

Press Release

LCQ16: Asian Infrastructure Investment Bank

Wednesday, April 22, 2015

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (April 22):

Question:

The Financial Secretary said in the Budget Speech this year that in "last October, over 20 countries signed a memorandum of understanding in Beijing and formally announced a plan to establish the Asian Infrastructure Investment Bank (AIIB). We shall endeavour to leverage our strength in financing and asset management to support its establishment and operation, and pursue actively the possibility of our joining AIIB". In this connection, will the Government inform this Council:

(1) of the role and specific tasks undertaken by the Hong Kong Special Administrative Region (HKSAR) Government in the preparatory work for establishing AIIB, and whether it has signed any agreement or memorandum in this connection with the parties concerned; if so, of the contents and other details of such agreements or memoranda;

(2) whether it has conducted any detailed feasibility study on issues such as the role of, the positioning of, the rights and obligations for, as well as the risks to be borne by, the HKSAR Government in AIIB; if so, of the details; if not, whether it will conduct the relevant study; and

(3) whether it will give this Council and the public an account of the details and technicalities on the HKSAR's joining AIIB beforehand; if so, of the details; if not, the reasons for that?

Reply:

President,

(1) At present, 57 prospective founding members, including China, are working

on the draft Articles of Agreement for the Asian Infrastructure Investment Bank (AIIB), including the procedures and rules for admission of new members. The work is to be completed by end June 2015 and the AIIB is targeted to commence operation by end 2015. Last December, the HKSAR Government indicated to the Central Government its intent to join the AIIB and has received positive responses from the Central Government. Representatives of the HKSAR Government attended the third Chief Negotiators' Meeting held in Kazakhstan in late March as members of the Chinese delegation, and participated in the discussion of the Articles of Agreement. Hong Kong has not yet signed any agreement or memorandum on its joining the AIIB. We will continue to discuss with the Central Government an appropriate arrangement for Hong Kong to join the AIIB as a non-sovereign territory.

(2) and (3) The HKSAR Government has examined the feasibility and potential benefits of Hong Kong's joining the AIIB. On the role and positioning of Hong Kong, we note in particular that there is enormous demand for infrastructure investment in Asia. As infrastructure projects generally involve huge capital commitments and a rather long implementation and payback period, our financing and asset management professionals and various financial products can support the operation of the AIIB in areas such as project financing, investment, financial management and foreign exchange management. Our professional services and financial services industries will stand to benefit. Meanwhile, all AIIB members should fulfil their obligations as members, including paying the subscribed capital. As the AIIB's Articles of Agreement are still being drafted, details about Hong Kong's participation (including our rights and obligations) can only be ascertained after the Articles of Agreement are finalised. The HKSAR Government will report the details to the Legislative Council prior to Hong Kong's joining the AIIB.

Ends