Commerce of the People's Republic of China



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Opportunities for the Legal Sector

- Strong Rule of Law
- Demand for legal services
 - E.g. Due diligence, financing, contract negotiation, drafting and enforcement to dispute resolution for cross-border infrastructural projects
- Experienced legal practitioners, Reputable law firms



Opportunities for the Legal Sector

Figures – the legal profession as at February 2017:

- Over 10,400 solicitors
- 874 law firms
- 82 foreign law firms, from 20 different jurisdictions
- 1350 foreign registered lawyers from 32 jurisdictions



Opportunities (cross-border issues)

- Cross-border differences should be well coordinated to achieve the objectives of **policy coordination, facilities connectivity, unimpeded trade and financial integration.**
- The legal profession in HK **has well-established international networks and rich experience** in handling cross-border issues.



Opportunities (limited liability partnerships)

- Lawyers are allowed to operate as **limited liability partnerships** under the current legal framework in HK.
- Partners are only responsible for their **own default**, or for **the default of an employee, agent or representative who is under the supervision of the partner.**
- Incentives for lawyers to join forces to merge and expand their operations → more resources for large scale projects



Opportunities (risk management education)

- Introduced a statutory mandatory risk management education programme for legal practitioners since 2004.
- **Ready to offer trainings on risk management to those Belt and Road jurisdictions that are interested.**



HK as an International Arbitration Centre

- HK has arrangements for **reciprocal enforcement of arbitral awards with >150 countries.**
- The adoption of the **United Nations Commission on International Trade Law (UNCITRAL)** Model Law in our Arbitration Ordinance has equipped us to serve international clients.



Advantages of opting for Arbitration in HK

1. **Rule of law and judicial independence**
2. **Pro-arbitration stance of its courts**
3. Arbitration has **advantages** over litigation
4. **Confidential**
5. Revamped **Arbitration Ordinance**, efficient courts, arrangement concerning mutual enforcement of arbitral awards between the **Mainland and HKSAR.**





Platform for Belt and Road (Infrastructure Financing Facilitation Office)

- The HKMA established the **HK Infrastructure Financing Facilitation Office** in July 2016
- A platform which helps to facilitate the financing of infrastructure projects under the Belt and Road Initiative
- Exploring opportunities to provide support to investors in their Belt and Road investments



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Asia Infrastructure Investment Bank (AIIB)

- Support the building of infrastructure in the Asia-Pacific region
- Launched 2 years ago with 57 founding members. HK will become a non-sovereign member later this year
- HK's strengths as **the leading capital and financial hub for trade settlement, financing and asset management** have been recognised by the AIIB
- Becoming an AIIB member strengthens HK's position as the premier financing platform to participate in Asian infrastructure projects
- AIIB's arbitration centre





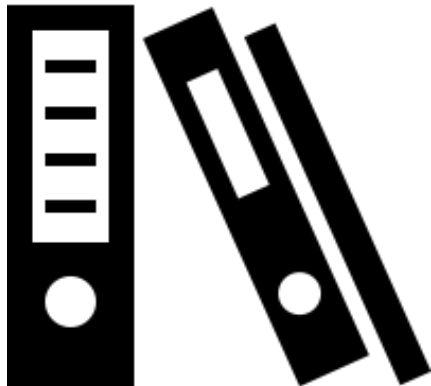
Challenges for the Legal Sector

- Increasing competition
- Lack the experience in handling services in Central, West or South Asia
- Chinese and English may not be widely used in some Belt and Road countries



Platform for Belt and Road

The Law Society of Hong Kong Belt and Road Committee



- Understanding Belt and Road policies and programs
- Setting up portal (database of law and lawyers)



Platform for Belt and Road (Belt and Road Conference)

- **International Belt and Road Conference** on **12 May 2017** organised by the Law Society of Hong Kong
- The Conference programme will cover **cross-border trade** and **technological advancement in legal practice**.





Opportunities or Challenges?