

Opportunities galore

Andrew Leung says despite the risks and uncertainties, China's 'One Belt, One Road' initiative not only has substantial financial backing, but also offers its partners plenty of chances for mutual gain

To many, China's "One Belt, One Road" initiative seems little more than a buzz word. Scepticism abounds. Does China mainly want to export excess capacity? Is it up to the task of traversing territories fraught with political and geopolitical uncertainties? Governments aside, where is the attraction for the private sector? Would corporate governance and environmental standards be compromised? What role, if any, can Hong Kong's small and medium-sized businesses and professionals play?

The maritime silk road connects China's east coast to ports including Colombo in Sri Lanka, Gwadar in Pakistan, across the Indian Ocean, through the Red Sea to Greece's Piraeus, ending in Venice. The overland economic belt connects Venice to Duisburg in Germany, across to Moscow, through Central Asia and western China to end in Xian (西安), the ancient capital where the historic Silk Road began.

According to a business report, the initiative will create six transnational China-centric economic corridors: a new Eurasian land bridge of freight trains connecting the port of Lianyungang in Jiangsu (江苏) province to Rotterdam; a Mongolia-Russia corridor; a Central Asia-West Asia corridor; an Indochina peninsula corridor; a Pakistan corridor; and a Bangladesh-China-India-Myanmar corridor.

"One Belt, One Road" is also invoked for China's infrastructural investments in other parts of Southeast Asia, North Africa, as well as various countries in Central and Western Europe. While "One Belt, One Road" investments follow predetermined routes, other associated investments are being tagged on as a code word for China's outbound global strategy.

The rationale is global connectivity, which defines the 21st century. It is part and parcel of what the



World Economic Forum calls the Fourth Industrial Revolution. China is a central hub for the world's production, supply, logistics and value chain. "One Belt, One Road" will deepen China's infrastructural, economic, institutional and cultural connectivity with key parts of the globe. Not only will this enhance China's global rapport and influence, it will also help counter exposure to geopolitical risks inherent in America's "Asia rebalancing", and China's own energy security challenge and other imponderables in the South China Sea.

"One Belt, One Road" doesn't translate into offloading surplus capacity in commodities such as steel and coal; it involves exporting excess capacity to invest in productive infrastructure across the globe.

Projected investments are estimated to benefit 4.4 billion people in 65 countries. The total size, according to some estimates, could be more than 12 times America's Marshall Plan to aid post-second-world-war Western Europe, in comparable money-of-the-day terms.

Shortfalls in infrastructure investment in G20 countries are

expected to total at least US\$20 trillion over the next 15 years, including US\$1 trillion in Asia alone. With public-private partnerships, 38 per cent of large pension funds are showing an appetite for increased exposure to infrastructure as an asset class, according to one survey.

"One Belt, One Road" is supported by China's Silk Road infrastructure fund of US\$40 billion, the Asian Infrastructure Investment Bank (AIIB), with its registered capital of US\$100 billion, and the New Development Bank of the BRICS countries, with an initial capital of US\$50 billion, which is set to increase to US\$100 billion.

Worries remain as to whether the China-led AIIB is likely to erode corporate governance standards set by the World Bank, the Asian Development Bank and the International Monetary Fund. The AIIB chairman has stressed that there is vast room for cooperation with the World Bank. A cooperation agreement between the two has been signed, whereby the latter will prepare and supervise joint projects "in accordance with its policies and procedures in areas like procurement,

environment and social safeguards".

Besides infrastructural investments in ports, high-speed rail, power generation and other util-



'One Belt, One Road' is not paved with gold. There is no lack of risks, pitfalls and uncertainties

ties, there are ancillary private-sector investment opportunities in real estate, telecoms, e-commerce, financial, tourism, education, creative industries and green technologies. "One Belt, One Road" is not a one-way street of China's outbound investments. There is also huge export potential for Western products, technologies and services to enter China.

China's 13th five-year plan aims

to double 2010 income levels by 2020, as the country works towards an economic transformation, from exports to services and domestic consumption, from labour and energy-intensive manufacturing towards innovative, higher-tech and higher value-added production, and from quantity to quality and ecological sustainability.

Based on interviews with 10,000 consumers in 44 cities, a McKinsey report found that, despite the current economic downturn, Chinese consumers remain mainly confident inside and outside China. There are distinctive shifts in consumer preferences from products to services, from mass products to premium brands, from consumer goods to lifestyle and well-being, from online to O2O (online to offline), from in-store shopping to ancillary on-site leisure experiences in restaurants and cinemas, and from individual shopping to joint family activities. China is already the world's largest e-tailing marketplace. According to Nielsen, a global market research company, there is massive untapped potential for global businesses.

All these opportunities come at a time of rapid internationalisation of the renminbi, including currency swaps, trade-financing deals and offshore bond issuance. The currency has been included in the IMF's basket of reserve currencies. Many banks and financial institutions across the globe are salivating for a greater slice of the action.

With a privileged relationship with mainland China under "one country, two systems", including a globally respected legal system and independent judiciary, Hong Kong, as a leading international financial centre and a regional business hub, is well endowed to capitalise on the initiative. Opportunities include the provision of financial, management, legal, arbitration and other professional services.

There is a wealth of ideas in the chief executive's 2016 policy address.

Naturally, "One Belt, One Road" is not paved with gold. There is no lack of risks, pitfalls and uncertainties, as in any new business realm. But in an era of upheavals and shrinking economic growth, it offers enticing opportunities for Hong Kong entrepreneurs, professionals and a multitude of businesses. It can also answer to the spirit of adventure of our younger generation in experiencing the challenges and opportunities of a rising China.

Andrew K. P. Leung is an independent China strategist. andrewkpleung@gmail.com

Leon Lai shows Leung how to handle a crisis

Albert Cheng says Hongkongers who despair of the chief executive's PR bungles, most recently over the airport luggage saga, have found a public figure to praise for getting it right

Singer Leon Lai Ming has recently become an accidental hero, thanks mostly to Chief Executive Leung Chun-ying's unpopularity.

Forty-nine-year-old Lai is known as one of the four "heavenly kings" of Canto-pop. A Unicef Goodwill Ambassador, he is also recognised for his contributions to children's welfare.

Lai was due to perform six concerts at the Central Harbourfront from April 28 to celebrate the 30th anniversary of his stellar career. However, the first performance was cancelled after the Food and Environmental Hygiene Department refused to grant a temporary permit because the supposedly fireproof material used for a marquee to house 4,500 fans failed to meet fire safety standards.

The way Lai handled the cancellation has been widely applauded by the press, academics, commentators and fans. His crisis management skills contrasted sharply with the way the chief executive and his team have dealt with the airport luggage saga caused by his absent-minded daughter.

Despite his big public relations machine, Leung has been haunted by the incident for nearly a month. Accusations have included abuse of power and bypassing airport security rules to get airport staff to take his daughter's left luggage into the restricted zone. Leung has denied any wrongdoing or even oversight. The Security Bureau, Civil Aviation Department, Airport Authority and Cathy Pacific have all been drawn into the vortex to defend Leung and his family. Officials have published reports and attended meetings with legislators. Yet, the issue refuses to go away.

The crux of the matter is whether a passenger is required to be present while his or her luggage goes through security checks. Critics cite international guidelines and insist this should be so. Officials say it is not necessary but have failed to clarify under what circumstances or for whom such discretion can be exercised. The best Leung can hope for is that the issue



The best Leung can hope for is that the [baggage] issue will soon be eclipsed by a bigger blunder

will soon be eclipsed by a bigger blunder. In contrast to Leung's denials, Lai's straightforward apology and pledge to take immediate remedial action came as a breath of fresh air. The concert cancellation had all the ingredients of a perfect PR disaster - high public expectations, a possible cover-up of mistakes and a gathering crowd. Lai responded by using Facebook to explain what had happened and apologise to the affected concert goers and the public.

Lai did a number of things right. First, he uploaded personal videos, without resorting to others for help. The setting was simple and Lai spoke sincerely ad lib. It did not come across as a contrived PR stunt. Second, he had a full grasp of the situation and was able to give details without referring to a prepared script. Third, he was prepared to shoulder full responsibility for the incident. His mea culpa came with a clear message that government departments were not to blame.

He did not use flowery language, and he was frank. That won the hearts and sympathy not only of his fans but also many Hong Kong people.

His performance wasn't perfect, for sure. Did he know of the problem with the fireproof material beforehand? If not, why not? If he did, why did he not take action earlier? His remarks that the material did not meet fire safety requirements because it was manufactured on the mainland also touched a raw nerve. The material met China's own safety standards but local authorities insist on applying British standards. The Chinese supplier should not be made a scapegoat. It would seem the organiser had tried to cut costs by opting for a Chinese source.

The organiser eventually decided to do away with the huge marquee and turn the concert into an open-air event, thus depriving the audience of the "4D" effects. Tickets cost as much as HK\$1,980 for the best seats.

Lai has emerged unscathed. His reputation has gained a new dimension. He should count his blessings, and is indebted to his fans for their tolerance.

Perhaps it's time for our uncommunicative chief executive to attend one of Lai's shows to see why the man is so persuasive.

Albert Cheng King-hon is a political commentator. taipan@albertcheng.hk



Leon Lai apologises to his fans for the concert cancellation in a video. Photo: SCMP Pictures

Is China up to the task of traversing territories fraught with political and geopolitical uncertainties?

Hong Kong is no city for dogs, but does it have to be that way?

Yonden Lhatoo looks at the pitfalls of keeping pets in Hong Kong, with the odds stacked against dog lovers, and how irresponsible owners aren't helping

I have neither the time nor the energy to look after a dog, much as I'd like to keep one, in a city that is not designed for people with pets and shows little tolerance for man's best friend.

But I do live in a dog-friendly building in Hong Kong, which means I get to see first-hand how people manage - and mismanage - pet ownership.

Some time back, one of my neighbours was driving me barking mad by leaving her dog home alone. The animal was obviously in a state of extreme distress at being locked up in a tiny flat day after day for hours on end, and amplified it for the world to hear.

I'm well aware barking is something that dogs do as a matter of fact, and I don't really mind when they let rip on occasion. My upstairs neighbours have a couple of dogs who wake me up late at night sometimes. But, in this particular case, imagine an unrelenting onslaught of yelping and whining every day, throughout the day. It becomes the most annoying sound in the world.

The owner was infuriatingly nonchalant about it, but after dozens of complaints to the building manager, the Society for the Prevention of Cruelty to

Animals and the police - who were all pretty useless, actually - the hassle must have driven her to dump the dog somewhere else because the barking suddenly stopped one day.

Recently, though, the most annoying sound in the world has resumed on my floor, and I know the animal is back for another round of neglect. I don't blame the dog in the least - it's the owner who should be locked in a kennel until she learns how to look after her pet.

Dog ownership in Hong Kong is a depressing picture, from the pet shops selling sad little animals dying of invisible diseases to the reprehensible puppy mills that supply them and the families who buy them as a passing fancy to be abandoned later.

Responsibility is for the birds, starting with people buying dogs but refusing to have them fitted with microchips that would identify them as owners. What they're doing, effectively, is openly reserving the right to ditch the animals when the novelty wears off. What a rotten way to start what should be a lifelong commitment to a loyal and loving companion.

Small wonder that despite the admirable efforts of animal welfare groups and volunteers who run

shelters, the government still has to euthanise thousands of unwanted dogs every year in this city.

I'm still horrified by pet owners who have their dog's vocal cords surgically removed to muffle the barking so they can be kept clandestinely in buildings that don't allow pets. That's a reflection of how unfriendly this city is to man's best friend.

There's precious little space to keep or walk them and they're banned from nearly all public places. It doesn't help when dog owners - or domestic helpers saddled with the dirty work - don't clean up when their dogs soil pavements and roadsides.

It's not completely hopeless, though. I see dog lovers getting the best out of their canine companions, against all odds. My cousin and his wife keep two beautiful dogs in their little flat, one adopted as a puppy and the other rescued from a shelter. Their home may be overcrowded as a result, but those animals have so much unconditional love and affection to give, so much joy to share, that it doesn't matter.

Through them, I'm beginning to understand why some people prefer dogs to human beings.

But this is Hong Kong after all. When most humans in this city are struggling to pay for a roof over their heads, animal welfare tends to be consigned to a back seat.

It's a dog's life, I suppose.

Yonden Lhatoo is a senior editor at the Post

Indian diplomacy falls short

Neeta Lal says the embarrassing visa U-turn for Chinese dissidents calls into question New Delhi's China policy, and its apparent lack of courage

New Delhi's very public U-turn on first issuing - and then rescinding - visas to three prominent Chinese dissidents has not only left it with egg on its face, but also increased bilateral mistrust while raising troublesome questions about its China policy.

German-based World Uyghur Congress leader Dolkun Isa, New York-based Lu Jinghua and Hong Kong activist Ray Wong Toi-yeung were heading to a conference on democracy in Dharamsala. The region is home to Tibet's government-in-exile and its spiritual leader, the Dalai Lama, who China regards as an arch-enemy. However, no sooner were the visas granted than India's foreign ministry cancelled them, saying that Isa had an Interpol "red corner notice" against him (Beijing apparently had to remind Delhi of the notice), while the other two activists' documents were full of "inconsistencies".

The episode is being viewed as a major faux pas on Delhi's part. Some have dubbed it a classic case of tit-for-tat diplomacy gone awry. China had recently used its clout at the UN to block India's attempt to have Masood Azhar, the alleged mastermind of an attack on an Indian air force base in January, designated an international terrorist. India's granting of visas was apparently a response to that.

The flip-flop has also raised uncomfortable questions for the foreign ministry. Did it not realise

Beijing would react unfavourably to the move? Second, why was it ignorant of Isa's Interpol alert? Third, if the visa decision was deliberate, and meant to be a riposte to China blocking the UN ban on Masood, does this mark a shift in India's China policy?

Clearly, retaliatory diplomacy can be messy. By first upping the ante, and then backtracking, Delhi has shown a lack of courage, possibly in response to some arm-twisting by Beijing. This is a personal blow for Prime Minister Narendra Modi, who has been keen to raise India's strategic profile. Cancelling the visas has revealed that India's strategic diplomacy lacks heft.

The visa incident has brought to the surface underlying tensions. India still finds itself scarred by its border skirmish with China - when the People's Liberation Army stormed into the eastern state of Arunachal Pradesh to vanquish an ill-prepared Indian army. China, for its part, regards India's decision to host the Dalai Lama, and its growing proximity with the US, as a provocation.

There's hope that with Indian President Pranab Mukherjee visiting China this month, both sides might focus on the bigger picture of improved ties following President Xi Jinping's (习近平) visit to India, and Modi's subsequent return trip to China.

Neeta Lal is a New Delhi-based senior journalist