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MOST HONG KONG BUSINESSES EXPECT THE BELT AND ROAD INITIATIVE TO HAVE A POSITIVE IMPACT ON THEIR BUSINESS, HSBC SURVEY SHOWS

Hong Kong businesses are positive about the trade outlook for 2018. Close to 60% expect the Belt and Road Initiative to have a positive impact on business in Hong Kong, according to HSBC's *Navigator: Now, next and how for business survey*.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said, "China's commitment to increasing trade and investment flows through the Belt and Road Initiative shows how it is leading the way in a new era of globalisation. From Hong Kong's perspective, large industry players in financial services, trade, logistics, retail, healthcare, tourism and construction clearly stand to benefit. But there will also be great opportunities for small-medium enterprises and start-ups in the supply chains that are created by Belt and Road-related projects and investments."

Of the 6,033 international firms surveyed, 40% of the respondents expect the Belt and Road Initiative will create a positive impact on their business in the next two years. Businesses in Mainland China are most positive (77%), followed by Thailand (65%), Malaysia (61%), Singapore (59%) and Hong Kong (57%). In general, emerging economies (54%) are more positive about the Belt and Road Initiative's impact on trade than developed economies (27%).

Proposed by China in 2013, the Belt and Road Initiative spans more than 65 countries and territories, which together account for 29% of global GDP and 63% of the world's population.

Driven by the favourable economic environment, increased demand for products, reduced shipping and logistics costs, and greater use of technology, Hong Kong businesses are positive on the trade outlook (69%). Besides, 58% of them project an increased need for trade finance, and a similar number expect their ability to access trade finance to increase.

However, Hong Kong businesses believe a potential downturn in economic sentiment, volatility in trading partners' currencies and high labour costs are the top three barriers for services trade.

When asked about the role of digital and data, 35% of respondents from Hong Kong believe enhancing the digital capabilities of their employees is a way to grow their business. Other approaches include better use of data (30%) and increasing use of e-commerce (21%). The survey also shows 86% of Hong Kong respondents see cybersecurity as an increasing concern, which is slightly higher than the global figure (79%) but lower than China (95%).

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Note to editors:

HSBC Navigator: Now, next and how for business

HSBC Navigator is the most comprehensive report of global trade and business confidence. It combines an economic forecast of medium to long-term bilateral trade for exports/imports of goods and services across 25 markets (by Oxford Economics), and a global survey gauging business sentiment and expectations on trade activity and business growth (by Kantar TNS).

HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

The full report can be accessed here: www.business.hsbc.com/trade-navigator

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