# Hong Kong's role in the Belt and Road: from super-connector to value-adding partner

Special edition of the *Navigator* report for the Belt and Road Summit 2025 in Hong Kong

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# Preface

This year marks the 12th anniversary of the Belt and Road Initiative (BRI). As the world undergoes profound changes not seen in a century, key global issues such as economic globalization, supply chain restructuring, rapid artificial intelligence (AI) development, climate challenges and environmental, social and governance (ESG) concerns – are drawing increasing attention. Against this backdrop, the 10th Belt and Road (B&R) Summit, held in Hong Kong under the theme "Collaborate for change. Shape a shared future", carries special significance. The Summit serves as a vital platform for advancing the BRI – bringing together partner countries to foster mutual growth, collaboration and shared success. It also highlights Hong Kong's strategic role in promoting regional cooperation, multilateral engagement and sustainable development.

Over the past 12 years, Hong Kong has been deeply engaged in national strategies and has evolved from a participant to a key driver and value creator in advancing the BRI. This transformation highlights Hong Kong's unique ability to align national strategic priorities with its own strengths, enabling seamless integration and efficient execution. At the policy level, Hong Kong plays an irreplaceable role as a strategic hub of the "One Country, Two Systems" framework and a close coordinator of national policies. In finance, trade and professional services, Hong Kong stands out as a globally competitive center for capital operations, resources allocation and professional services. Culturally and in terms of talent, it is a vibrant melting pot and a nurturing ground for future leaders.

Today, as the BRI enters a new phase focused on high-quality development, Hong Kong must go beyond its role as a "super-connector" and become a "value-adding partner," contributing greater innovation and strategic insight.

Looking ahead, by leveraging the institutional strengths of "One Country, Two Systems", the strong support of the nation and the platform of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), Hong Kong can bridge mainland resources with global markets, energize both the real and digital economies, and deepen connectivity with regions including the Middle East, ASEAN, Eurasia and Latin America.

We hope this publication inspires strategic thinking and supports informed decision-making for businesses seeking transformation opportunities. As we embark on a new journey to build a high-quality B&R, let us move forward together, continuing to contribute Hong Kong's unique strengths toward achieving national success and shared prosperity.

**Jack Chan**

EY China Chairman
EY Greater China Regional Managing Partner

# Executive summary

As a key strategic hub of the BRI, Hong Kong leverages its unique advantage under the "One Country, Two Systems" framework to connect the Chinese mainland with global markets, playing an irreplaceable role as a "value-adding partner". This role goes beyond serving as a bridge; it is rooted in a highly collaborative B&R ecosystem built on five pillars: policy, finance, industry, professional services and talent & culture – making Hong Kong a true engine of value creation within the B&R.

**The five pillars of Hong Kong's BRI ecosystem**

### Policy and institutional framework

Hong Kong capitalizes on its sound legal and institutional environment to establish communication mechanisms and information exchange platforms between the Chinese mainland and the international community. These platforms align regulations, planning, standards and policies, fostering connectivity and mutual trust across regions and business communities.

### Financial hub

As a world-class financial center and offshore renminbi (RMB) hub, Hong Kong provides comprehensive financing channels for B&R projects – from equity financing and bond issuance to asset management. Its mature insurance and reinsurance markets also offer risk protection for large-scale infrastructure projects.

### Industry and trade

Renowned for its robust operations, stringent regulation and high efficiency, Hong Kong's international shipping and aviation hubs support the flow of goods, data and services along the B&R, facilitating resource allocation and operations across multinational and regional supply chains.

### Professional services

Hong Kong brings together top-tier professionals in law, accounting, arbitration, consulting and engineering, offering internationally compliant "one-stop" solutions for complex cross-border projects and providing strong backing for enterprises going global.

### Talent and culture

With its unique blend of Eastern and Western cultures and globally minded talent pool, Hong Kong nurtures professionals with cross-cultural and multilingual communication skills for the B&R development, while promoting "people-to-people connectivity" among participating countries.

Looking ahead, to achieve a strategic upgrade from "super-connector" to "Value-adding partner," Hong Kong must transform into a core hub that actively aggregates, allocates and enhances global resources. This transformation involves deepening connectivity with the GBA, the Middle East, ASEAN, Eurasia and Latin America, while consolidating its leadership in international finance and high-end professional services and strengthening competitiveness in innovation, technology and the digital economy. Key initiatives to support this vision include establishing a Green Technology Board, creating a Cross-Border Green Bond Connect mechanism, building cross-border digital service platforms, promoting mutual recognition of professional service standards, attracting large enterprises to set up captive insurance companies in Hong Kong, launching a B&R Fast-Track Program for enterprise setup, and establishing a B&R Training Center. Through industrial upgrading, institutional optimization and functional enhancement, Hong Kong will become a vital platform for B&R collaboration – effectively linking the Chinese mainland with partner markets and driving high-quality regional economic development.

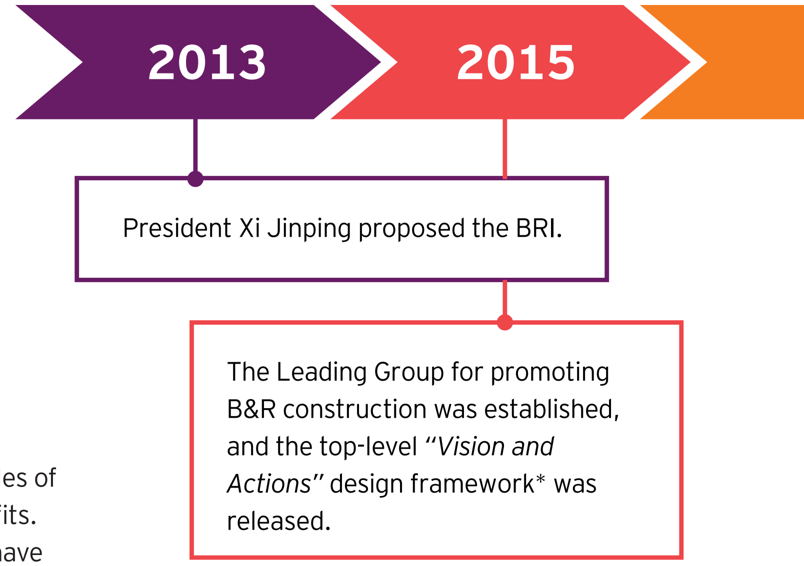
Given the deepening economic and trade ties between Hong Kong and the Middle East in recent years, this report also focuses on the Middle East – particularly the six member countries of the Gulf Cooperation Council – analyzing the current state and potential of Hong Kong-Middle East connectivity from three dimensions: macroeconomics, tax environment and key industry opportunities.

# Overview of the Belt and Road Initiative

**The year 2025 marks the 12th anniversary of the BRI, which has grown into one of the world's largest, most extensive and most influential international economic cooperation platforms. To date, China has signed over 200 cooperation agreements with more than 150 countries and 30 international organizations. The BRI concept has been incorporated into outcome documents of the United Nations, Asia-Pacific Economic Cooperation (APEC) and other international frameworks, and has been aligned with global and regional development agendas such as the UN 2030 Agenda for Sustainable Development, the ASEAN Connectivity Strategic Plan, the African Union's Agenda 2063 and national strategies like Saudi Arabia's Vision 2030 and the United Arab Emirates (UAE)'s 50-Year Development Plan.**

Over the past 12 years, the BRI has adhered to the principles of extensive consultation, joint contribution and shared benefits. Its scope, areas of cooperation and levels of engagement have continued to expand, delivering fruitful results.

Figure 1: Key milestones in 12 years of B&R development




## Significant growth in trade and investment

- Goods trade
  - The total import and export volume of goods between China and B&R partner countries **has reached US$26 trillion cumulatively**.
  - In 2024, the figure exceeded US$3 trillion, **nearly doubling** compared to 2013.
  - Partner countries account for more than 50% of China's total imports and exports, an increase of 11.5 percentage points since 2013; in the first half of 2025, the share further climbed to **51.8%**.
- Direct investment
  - Cumulative two-way investment has **exceeded US$500 billion**.
  - China's non-financial direct investment in partner countries accounts for **more than one-quarter** of the total.
- Overseas contracted projects
  - Completed turnover has **exceeded US$1.6 trillion** cumulatively.
  - New contracts and completed turnover for projects undertaken by Chinese enterprises in partner countries account for **more than 80%** of the total.

## Advancing both hard and soft connectivity

- Steady progress in infrastructure "hard connectivity"
  - Chinese airlines operate 821 international routes, connecting 78 cities in **44 partner countries**.
  - China-Europe freight trains now reach more than 300 cities across **37 Eurasian countries**, with over **110,000 trips** completed and goods worth more than **US$450 billion** delivered.
  - Landmark projects such as the Jakarta-Bandung High-Speed Railway in Indonesia, the Mombasa-Nairobi Standard Gauge Railway in Kenya, the Port of Piraeus in Greece and the Chancay Port in Peru have boosted transportation development and industrialization in partner countries, linking them to the global economy.
- Continuous improvement in policy and standards "soft connectivity"
  - China has signed B&R cooperation documents with more than **150 countries** and **30 international organizations**, advancing mechanisms for development alignment with partner countries.
  - The Standardization Administration of China has signed 54 cooperation agreements with standardization bodies in **43 partner countries** and established the B&R standards information platform to promote international exchange and cooperation.

**2017**

- The first B&R Forum for International Cooperation was held, setting future directions and mapping out a concrete roadmap for B&R cooperation.
- The 19th CPC National Congress incorporated B&R development into the Party Constitution.

**2022**

*The report of the 20th CPC National Congress* called for promoting high-quality B&R development.

**2023**

- The third B&R Forum for International Cooperation was convened, where President Xi announced eight major steps to support high-quality B&R development.
- *The Outlook on the Development of the BRI for the Next Decade* was released, outlining vision, strategies and practical measures for the next 10 years.

**2024**

The third plenary session of the 20th CPC Central Committee adopted *the Decision on Further Deepening Reform and Advancing Chinese Modernization*, which included improving mechanisms for promoting high-quality B&R development.

*Source: Public information, compiled by EY.*
Note: "The Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road"

## Supporting financial connectivity

- Growing international recognition of the RMB
  - China has signed bilateral local currency swap agreements with **31** partner countries.
  - RMB clearing arrangements have been established in **19** countries.
- Diversified financing channels
  - The Asian Infrastructure Investment Bank (AIIB) has approved more than **300 projects**, with total financing exceeding **US$60 billion**, mobilizing over **US$200 billion** in capital.
  - The Silk Road Fund has invested in projects across more than 70 countries and regions, with committed capital exceeding **US$25.8 billion**.
  - The Export-Import Bank of China's outstanding loans for B&R projects amount to **RMB2.5 trillion**, covering more than 140 partner countries.

## Significant progress in digitalization and green transition

- China has signed memorandums of understanding (MoUs) on investment cooperation in digital, green and blue economy sectors with **more than 50** partner countries.
- Cooperation with partner countries in green infrastructure, green energy and green transportation continues to advance, making green development a defining feature of high-quality B&R cooperation.
- China is deepening collaboration with partner countries in artificial intelligence, big data, cloud computing, the Internet of Things, as well as in cross-border e-commerce, digital payments and smart logistics, jointly promoting digital transformation. The number of "Silk Road e-commerce" partner countries has increased to **36**.

*Sources: China's National Development and Reform Commission (NDRC), China's Ministry of Commerce (MOFCOM), General Administration of Customs of China (GACC), Civil Aviation Network, National Railway Administration, Belt and Road Portal, State Administration for Market Regulation, People's Bank of China, People's Daily Overseas Edition, Silk Road Fund official website, State Council Information Office, National Data Bureau, compiled by EY.*

# Hong Kong's Belt and Road ecosystem

**Hong Kong's role in the B&R goes far beyond that of a simple participant. Its core competitiveness lies in seamlessly aligning national strategic needs with its unique advantages and efficiently transforming them into tangible outcomes. This chapter reviews Hong Kong's achievements and progress in the five pillars of the B&R ecosystem – policy, finance, industry, professional services and talent & culture – and provides recommendations for future development.**

## 1. Strengthening policy coordination through central and local collaboration

Leveraging its unique advantage under the "One Country, Two Systems" framework, the Hong Kong Special Administrative Region (HKSAR) plays an irreplaceable role as a strategic hub in the B&R. Hong Kong's capitalist system and high degree of autonomy enable it to operate independently in areas such as law, finance and trade, making it a vital bridge between the Chinese mainland and other countries and regions.

The central government has long supported Hong Kong in consolidating and enhancing its international status and developing a diversified economy, particularly in playing a key role in B&R development. Major measures include:

- 2017: The NDRC and the HKSAR government signed *the Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the BRI*, outlining 26 specific measures across six priority areas: finance and investment, infrastructure and shipping services, trade and economic cooperation, people-to-people connectivity, promoting the GBA and strengthening cooperation in dispute resolution services. These measures serve as the guidelines and blueprint for Hong Kong's participation in the BRI. In 2018, a joint meeting mechanism was established to provide a direct communication platform between the HKSAR government and central ministries, enabling regular discussions on Hong Kong's role in advancing B&R cooperation.
- 2019: *The Outline Development Plan for the GBA* proposed positioning Hong Kong as a financing and investment platform for B&R projects, supporting its active participation in the AIIB and developing Hong Kong into a service center for resolving investment and commercial disputes related to B&R projects. It also encouraged enterprises in Guangdong, Hong Kong and Macao to collaborate on greenfield investments, cross-border mergers and acquisitions and joint development of industrial parks, as well as to work together on both inbound and outbound investment initiatives.
- 2021: The 14th Five-Year Plan (2021–2025) introduced Hong Kong's "Eight Centers" positioning, which includes strengthening its status as an international financial, shipping and trade center; developing Hong Kong into an international innovation and technology hub; enhancing its role as an Asia-Pacific center for international legal and dispute resolution services and as a regional intellectual property trading hub; and supporting its development as an international aviation hub and a center for cultural and artistic exchange between China and the rest of the world.

In addition, the HKSAR government has introduced its own policy measures to promote B&R coordination. For example, it established the Steering Group on Integration into National Development, under which the B&R Development Office is responsible for coordinating and advancing related projects. This office actively strengthens engagement with partner countries, organizes business delegations to key markets and promotes bilateral trade and economic relations. Hong Kong is also seeking early accession to the Regional Comprehensive Economic Partnership (RCEP) and has signed the Hong Kong Authorized Economic Operator (AEO) Program with B&R economies to expand trade networks and deepen regional cooperation. Furthermore, this year marks the 10th edition of the B&R Summit in Hong Kong, which brings together global political and business leaders and serves as a major international platform for policy dialogue and business opportunities.

**Looking ahead, to strengthen synergies under the BRI, it is recommended that the HKSAR government:**

- **Establish a B&R visa fast track**
  Simplify approval procedures for business and professional talent involved in B&R projects, provide long-term multiple-entry convenience and accelerate cross-border talent mobility.

- **Create a cross-border data flow pilot zone**
  Under the premise of ensuring data security and privacy, explore mechanisms for secure and trusted cross-border data flows with selected B&R partners such as the Middle East and ASEAN. This will facilitate cooperation in finance, logistics and technology, supporting the development of the Digital Silk Road.

- **Strengthen collaboration with mainland provinces and cities**
  Jointly set up cross-border industrial funds with GBA governments to attract investment from government, enterprises and international capital in strategic B&R projects, including new energy, smart technologies, biopharmaceuticals and green infrastructure. Provide technical support for SMEs to enhance the competitiveness of GBA enterprises in B&R markets.

This strategic framework focuses on three core dimensions – people, data and region – highlighting Hong Kong's pivotal role in the dual circulation development pattern.

## 2. Building a world-class financial hub to power B&R connectivity

Over the past 12 years, Hong Kong has evolved from being a financing platform for mainland enterprises going global to becoming a comprehensive financial platform connecting the Chinese mainland and B&R partner countries. It has built a complete value chain across financing, investment and risk management, providing strong support for regional connectivity and sustainable development.

By the end of 2023, the Chinese mainland's direct investment stock in Hong Kong reached US$1.75 trillion, accounting for nearly 60% of its total outward direct investment stock.[1] Hong Kong serves as a transit hub for mainland enterprises' B&R investments, functioning both as a "capital intermediary" and a "super value enhancer" to ensure efficient project delivery and effective risk control. At the same time, Hong Kong acts as a springboard for overseas capital entering the Chinese mainland and the Asia-Pacific region, facilitating two-way capital flows and win-win cooperation. In recent years, Chinese enterprises have leveraged Hong Kong's financing platform and integrated professional services to drive cross-border resource integration for energy, transportation and manufacturing projects in the Middle East, Southeast Asia and Central Asia.

### Financing market

In the first half of 2025, Hong Kong's IPO fundraising reached US$14.1 billion, **ranking first globally**[2]

In 2024, Hong Kong recorded 71 IPOs. While the number slightly declined, total funds raised surged by 89% year-on-year to HK$87.5 billion, ranking fourth globally. In the first half of 2025, Hong Kong climbed to the top global position, reinforcing its status as Asia's preferred fundraising hub. Since the launch of the BRI, Hong Kong has successfully attracted numerous enterprises from the Chinese mainland and B&R partner countries to list in the city. The Hong Kong Stock Exchange (HKEX) has become the top overseas IPO destination for Southeast Asian companies. Between 2014 and 2023, of the 163 Southeast Asian companies that listed overseas, 83 chose HKEX, accounting for more than 50%. Recent listings include Singapore-based biotech firm Mirxes and Synagistic, a leading e-commerce enabler in Southeast Asia.[3]

To further optimize the listing environment, the Hong Kong Securities and Futures Commission and HKEX introduced a new round of approval process reforms in 2024, effectively shortening listing timelines and improving fundraising efficiency. Hong Kong's mature securities market provides B&R enterprises with efficient direct financing channels. In recent years, companies in key B&R sectors such as infrastructure, new energy and smart manufacturing have shown a strong interest in listing in Hong Kong.

Hong Kong is also Asia's leading bond issuance platform, offering diversified financing solutions for large-scale B&R infrastructure projects. The Hong Kong Monetary Authority (HKMA) has signed a cooperation framework agreement with the Silk Road Fund to establish funds that provide financing for infrastructure development in B&R partner countries. In addition, under the HKSAR government bond program, Hong Kong has issued multiple tranches of sukuk (Islamic bonds) totaling US$3 billion with different structures and maturities, demonstrating its unique advantage in cross-cultural financing mechanisms and paving the way for deeper financial cooperation with Islamic partner countries.

1 Source: *2023 Statistical Bulletin of China's Outward Foreign Direct Investment*
2 Source: Hong Kong Exchanges and Clearing (HKEX)
3 Note: Southeast Asian e-commerce operations company Synagistics listed on the HKSE through a De-SPAC transaction, becoming the first M&A case since Hong Kong introduced its SPAC (special purpose acquisition company) listing mechanism in 2022. Unlike a traditional IPO, Synagistics went public as the acquired company, completing its listing after being acquired by a SPAC. Following the listing, the company was renamed Sighton Holdings (02562.HK).

## Offshore RMB center

Hong Kong has developed a comprehensive RMB product ecosystem covering bonds, derivatives and cross-border clearing services, providing B&R enterprises with diversified currency and risk management tools.

Hong Kong hosts **the world's largest** offshore RMB liquidity pool, with deposits exceeding RMB1 trillion and handling about **75%** of global offshore RMB transactions[1]

Hong Kong is also at the forefront of digital currency innovation. The Stablecoin Ordinance came into effect on 1 August 2025, making Hong Kong one of the first jurisdictions globally to establish a regulatory framework for stablecoins. The ordinance introduces a licensing and supervisory regime for stablecoin issuers and authorizes the HKMA to oversee compliance. For designated stablecoins that meet regulatory requirements, HKMA will implement a licensing system requiring issuers to obtain permits for regulated stablecoin activities and undergo regular audits. The rise of stablecoins marks the deep integration of digital assets with the traditional financial system, demonstrating significant potential in cross-border payments, financial inclusion and asset digitalization.[2] Looking ahead, Hong Kong is well positioned to create new platforms for cross-border payments and digital asset connectivity under the BRI.

## Green finance

Green finance is a key area where Hong Kong contributes to sustainable development under the BRI. During the third Belt and Road Forum for International Cooperation in October 2023, Hong Kong played an important role in initiating and promoting the establishment of the Green Investment and Financing Partnership (GIFP), creating a new pathway for advancing green transition in B&R projects. From the early stages of the BRI, Hong Kong took a forward-looking approach to developing the green bond market and has achieved a leading position in standard setting, product innovation and international certification. In February 2024, Hong Kong successfully issued the world's first multi-currency digital green bonds worth HK$6 billion,[1] showcasing its ability to combine green finance with fintech innovation.

In 2024, Hong Kong's green and sustainable bond issuance exceeded US$40 billion, accounting for about 45% of the Asian market total, **maintaining its position as Asia's leader** for seven consecutive years since 2018[3]

Funds are primarily allocated to projects in clean energy, green buildings and low-carbon transportation, driving regional green transition. In addition, Hong Kong actively promotes the interoperability of green certification systems with the Chinese mainland and other major markets and works with international organizations to develop green finance labels, further consolidating its position as a "green capital hub."

## Asset management center

As of 31 December 2024, Hong Kong's assets and wealth under management reached **US$4.5 trillion**, with net inflows of US$91 billion for the year, representing an 81% year-on-year increase[4]

Hong Kong is one of the world's leading asset and wealth management centers. Its asset management scale and annual growth rate of 13% slightly surpass Singapore (approximately US$4.4 trillion).[3] Hong Kong offers a wide range of fund products for B&R projects, including infrastructure private equity, green REITs and sustainable development funds, attracting global long-term capital to high-quality projects in emerging markets. Since 1 April 2022, eligible family-owned investment holding vehicles and family special purpose entities managed by a qualified single-family office in Hong Kong have been entitled to a 0% concessionary tax rate on qualifying assessable profits. As of 31 May 2025, Hong Kong had attracted more than 190 family offices, many of which have directly invested in B&R technology and environmental projects.[5] This reflects a growing trend of "family office + ESG + southbound capital" and underscores Hong Kong's potential as a global platform for high-net-worth capital allocation.

1 Source: HKMA
2 Source: "Expert view – Understanding stablecoins and exploring the future of digital currency", EY, 6 August 2025
3 Source: International Capital Market Association (ICMA)
4 Source: *Global Financial Centres Index (GFCI), Issue 37*
5 Source: HKSAR government press release, 7 July 2025

**Looking ahead, Hong Kong can leverage the "Hong Kong + GBA + ASEAN/Middle East + digital and green transition" model to build a new financial anchor for the B&R, integrating multilateral connectivity with institutional innovation. We recommend focusing on the following five strategies to further consolidate its position as a B&R financial hub:**

- **Strengthen the offshore RMB ecosystem and deepen cross-border currency usage**

Enhance infrastructure alignment between Hong Kong and the Chinese mainland in areas such as liquidity pools, clearing connectivity and risk sandbox mechanisms to create a circular system for cross-border RMB financing. By channeling B&R project financing and investment through Hong Kong in local currency, Hong Kong can expand RMB application and reinforce its stability and market influence in B&R financing.

- **Build a family wealth bridge to unlock long-term capital potential**

With deeper integration into the GBA and a focus on high-end wealth management, Hong Kong has attracted high-net-worth families from the Middle East and ASEAN to establish family offices in the city, investing in B&R projects such as green energy and technology infrastructure. At the same time, Hong Kong should promote "southbound" allocation of family capital, creating diversified wealth corridors connecting Central Asia, South Asia and the Middle East, and forming strategic alliances between international capital and emerging market development.

- **Establish a green technology board as an innovation platform**

In line with HKEX's green finance and technology innovation strategy, Hong Kong should launch a dedicated green technology board to attract participation from Middle Eastern sovereign wealth funds, ASEAN sustainable capital and other institutional investors. This platform would provide one-stop financing for green technology enterprises, from R&D and pilot projects to commercialization, accelerating the deployment of low-carbon technologies in B&R partner countries.

- **Develop a cross-border green bond connect mechanism to strengthen Hong Kong's role as a green bond pricing center**

Hong Kong can work with institutions such as the AIIB, the Silk Road Fund and ASEAN green investment platforms to promote mutual recognition of green bond issuance standards, integration of green rating systems and a multilateral joint underwriting mechanism. This will reinforce Hong Kong's position as Asia's green bond pricing center and transparency hub, while enhancing the ability of green capital to support B&R infrastructure projects.

## 3. Leveraging industrial strengths to facilitate seamless trade

In 2024, Hong Kong's trade volume with B&R partner countries exceeded **US$300 billion** - accounting for approximately one quarter of its total trade[1]

Hong Kong is not only a major financial hub in Asia and globally but also a key node in international trade. In 2024, its trade with B&R partner countries surpassed US$300 billion – a nearly 60% increase compared to less than US$200 billion in 2013, showing strong growth momentum. Since the launch of the BRI, Hong Kong's cumulative mergers and acquisitions in partner countries have exceeded US$90 billion. Key sectors include real estate, hospitality and construction, TMT,[2] advanced manufacturing, consumer goods and financial services. In the first half of 2025, Hong Kong's M&A volume in these countries surged by 168%.[3]

Trade and investment ties between Hong Kong and B&R countries are growing increasingly close – and Hong Kong's competitive industries have played a vital role in facilitating smoother trade flows.

### Shipping industry

Hong Kong's shipping industry comprises port operations and maritime services. The city boasts advanced port infrastructure capable of efficiently handling large volumes of cargo. For example, Kwai Tsing container terminals is one of the busiest and most efficient container ports in the world – processing over 10 million TEUs (twenty-foot equivalent units) annually.[14] Meanwhile, Hong Kong's maritime services are thriving – covering ship management, brokerage, financing, marine insurance and arbitration – all high value-added services. To maintain its appeal and leadership as an international maritime center, Hong Kong offers preferential tax rates ranging from 0% to 8.25% for eligible ship leasing companies and related sectors.

1 Source: ITC Trade Map, EY analysis
2 Note: TMT – technology, media and entertainment, and telecommunications
3 Source: Mergermarket, LSEG, EY analysis
4 Source: Hong Kong Logistics Development Council

Hong Kong is **the world's fourth largest** ship registration hub, with a total registered tonnage of 131.8 million gross tons – a near-decade high[1]

Hong Kong is one of the world's top 10 ports, handling around 90% of the city's external merchandise trade and connecting to **nearly 600** global destinations[1]

Hong Kong is home to **1,200** shipping-related companies[2]

Although shipping is a traditional industry, Hong Kong continues to enhance its competitiveness through smart and green transformation. For example, Hong Kong launched the world's first green incentive scheme based on the carbon intensity indicator (CII) to encourage green transformation in the shipping sector. The HKSAR government has also amended relevant laws on ship fuel usage – allowing vessels to safely use and refuel with low-carbon or even zero-carbon green fuels. This lays the legal foundation for developing Hong Kong into a regional green marine fuel bunkering center. The HKSAR government will also introduce a new half-rate tax concession for eligible bulk commodity traders to attract them to set up in Hong Kong – stimulating demand for maritime services and boosting development momentum.

## Aviation industry

*The national 14th Five-Year Plan and the Outline Development Plan for the GBA* both explicitly support Hong Kong in strengthening its position as an international aviation hub. Hong Kong International Airport has been rated one of the world's best airports for many consecutive years. With an extensive international route network, it is one of the busiest aviation hubs globally. Thanks to its efficient operations, advanced infrastructure and strategic location, it has become a core node in the global supply chain – especially experienced in handling high-value electronics and high-risk pharmaceuticals.

In addition, with the full commissioning of the three-runway system and the completion of various projects under the Airport City vision by the end of 2024, the capacity and functionality of Hong Kong International Airport will be significantly enhanced – further driving value chain upgrades under the BRI.

Hong Kong International Airport connects to over **200** destinations worldwide, with more than **100** airlines operating there. It has been the world's busiest cargo airport for **14 consecutive years**[3]

## Engineering and infrastructure

Hong Kong engineering consultancy firms have been extensively involved in major international B&R projects, such as the China-Laos Railway and Gwadar Port in Pakistan. These projects not only showcase Hong Kong's engineering capabilities but also inject new momentum into local economic development. In particular, as environmental awareness grows, more B&R projects are embracing sustainable development principles. Hong Kong companies, with their rich experience in green building and smart city planning, have earned the trust of many partners.

## Healthcare

Hong Kong is known for its high-level research and development capabilities and strict pharmaceutical quality control systems. Platforms such as Hong Kong Science and Technology Park (HKSTP) have strong R&D capacity in life sciences, including gene technology and medical devices. Combined with the GBA's robust manufacturing capabilities, a highly efficient industrial chain can be formed – with Hong Kong focusing on R&D, the mainland on production and B&R markets on application – benefiting the livelihoods of partner countries.

## Innovation and technology industry

Last but not least is the thriving innovation and technology industry. The HKSAR government places great emphasis on innovation and technology development, investing heavily in infrastructure such as the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone, and attracting top enterprises and talent from around the world. Since 1 April 2023, Hong Kong's patent box regime has come into effect. Taxpayers meeting the specified requirements under the regime can enjoy tax concessions, with qualifying profits derived from eligible intellectual property income taxed at a preferential rate of 5%.

1 Source: *HK01.com*
2 Source: Hong Kong Legislative Council
3 Source: *Airport Authority Hong Kong – Annual Report 2024/25*

As of 2024, the number of start-ups in Hong Kong reached 4,694, marking a 10% year-on-year increase and setting a new record.[1] Rapid growth has been seen in areas such as AI, fintech, health technology and smart cities, attracting hundreds of AI companies including SenseTime, iFLYTEK and Cisco to establish a presence in the city. Hong Kong is also actively developing a data center cluster, positioning itself as a data hub between ASEAN and the GBA, providing critical infrastructure for the development of the regional digital economy.

**Looking ahead, to further leverage Hong Kong's industrial strengths and promote smooth trade under the BRI, the following recommendations are proposed:**

- **Build the "Hong Kong digital Silk Road platform" with three integrated functions**
  - Virtual park function: covering business opportunities, policies and risk information to support enterprises in tracking projects, investing and collaborating online, and facilitating talent exchange
  - Authoritative ESG rating and certification services: aligned with international standards to provide a basis for green financing
  - Online dispute prevention and resolution (ODR) module: offering mediation and arbitration options to reduce cooperation risks and improve efficiency and transparency
- **Build the "Hong Kong green Silk Road platform"**
  Leverage Hong Kong's strengths in green regulations and green finance to enhance integration across the green value chain. Encourage enterprises to prioritize green supply chain management when optimizing their supply chain layout, and promote the use of green financial products in supply chain financing.

## 4. Harnessing institutional advantages to elevate professional services and value chains

With its robust tax, legal and regulatory systems, Hong Kong demonstrates strong competitiveness in professional services under the BRI. First, Hong Kong adopts a simple and low tax regime, with a corporate profits tax rate of only 16.5%. A two-tier profits tax system is in place, allowing the first HK$2 million of assessable profits to be taxed at half the standard rate under certain conditions. Various tax concessions also apply to specific taxpayers – such as eligible funds, insurance providers, aircraft and ship leasing companies – with preferential rates ranging from 0% to 8.25%.

As of 31 July 2025, Hong Kong has signed comprehensive double taxation agreements (DTAs) with 52 tax jurisdictions, including many B&R partner countries.[2] These agreements help reduce the tax burden on cross-border investment and operations. This favorable tax environment has attracted many foreign enterprises and facilitated multinational companies in setting up regional headquarters or operational centers in Hong Kong. In addition, Hong Kong is a free port, allowing duty-free import of goods – significantly lowering operating costs and increasing the flow of goods and services.

Second, Hong Kong has a sound and transparent legal system based on common law principles, with well-established contract law, intellectual property protection and arbitration mechanisms. This provides a reliable business environment for enterprises from China and B&R countries, reducing investment risks. In particular, the Hong Kong International Arbitration Centre (HKIAC) is one of the most influential arbitration institutions in the Asia-Pacific region. It has handled a large number of cross-border disputes and earned high international recognition. In 2024, HKIAC handled 352 arbitration cases, representing a year-on-year increase of around 25%,[3] involving 53 jurisdictions. Parties included those from the Philippines, Singapore and the UAE, reflecting Hong Kong's role as a key platform for resolving B&R -related commercial disputes. Whether signing cooperation agreements or resolving disputes, Hong Kong offers professional and high-quality services.

Since 2022, China and several B&R partner countries have jointly promoted the establishment of the International Organization for Mediation, which officially set up its headquarters in Hong Kong in May 2025. Nearly 60 countries have joined.[4] Compared to arbitration, mediation is more cost-effective, flexible and conducive to maintaining partnerships. The establishment of the mediation body in Hong Kong will further enhance the city's status as a regional center for Asia-pacific international legal and dispute resolution services, and highlight its role as a platform connecting B&R countries in trade and legal services.

Hong Kong's professional services are internationally renowned, with core strengths in its pool of talent well-versed in international standards and experienced in cross-border operations. Professional service providers in Hong Kong – including the Big Four accounting firms, top international law firms and consultancy companies – can offer end-to-end, full-cycle solutions for B&R projects.

1 Source: "Hong Kong startup numbers hit a record high of 4,694 in 2024", Xinhua News
2 Source: Financial Services and the Treasury Bureau: Prevailing Tax Policy
3 Source: HKIAC
4 Source: International Dispute Resolution Centre

These services range from feasibility studies, financing structure design, legal and compliance advisory, risk management and tax planning to project management and dispute resolution.

Looking ahead, to further strengthen Hong Kong's role in advancing the B&R through professional services, the following recommendations are proposed:

- **Promote mutual recognition of professional service standards**
Actively engage with B&R partner countries to explore mutual recognition of qualifications in fields such as engineering, accounting and law – reducing barriers to trade in services.
- **Establish a B&R tax advisory center**
Provide professional and authoritative cross-border tax planning services, with a focus on publishing clear and user-friendly guides on applying double taxation agreements (DTAs), especially for newly signed or revised agreements. This will help enterprises maximize tax treaty benefits and mitigate tax risks.
- **Create a B&R enterprise onboarding express**
Streamline and integrate processes for company registration, business registration, tax registration and work visa applications. Offer a one-stop, efficient setup service for enterprises – especially regional headquarters – looking to participate in the BRI via the Hong Kong platform.
- **Develop a captive insurance hub**
Leverage the existing 50% tax concession for captive insurance companies[1] in Hong Kong to encourage more B&R-related enterprises to establish such entities locally. This will support risk management for large-scale cross-border infrastructure and industrial projects. Encourage insurers to work with the HKSAR government to promote institutional and policy support for cross-border insurance cooperation – including simplified claims procedures, regulatory mutual recognition and information-sharing mechanisms – to enhance market transparency and efficiency, and strengthen insurance services for B&R projects.
- **Promote Hong Kong arbitration and mediation**
Actively promote the strengths of institutions such as the HKIAC and the International Organization for Mediation in resolving B&R commercial disputes. This will reinforce Hong Kong's position as a regional center for Asia-pacific legal and dispute resolution services.

## 5. Fostering a B&R international talent hub through a blend of Eastern and Western cultures

Hong Kong is the only city in the world with **five** universities ranked among the global top 100[2]

### Education and talent

As an international metropolis where Eastern and Western cultures converge, Hong Kong is globally renowned for the quality of its higher education and university standards. According to the latest QS World University Rankings, five Hong Kong universities are ranked among the world's top 100,[2] reflecting the city's strong academic research capabilities. These leading institutions not only offer high-quality education resources but also cultivate a diverse pool of talent each year through internationalized education. Many graduates possess multicultural backgrounds and professional expertise, making Hong Kong an important educational support platform for the B&R.

To further leverage Hong Kong's educational strengths, the HKSAR government has introduced a series of policies aimed at building the "Study in Hong Kong" brand and attracting more students from B&R partner countries. For example, the B&R Scholarship Program provides tuition support for eligible students, easing their financial burden. This helps attract outstanding students from partner countries to pursue higher education in Hong Kong and establishes a long-term mechanism for talent retention and development. It also enhances Hong Kong's competitiveness as an education hub under the BRI and injects diverse and innovative momentum into the city's long-term development.

In addition, Hong Kong universities actively collaborate with overseas institutions through exchange programs, joint degree courses and other initiatives – fostering mutual understanding among young people from different cultural backgrounds.

1 Note: Captive insurance companies are generally established by large enterprises to manage internal risks within the group based on a defined scope of coverage. By setting up a captive insurance company, enterprises can insure specific risks that are not covered by the market.

2 Source: Quacquarelli Symonds (QS), released on 19 June 2025; the five universities are the University of Hong Kong (ranked 11), the Chinese University of Hong Kong (ranked 32), the Hong Kong University of Science and Technology (ranked 44) and the Hong Kong Polytechnic University (ranked 54) and City University of Hong Kong ranked 63).

**Since 2016, more than 680 students from 49 B&R partner countries have received the B&R Scholarship**[1]

The HKSAR government also places strong emphasis on attracting international high-end talent, with policies such as the Quality Migrant Admission Scheme and the Technology Talent Admission Scheme. By the end of 2024, Hong Kong officially launched the Hong Kong International Academy for the Training of Legal Professionals, which serves as a platform for knowledge and experience sharing among legal professionals from Hong Kong, the Chinese mainland and B&R partner countries. Through courses, seminars and international exchange activities, the academy promotes global legal talent development.[2] These initiatives not only enrich Hong Kong's local talent pool but also create employment and development opportunities for partner countries. In the technology sector, Hong Kong has already attracted a group of top scientists and technical experts from around the world. They collaborate with local enterprises to drive the application and commercialization of innovative technologies. Hong Kong also encourages young people to gain overseas experience. In 2024, the HKSAR government partnered with youth organizations to launch the B&R Youth Internship Program 2024, arranging internships for young people at Chinese enterprises in Dubai to help them understand local culture and work environments, and foster cross-regional exchange.[3]

## Muslim tourism

Beyond talent exchange, Hong Kong has actively promoted Muslim tourism in recent years. With over two billion Muslims worldwide, accounting for about one quarter of the global population, related spending reached US$2.29 trillion in 2022,[4] and is expected to grow to US$2.8 trillion by 2027.[5] In response to the vast B&R Muslim market, Hong Kong is expanding its halal industry. In 2024, the Hong Kong Tourism Board partnered with the Incorporated Trustees of the Islamic Community Fund of Hong Kong to promote halal certification. As of June 2025, the number of certified restaurants increased from around 100 at the beginning of 2024 to over 190, covering Chinese cuisine, Cantonese cuisine and signature Hong Kong-style restaurants – enhancing Hong Kong's appeal to Muslim travelers.

**Looking ahead, to support Hong Kong in becoming a B&R international talent hub and a world-class Muslim-friendly metropolis, the following recommendations are proposed:**

- **Establish a B&R training center**
  Partner with universities, HKSAR government departments and professional institutions to provide training for individuals from Hong Kong, the Chinese mainland and overseas who plan to work or conduct business in B&R partner countries. Training should cover local politics, economy, legal systems, culture, religion, business practices, basic language skills and risk prevention – cultivating talent familiar with local laws and national conditions.

- **Promote the Digital Silk Road youth entrepreneurship program**
  Collaborate with enterprises, venture capital funds and tech companies in the GBA to offer comprehensive support for young entrepreneurs from Hong Kong, the Chinese mainland and B&R countries. Support includes entrepreneurship training, mentorship, funding and market matching, with a focus on projects in digital economy, green technology and cross-border trade – fostering innovation and youth development.

- **Expand vocational education and professional training cooperation**
  Partner with B&R countries to share Hong Kong's expertise in professional education and certification in fields such as finance, logistics, tourism and engineering management – helping build local talent capacity.

- **Launch themed travel itineraries for Muslim visitors**
  Work with travel agencies to design customized itineraries for Muslim travelers, such as cultural experience tours during Ramadan or Eid, and halal-themed shopping routes.

- **Strengthen cooperation with Muslim countries and tourism organizations**
  Expand partnerships with Muslim tourism boards and international Muslim travel organizations to attract more visitors and raise Hong Kong's profile in the Muslim tourism market.

1 Source: news.gov.hk
2 Source: The Law Society of Hong Kong
3 Source: Hong Kong United Youth Association
4 Source: *State of the Global Islamic Economy Report 2022, DinarStandard*
5 Source: Halal International China (Hong Kong Macau) Association, *Hong Kong Economic Times*

# New opportunities for Hong Kong-Middle East connectivity and development

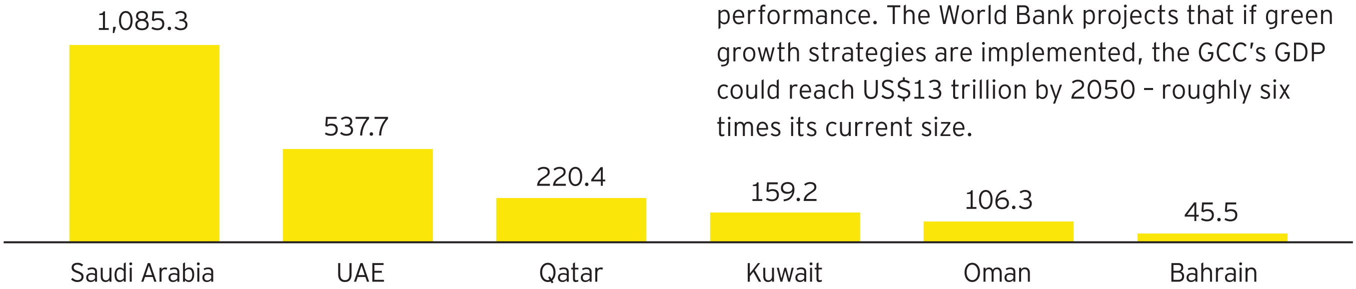
The Middle East, with its strategic location and energy transition advantages, has emerged as a new global growth engine. In recent years, economic and trade cooperation between Hong Kong and the Middle East has continued to deepen. This chapter focuses on the development prospects of the Middle East – particularly the six Gulf Cooperation Council (GCC)[1] countries – and analyzes the current state and potential of Hong Kong-Middle East connectivity from three dimensions: macroeconomics, tax environment and key industry opportunities.

## 1. Macroeconomic overview

The combined GDP of the six GCC countries is approximately **US$2.2 trillion**[2]

The total population is around **60 million**[2]

Figure 2: GDP of GCC countries in 2024 (US$ billion)




*Source: UNCTAD, 2024 GDP figures are estimates.*

### 1.1 Economic scale

In 2024, the gross domestic product (GDP) of the GCC countries is projected to reach US$2.2 trillion. Saudi Arabia and the UAE are the two largest economies in the GCC, together accounting for about three quarters of the region's GDP. All six GCC countries have a per capita GDP exceeding US$20,000, higher than the global average of US$14,000. Qatar has the highest per capita GDP, at approximately US$70,000.[2]

According to the International Monetary Fund (IMF), global GDP is expected to grow by 2.8% year-on-year in 2025, while Saudi Arabia and the UAE are forecast to grow by 3.6% and 4.0%, respectively[3] – demonstrating relatively strong economic performance. The World Bank projects that if green growth strategies are implemented, the GCC's GDP could reach US$13 trillion by 2050 – roughly six times its current size.

1 The full name is the Cooperation Council for the Arab States of the Gulf, which includes six countries: Qatar, the UAE, Kuwait, Saudi Arabia, Bahrain and Oman
2 Source: UNCTAD, EY analysis; 2024 GDP and per capita GDP are forecast values
3 Source: *World Economic Outlook Report*, July 2025, IMF; EY analysis

## 1.2 Trade landscape

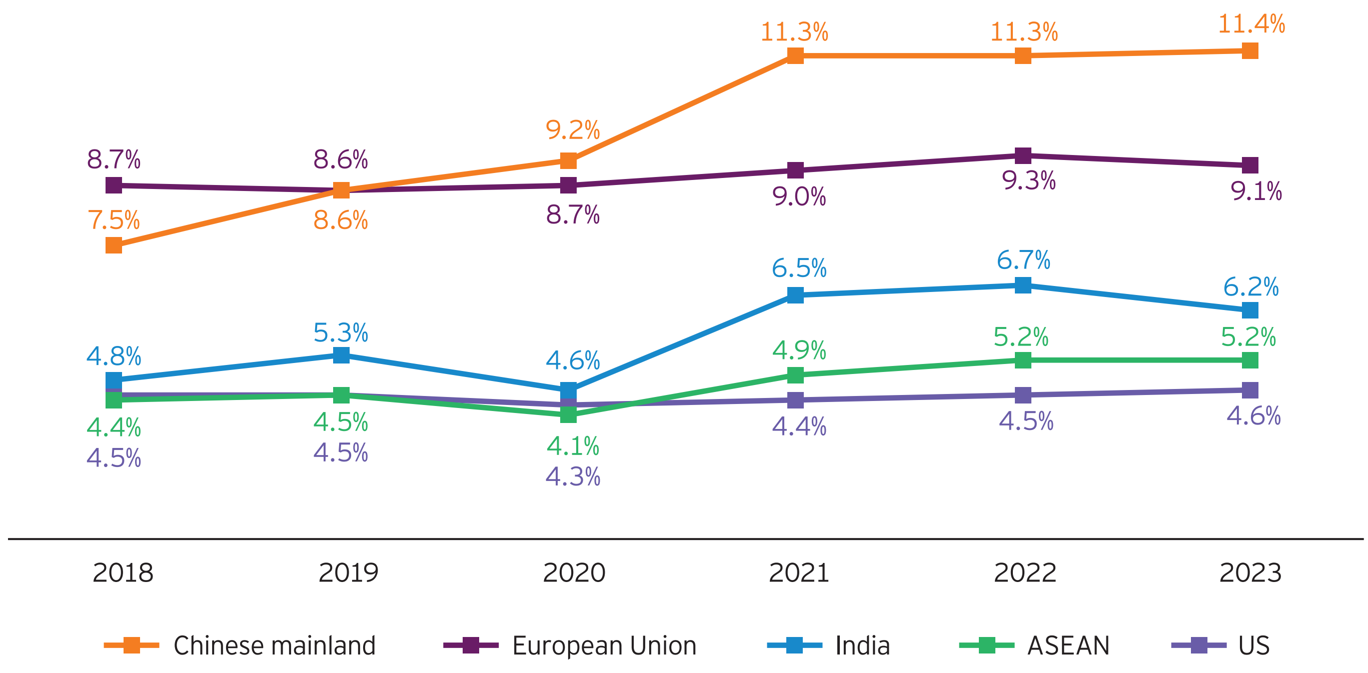
The Chinese mainland has long maintained its position as **the largest trading partner** of the GCC, with its share of trade rising steadily from 7.5% in 2018 to **11.4%** in 2023[1]

In 2023, the total value of goods imports and exports by GCC countries reached approximately US$1.9 trillion. The UAE and Saudi Arabia dominated trade flows, accounting for 53% and 27%, respectively. The GCC's major trading partners include the Chinese mainland, the European Union, India, ASEAN and the United States.

In 2018, China and the League of Arab States signed the Declaration of Action on China-Arab States B&R Cooperation, which significantly boosted trade between the Chinese mainland and Arab countries. The total value of goods trade rose from US$193 billion in 2018 to US$327.2 billion in 2024, an increase of 69%. Trade between the Chinese mainland and GCC countries grew from US$162.6 billion to US$288.1 billion over the same period – a 77% increase, with a compound annual growth rate (CAGR) of 10%, far exceeding the 4.9% CAGR of Chinese mainland's overall goods trade.

Among GCC members, the UAE and Qatar led with CAGRs of 14% and 13.2%, respectively.[2] According to MOFCOM, China is actively working to conclude a free trade agreement (FTA) with the GCC. Looking ahead, as cooperation continues to deepen, China-GCC trade is expected to maintain strong growth momentum.

Figure 3: Share of GCC's top five trading partners (2018–2023) (%)




*Source: ITC Trade Map, EY analysis*

1 Source: ITC Trade Map, EY analysis
2 Source: GACC, EY analysis

## 1.3 Policy communication

China has signed B&R cooperation documents with **all 22 member** states of the Arab League

China has established comprehensive strategic partnerships or strategic partnerships with **all six member** states of the GCC

In recent years, China and GCC countries have entered a new era of more frequent interactions, closer ties, and more pragmatic cooperation. Under the framework of jointly building the BRI, both sides have made significant progress in areas such as strategic mutual trust, energy cooperation, trade and investment, infrastructure and connectivity, as well as cultural and people-to-people exchanges.

Figure 4: Key developments in policy communication between China and GCC countries in recent years

**2018**
China and the Arab League announced the establishment of a comprehensive, cooperative, and future-oriented China-Arab strategic partnership, and signed the Declaration of Action on China-Arab Cooperation in Building the B&R.

**2022**
President Xi Jinping made a state visit to Saudi Arabia. Both sides agreed to jointly implement the BRI and align it with Saudi Arabia's Vision 2030. The first China-Arab States Summit and the first China-GCC Summit were held in Riyadh, Saudi Arabia, elevating China-GCC relations to a comprehensive strategic partnership.

**2023**
Hong Kong Chief Executive John Lee visited Saudi Arabia and the UAE. Hong Kong and enterprises from both countries exchanged 13 MoUs or letters of intent covering finance, innovation and technology, commerce, transportation, and energy.

**2024**
Premier Li Qiang made official visits to Saudi Arabia and the UAE; the heads of state of Bahrain and the UAE visited China.

**2025**
In May, Hong Kong Chief Executive John Lee visited Qatar and Kuwait, resulting in 35 MoUs or cooperation agreements. In the same month, the first ASEAN-China-GCC Summit was held in Kuala Lumpur, Malaysia, marking the beginning of a pioneering new chapter in trilateral cooperation.

**2026**
The second China-Arab States Summit will be held in Beijing, China.

*Source: Public information, compiled by EY*

## 2. Overview of the tax environment

As one of the most prominent political and economic organizations among Arab countries, the GCC exerts broad influence across the political, economic and cultural spheres of the Middle East. It has also long been a key destination for Chinese enterprises expanding into the region. When investing in GCC countries, Chinese companies must closely monitor the tax systems and ongoing reforms to make decisions that are both compliant and conducive to business growth.

**All six GCC member** states have signed bilateral tax agreements with the **Chinese mainland**

The UAE, Saudi Arabia, Kuwait, Qatar and Bahrain have signed bilateral tax agreements with **Hong Kong**

### 2.1 Corporate income tax

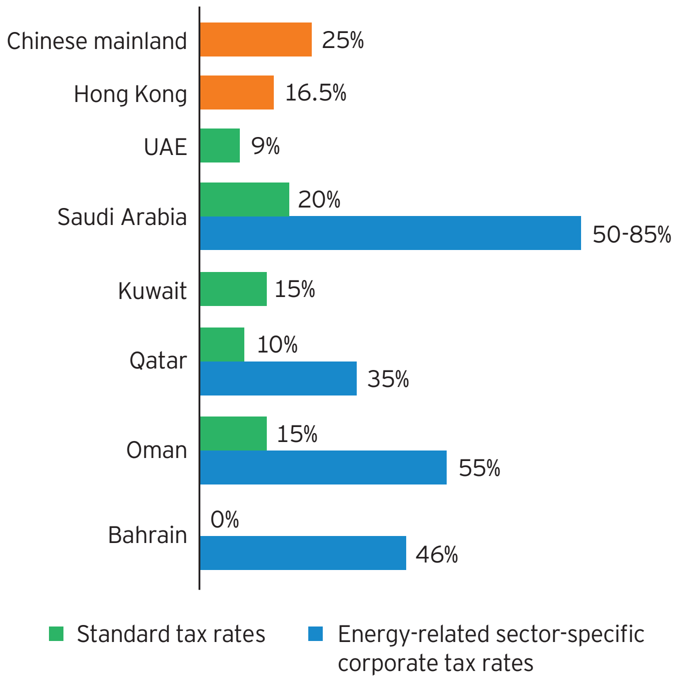
Figure 5: Corporate income tax regulations and payment requirements in GCC countries

| Country | Corporate income tax legislation | Tax payment requirements for resident enterprises[1] | Tax payment requirements for non-resident enterprises[2] |
|---|---|---|---|
| **Saudi Arabia** | Enacted income tax laws in 1950, making it the first GCC country to introduce corporate income tax | Taxed only on income sourced within the country | Subject to corporate income tax on income sourced within the country |
| **Kuwait** | Enacted income tax laws in 1955 | Taxed only on income sourced within the country | Subject to corporate income tax on income sourced within the country |
| **Oman** | Enacted income tax laws in 1971 | Taxed on worldwide income; eligible foreign-sourced income may receive foreign tax credit | Subject to corporate income tax on income sourced within the country |
| **Qatar** | Enacted income tax laws in 2009 | Taxed on worldwide income; eligible foreign-sourced income may receive foreign tax credit | Subject to corporate income tax on income sourced within the country |
| **UAE** | Introduced income tax law in 2022 to diversify fiscal revenue; unified federal corporate tax on profits effective from 1 June 2023 | Taxed on worldwide income; eligible foreign-sourced income may receive foreign tax credit | Subject to corporate income tax on income sourced within the country |
| **Bahrain** | Has not established a general corporate income tax law and does not distinguish between resident and non-resident enterprises | Corporate income tax applies only to enterprises or branches engaged in oil and gas exploration, production and refining | Same as resident enterprises – only those engaged in oil and gas activities are subject to corporate income tax |

1 Note: Enterprises that are incorporated in the country or have their place of effective management within the country.
2 Note: Enterprises established under foreign (or regional) laws whose place of effective management is not within the country, but have set up institutions or premises in the country, or have not set up institutions or premises but derive income from the country, are generally regarded as non-resident enterprises.

To transform the energy-dependent economic structure and promote a shift toward diversified and sustainable development, some GCC countries impose higher tax rates on specific energy-related industries in addition to their standard corporate income tax rates. For example, Saudi Arabia applies a 20% standard tax rate but levies a progressive income tax of 50% to 85% on taxpayers engaged in oil and hydrocarbon production; Qatar's standard tax rate is 10%, but a minimum tax rate of 35% applies to taxpayers involved in oil, gas and chemical industries.

Figure 6: Corporate income tax rates in the Chinese mainland, Hong Kong and GCC member states




In addition, to support the development of small and medium-sized enterprises and stimulate market vitality, some GCC countries offer preferential tax rates for eligible SMEs. For instance, in the UAE, taxpayers with annual taxable income below AED375,000 are subject to a 0% corporate income tax rate; in Oman, eligible SMEs are subject to a 3% corporate income tax rate.

## 2.2 Regional tax incentives

To attract foreign investment and promote economic diversification, the UAE, Saudi Arabia, Qatar and Oman have established free trade zones or special economic zones within their territories. These zones allow and encourage foreign investment with up to 100% ownership and implement regional tax incentive policies. Enterprises located within these zones are granted varying degrees of tax relief on corporate income tax, personal income tax and customs duties.

### Saudi Arabia: 4 special economic zones and 1 integrated logistics zone[1]

To promote the development of energy, transportation, technology, finance, trade and tourism, attract domestic and foreign investment, and expand employment, the Saudi government officially issued licenses for four economic zones on 29 May 2023. These zones are: King Abdullah Economic City (KAEC) Economic Zone, Ras Al Khair Economic Zone, Jazan Economic Zone and Cloud Computing Economic Zone. Enterprises operating in these zones are granted preferential corporate income tax rates and customs duty exemptions. Saudi Arabia also has one Integrated Logistics Zone (SILZ), where companies engaged in specific business activities can enjoy a 0% corporate income tax rate, VAT exemptions and a 50-year tax relief period.

In addition, Saudi Arabia offers tax incentives for investment projects in six underdeveloped provinces, including additional deductions for employee training and wage costs for up to 10 years.

### UAE: 40+ free zones[2]

More than 40 free zones have been established across the UAE, primarily concentrated in Abu Dhabi and Dubai. Taxpayers who obtain the status of a "free zone qualifying person" can enjoy a 0% corporate income tax rate on their qualifying income within the zone, while non-qualifying income remains subject to the standard 9% corporate income tax. In addition, businesses in these zones benefit from preferential customs duty rates and 100% import and export duty exemptions.

### Qatar: 4 free zones[3]

To transition from a petroleum-based economy to a knowledge-based economy, Qatar has established four

1 Source: Economic Cities and Special Zones Authority (ECZA), Saudi Arabia
2 Source: Ministry of Economy, UAE
3 Source: Investment Promotion Agency Qatar (Invest Qatar)

free zones – Msheireb Downtown Free Zone, Qatar Science & Technology Park, Ras Bufontas Airport Free Zone and Umm Alhoul Seaport Free Zone. Key incentive policies include 20-year exemptions from corporate income tax, personal income tax and customs duties. In addition, Qatar has also set up the Qatar Financial Centre and Qatar Media City, where enterprises can enjoy various tax benefits.

### Oman: 3 free zones, 1 special economic zone, 1 economic city[1]

Oman has established three free zones: Sohar Free Zone, Salalah Free Zone and Al Mazunah Free Zone. Enterprises operating in these zones may be eligible for corporate income tax exemptions of up to 25 or 30 years, along with customs duty exemptions. Oman also has the Duqm Special Economic Zone and Khazaen Economic City, where businesses can enjoy various levels of tax incentives.

### Kuwait: 3 economic zones[2]

Kuwait currently has three economic zones: Abdali Economic Zone, Al-Wafra Economic Zone and Al-Na'ayem Economic Zone, which provide comprehensive support and facilitation services for investors.

### Bahrain: None[3]

At present, Bahrain has no operational or planned special economic zones or free trade zones. However, projects located in its nine industrial zones are exempt from import duties on raw materials.

## 2.3 Customs duties

On 1 January 2003, the Unified Customs Law of GCC Member States was officially implemented across GCC countries. Under this law, the GCC established a customs union, applying a unified 5% tariff on imports from outside the member states, while no customs duties are levied on goods traded between member countries.

All goods originating from outside the GCC are subject to a one-time customs duty upon first entry into any member state. After that, the goods can circulate freely among GCC countries without additional customs charges.

1 Source: Public Authority for Special Economic Zones and Free Zones, Oman
2 Source: Kuwait Direct Investment Promotion Authority
3 Source: *Country Guide for Outbound Investment Cooperation – Bahrain (2024 Edition)*, MOFCOM

# 3. Industry spotlight

## 3.1 Financial sector

### 1) Key progress in capital market connectivity

In recent years, Hong Kong has achieved landmark progress in facilitating capital flows between China and Middle Eastern countries, particularly GCC member states. This reflects Hong Kong's unique position, institutional strengths and advantages as a financial platform.

- In February 2023, the HKEX signed a MoU with the Saudi Tadawul Group to explore cooperation in areas such as financial technology, ESG disclosure and dual listings.
- In September 2023, HKEX officially included the Saudi Stock Exchange in its list of recognized exchanges, allowing major Saudi-listed companies to apply for secondary listings in Hong Kong. This marked a deeper level of interaction between the two capital markets.
- In July 2024, HKEX further recognized the Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM), expanding financing channels for Middle Eastern enterprises in Hong Kong and injecting growth potential into the Hong Kong stock market through a "Middle East segment." This move not only connects Middle Eastern companies with global capital but also provides Chinese enterprises with a diversified platform for international expansion.

**Looking ahead, Hong Kong is considering the establishment of a "green tech board", leveraging its policy and market advantages to attract Middle Eastern sovereign wealth funds and large enterprises to participate in international financing for key sectors such as green energy and tech infrastructure.**

### 2) Ongoing innovation and breakthroughs in cross-border financial products

At the financial instruments level, Hong Kong has been actively building investment connectivity mechanisms targeting the Middle Eastern market. In November 2023, an ETF focused on Saudi Arabia was successfully listed in Hong Kong, opening a new channel for international investors to access the Middle Eastern market. Meanwhile, the Saudi Capital Market Authority approved two ETFs tracking Hong Kong stocks to be listed on the Saudi

Exchange, establishing a solid bridge for capital flow between the two markets.

**Saudi Arabia** In May 2025, the Saudi Islamic Sovereign Sukuk ETF, jointly launched by Premia Partners and Bank of China (Hong Kong), was listed on the HKSE.[1] This is Asia's first investment-grade Islamic sovereign bond ETF, further enhancing Hong Kong's cross-border service capabilities in the fixed income market.

### 3) Continued institutional cooperation and promotion of strategic investment

In recent years, Hong Kong has steadily expanded institutional cooperation with financial regulatory authorities in the Middle East.

- In December 2023, InvestHK signed a MoU with the Saudi Ministry of Investment, establishing a regular investment exchange mechanism.
- In May 2024, the Hong Kong Financial Services Development Council reached a cooperation agreement with the Qatar Financial Markets Authority to strengthen collaboration in financial services, policy research and bilateral investment.
- In October 2024, to promote two-way investment, the Saudi Public Investment Fund (PIF) and the HKMA jointly launched a US$1 billion investment fund to explore opportunities in manufacturing, renewable energy, fintech and healthcare.[2] The fund primarily supports Hong Kong enterprises entering the Saudi market or Saudi enterprises investing in Hong Kong or the GBA.

Given Hong Kong's prominent role as a financial hub under the BRI, it is expected that more Middle Eastern enterprises will use Hong Kong as a bridge to actively expand their asset allocation across the Chinese mainland and Asian markets, with promising prospects ahead.

### 4) Expanding new frontiers in fintech and wealth management cooperation

Beyond traditional capital markets, Hong Kong and the Middle East are also advancing cooperation in emerging financial sectors such as fintech, payment systems and insurance services. For example, the HKMA is in discussions with Saudi Arabia, the UAE and others to pilot cross-border digital currency payment systems, exploring more efficient and transparent settlement models to support the future development of a "Digital Silk Road."

At the same time, the HKSAR Government continues to attract high-net-worth individuals from the Middle East to establish family offices in Hong Kong through tax incentives and regulatory facilitation. According to policy targets, InvestHK aims to assist in the establishment or expansion of no fewer than 200 family offices in Hong Kong by the end of 2025, including several from the Middle East.[3] Currently, the presence of Middle Eastern family offices in Hong Kong is on the rise, helping to form a synergistic model of "Middle Eastern capital + Hong Kong platform + emerging market projects", injecting long-term momentum into sustainable development.

**Looking ahead, Hong Kong can further leverage its role as a platform that connects China and the Middle East and links finance with industry. By deepening financial product innovation, enhancing regulatory connectivity and expanding green and tech investment channels, Hong Kong will continue to broaden two-way capital flows with the Middle East under the BRI. As Middle Eastern countries continue to invest in energy and infrastructure, Hong Kong is well-positioned to become a strategic hub for both Chinese enterprises going global and Middle Eastern capital entering China, jointly shaping a high-quality and sustainable global investment landscape.**

## 3.2 Infrastructure sector

In recent years, the Middle East has aggressively advanced infrastructure projects. For example, under Saudi Arabia's Vision 2030, cumulative investment has already exceeded the initial target of US$3.3 trillion,[4] driving demand for design, construction, engineering and management across transportation, urban development and tourism infrastructure. Between 2025 and 2029, Saudi Arabia's infrastructure sector is projected to grow at an average annual rate of 3.6%.[5] Meanwhile, Dubai's fiscal year 2025 budget allocates approximately 46% of total government spending to infrastructure development. This includes roads, tunnels, bridges, transport systems, energy facilities, drainage networks and the construction of a new airport,[6] reflecting a surge in demand for both physical infrastructure and digital systems.

Hong Kong, with its world-class transport network and infrastructure – especially in railway systems, transport

1 Source: Premia Partners
2 Source: HKMA
3 Source: Hong Kong Legislative Council
4 Source: Argaam
5 Source: Bank Audi
6 Source: Globalexh

networks, architectural engineering and design – has consistently ranked among the global leaders. Combined with its active promotion of digitalization and smart construction technologies to enhance efficiency, energy conservation and sustainability, these strengths position Hong Kong to offer professional expertise and collaborative solutions to the Middle East.

As the region expands its infrastructure development, Hong Kong enterprises are well-equipped to provide tailored solutions through their extensive experience and innovative technologies. On the other hand, Hong Kong's role as an international financial center – with its professional platforms, global networks and policy resources – enables it to effectively support Mainland enterprises in entering the Middle Eastern market, fostering trilateral cooperation.

## Traditional infrastructure

### 1) Transportation and logistics

Driven by the Middle East's efforts to promote economic diversification and sustainable development, local governments are investing heavily in green transportation, eco-infrastructure and smart logistics. By 2030, Saudi Arabia's cumulative investment in transportation and logistics is expected to reach US$133 billion.[1] This development trend presents many opportunities for Hong Kong enterprises. Hong Kong and mainland companies are actively entering the Middle Eastern market by focusing on green transport, electric vehicle infrastructure and advanced logistics solutions, participating in major infrastructure and smart city transformation projects in the region.

**UAE** In November 2023, Hong Kong alternative investment firm Templewater invested in Wisdom Motors, which signed a cooperation agreement with the Integrated Transport Centre (ITC) under Abu Dhabi's Department of Municipalities and Transport. The partnership supports the UAE's goal of converting diesel buses to hydrogen-powered buses by 2030,[2] along with the development of supporting infrastructure.[3]

**Saudi Arabia** In February 2024, Wisdom Motors signed a memorandum of understanding with the Saudi Public Transport Company (SAPTCO) to provide hydrogen-electric and pure electric bus solutions,[3] supporting Saudi Arabia's expansion of its green transport network.

In addition to public transport networks, Abu Dhabi's transport authority aims to achieve a 50% electric vehicle share by 2040 to support its carbon neutrality vision.[4] This goal presents significant opportunities for charging network developers.

**UAE and Qatar** In March 2024, Hong Kong electric vehicle charging solutions provider Halo Energy successfully secured two cooperation agreements in the Middle East. These include a joint investment with Dubai property developer J.S. Lootah to build an EV charging network in the region, and a partnership with Doha-based leading contractor and interior design firm Gallery Five Group to promote collaboration on EV charging systems and services.[5]

Furthermore, to enhance its position in e-commerce and distribution centers, Saudi Arabia plans to invest over US$267 billion in the logistics sector.[6] The UAE's National Investment Strategy 2031 also highlights transportation and logistics as key development areas. Hong Kong enterprises are accelerating their presence in Middle Eastern logistics and distribution services, with several companies already gaining a first-mover advantage and successfully capitalizing on the region's transformation and rapid growth.

**UAE** In May 2025, real-time delivery platform Lalamove announced its entry into the UAE market, launching real-time delivery services in Dubai, Sharjah and Abu Dhabi. The company aims to provide local small and medium-sized enterprises with multi-point real-time delivery and live tracking logistics solutions.[7]

### 2) Architectural and design solutions

As the Middle East actively promotes urban modernization, Hong Kong's architectural and design firms have demonstrated strong competitiveness in the region, thanks to their global perspective and outstanding capabilities.

**UAE** Since establishing its studio in Dubai in 2018, Hong Kong architectural firm LWK + Partners has continuously provided major architectural design solutions across the UAE and other Gulf countries.[8] In 2020, the firm delivered the design for Burj Crown, a prominent project in Downtown Dubai developed by Emaar Properties, one of the largest developeLWK + Partners

1 Source: State Post Bureau of China
2 Source: Khaleej Times
3 Source: Wisdom Motor
4 Source: Abu Dhabi Mobility
5 Source: Hong Kong Science and Technology Parks Corporation
6 Source: Arab News
7 Source: Lalamove
8 Source: LWK + Partners

**UAE** Hong Kong smart building management system provider Neuron Digital Group is actively expanding into the Middle East. In March 2024, the company signed a MoU with Dubai smart city technology firm Geoloc Star. The two parties plan to deploy Neuron's smart platform in 100 commercial buildings across the region, with a focus on energy monitoring optimization and green building solutions.[1]

### 3) Energy and power

Since 2024, Saudi Arabia has been tendering 20GW of new renewable energy projects annually, aiming to reach an installed capacity of 130GW by 2030.[2] The UAE plans to invest US$163.7 billion by 2050 to achieve carbon neutrality, with a focus on solar and nuclear energy projects.[3] Hong Kong enterprises are also accelerating their entry into the Middle East's new energy market.

**UAE** Since 2023, Hong Kong's Unity Group has been collaborating with UAE-based Lead International Investments L.L.C to provide energy management and energy-saving solutions in the Middle East. The group also supplies its own solar equipment to support the UAE's 2030 target of 100GW in solar energy, and is establishing a carbon reduction and offset platform.[4]

**Saudi Arabia** In January 2025, China's state-owned GD Power Development Co., Ltd. announced that its Hong Kong subsidiary – GD Power Hong Kong Overseas Investment Co., Ltd. – would co-invest with Abu Dhabi Future Energy Company and others to develop a 2GW solar project in Sudair City, Saudi Arabia.[5]

### 4) Agricultural infrastructure

As food security becomes increasingly important in the Middle East, many countries are actively developing local agriculture to reduce reliance on imports. The UAE has set a goal to achieve full local production of selected essential foods by 2030.[6]

**UAE** In March 2025, Hong Kong Zhongnong International Group entered into a strategic partnership with the UAE's sovereign agricultural fund to jointly invest US$2 billion in advancing smart agricultural infrastructure in the Middle East. The initiative spans the UAE, Saudi Arabia and Oman, focusing on building agri-tech parks, cold chain logistics and seawater-based cultivation research centers. This move highlights the diversified development of Hong Kong enterprises in the Middle East and supports the modernization of local agriculture.

## Digital infrastructure

The digital economy in the Middle East is still in its early stages. In 2022, its market size was approximately US$180 billion, accounting for 4.1% of the region's overall economy. Driven by rapid population growth and strong policy support, the market is expected to grow to US$780 billion by 2030,[7] making it one of the fastest-growing digital economies in the world. The region's push for digital development creates business opportunities for Hong Kong and mainland technology companies in areas such as smart cities and artificial intelligence.

The digital economy in the Middle East is expected to expand fourfold, surging to **US$780 billion** by 2030[7]

### 1) Smart cities

By 2025, the UAE and Saudi Arabia are expected to invest nearly US$50 billion in building smart cities.[8] The UAE's "Smart Dubai" vision outlines six strategic goals, including a connected society, enhanced autonomous driving, clean environments through IT, and digital governance, all of which present vast opportunities for related enterprises. In addition to the UAE, Saudi Arabia is actively developing smart cities such as Yanbu Smart Industrial City and NEOM, which will drive demand for cameras, infrared sensors and other infrastructure and sensing technologies.

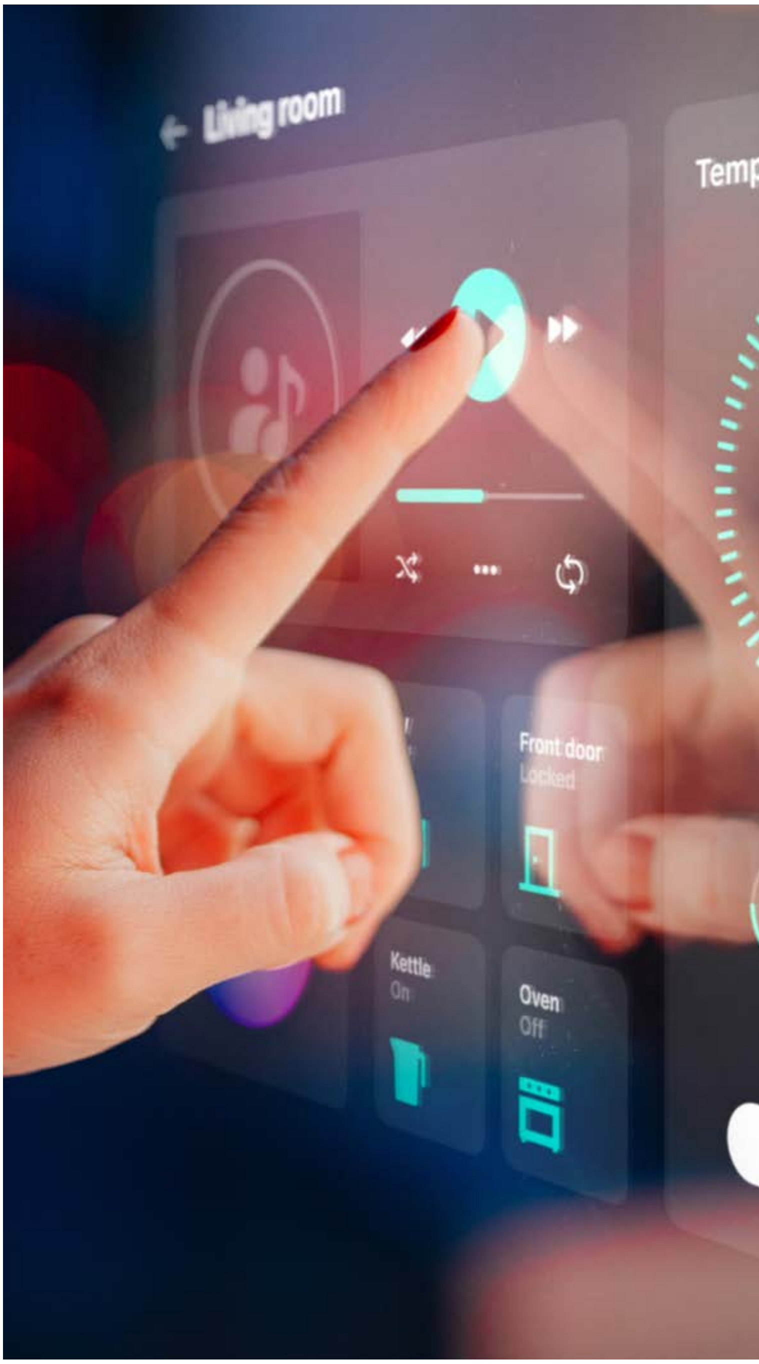
**Qatar** In February 2025, Chinese autonomous driving technology company UISEE launched a pilot autonomous driving program at Doha International Airport, leveraging years of experience operating driverless vehicles at Hong Kong International Airport.[9] This marks the first commercial autonomous driving pilot project at an airport in the Middle East. Since 2017, the company has used Hong Kong International Airport as a base for the world's first large-scale Level 4 autonomous driving operations, setting a benchmark for smart airports. Successfully replicating the Hong Kong model in Qatar demonstrates Hong Kong's leadership and influence in aviation technology deployment, and serves as a case of mainland enterprises using Hong Kong as a platform for exporting technology, opening new avenues for future collaboration in overseas markets.

1 Source: Hong Kong Science and Technology Parks Corporation
2 Source: Ministry of Energy, Saudi Arabia (Moenergy)
3 Source: MOFCOM
4 Source: Unity Group
5 Source: Sina Finance
6 Source: Hong Kong Trade Development Council (HKTDC)
7 Source: UBS Wealth Management Qatar, EY analysis
8 Source: HSBC
9 Source: InvestHK

## 2) Artificial intelligence

In 2024, the six GCC countries are expected to invest over US$70 billion[1] in IT infrastructure, offering significant collaboration opportunities for AI companies from Hong Kong and the Chinese mainland.

**UAE and Saudi Arabia** SenseTime, an AI software company with its global headquarters in Hong Kong, began collaborating with the Abu Dhabi Investment Office in 2019 to establish an AI research and development center in the UAE. The center focuses on advancing AI technologies across various sectors, including healthcare, remote sensing and education. In 2021, SenseTime formed a joint venture with Saudi Arabia's Public Investment Fund (PIF) to help build the local AI ecosystem. The company also partnered with the Saudi Data and Artificial Intelligence Authority (SDAIA) to launch AI education programs aimed at developing local talent. In 2022, SenseTime signed a cooperation agreement with the Saudi Company for Artificial Intelligence (SCAI) to co-develop AI solutions in smart cities, business, healthcare and education, and to promote computer vision and deep learning technologies in Saudi Arabia. In 2023, SenseTime signed agreements with the King Abdullah Financial District and event management company Sela to advance smart city development and digital entertainment in Saudi Arabia.[2]




1 Source: Belt and Road Portal
2 Source: SenseTime official website

# Conclusion

After 12 years of deep engagement and continuous advancement in the B&R, Hong Kong has undergone a strategic transformation – from an initial participant to an efficient value-adding partner. Across five key areas – policy and regulation, financial services, industrial trade, professional services and talent and culture – Hong Kong has built a mature and diversified ecosystem.

In response to the current wave of digital transformation and the rise of the green economy, Hong Kong is actively upgrading its ecosystem functions. In digital transformation, Hong Kong is enhancing digital policies and infrastructure to become an international data hub, promoting smart cities, cross-border data flows and the industrialization of artificial intelligence. This positions Hong Kong as a vital springboard for mainland tech enterprises to go global. In the green economy, Hong Kong is integrating green finance, international certification and clean technology R&D, gradually becoming the preferred investment and financing platform for B&R green projects.

At the same time, Hong Kong is leveraging its unique ecosystem strengths to build multi-level cooperation with more B&R partner countries, as seen in its recent deepened engagement with the Middle East. Through initiatives such as supporting Saudi enterprises in secondary listings in Hong Kong, introducing Saudi ETF products, establishing regular investment exchange mechanisms and attracting Middle Eastern family offices to set up in Hong Kong, the city is effectively expanding two-way capital flows with the Middle East. Hong Kong infrastructure companies are also accelerating their entry into the Middle East market, while many mainland enterprises with advanced technologies are using Hong Kong as a platform to participate in infrastructure, innovation and smart city projects in the region – forming a win-win-win model of deep cooperation.

Looking ahead, Hong Kong will continue to leverage its unique advantage of being "backed by the motherland, connected to the world," along with its robust international financial system, outstanding legal environment, strategic geographic location and top-tier talent pool. It will deepen cooperation with the mainland and B&R partner countries, especially in innovation, digitalization, green development and healthcare, fostering higher-level connectivity and injecting steady and innovative "Hong Kong momentum" into the global economy.

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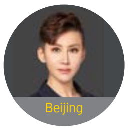


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## China Overseas Investment Network (COIN) Global network

**USLI**
- United States
- Argentina
- Bahamas
- Bolivia
- Brazil
- Chile
- Colombia
- Costa Rica
- Ecuador
- Jamaica
- Mexico
- Peru
- Panama
- Uruguay
- Venezuela
- Israel

**Canada**
- Canada

**Europe West**
- Austria
- Belgium
- France
- Germany
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Switzerland
- Algeria
- Angola
- Cameroon
- Morocco
- Mozambique
- The Republic of the Congo

**UK&I**
- United Kingdom
- Ireland

**Europe Central**
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Finland
- Greece
- Hungary
- Norway
- Poland
- Romania
- Serbia
- Slovak Republic
- Slovenia
- Sweden
- Turkey
- Kazakhstan
- Kyrgyzstan
- Uzbekistan

**MENA**
- Bahrain
- Egypt
- Iraq
- Jordan
- Kuwait
- Lebanon
- Libya
- Oman
- Pakistan
- Qatar
- Saudi Arabia
- UAE

**Africa India**
- India
- Bangladesh
- Kenya
- Nigeria
- South Africa
- Uganda
- Zambia

**Oceania**
- Australia
- New Zealand
- Fiji

**Asia East**
- Japan
- Korea
- Brunei
- Cambodia
- Indonesia
- Laos
- Malaysia
- Myanmar
- Philippines
- Singapore
- Thailand
- Vietnam
- Sri Lanka

**Greater China**
- Chinese mainland
- Hong Kong
- Macau
- Taiwan
- Mongolia

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