

India - Hong Kong SAR Bilateral Relations

Background

India's relations with Hong Kong are historical and date back to the 1840s when Hong Kong became a British colony after the Treaty of Nanking as the result of the First Opium War. From trading ties established in the middle of the 19th century (1840 onwards), relations today span sectors such as investment finance, services, maritime, shipping, logistics, culture, education and trade.

2. Hong Kong has for more than 150 years been home to a large Indian community and its contribution to Hong Kong's emergence as a hub of global finance and trade is well known. Due to their long presence, Indians have been able to integrate themselves into the mainstream Hong Kong society. The Indian community is equally proud of its dual heritage and of their relations with both India and Hong Kong.

Political Relations and recent visits

3. The Commission for India, set up in 1951, was re-designated as Consulate General of India on October 15, 1996, in advance of China's assumption of sovereignty over Hong Kong, which took place on July 1, 1997. The Consulate also has accreditation to Macau, which reverted from Portuguese rule to Chinese administration on December 19, 1999.

4. Recent years have witnessed keen interest in Hong Kong in India's economic growth and its status as one of the fastest growing economies in the world. Expectations here are that with deepening of economic reforms in India in the coming years, India-Hong Kong relations should deepen and trade and economic ties should expand.

5. Donald Tsang, the then Chief Executive of Hong Kong along with the Governor of Guangdong province led a business delegation on a visit to India in October 2010. The visit was more in nature of a business visit, while he met Governor of Maharashtra, MOS(PK) for External Affairs & Finance Minister during his visit.

6. In order to increase the level of economic engagement between India and Hong Kong and provide boost to the business, investment and people-to-people links, Chief Executive (CE) of Hong Kong, CY Leung paid an official visit to India from February 2-5, 2016 at the invitation of Chief Minister of Maharashtra. It was the first official visit to India of a Hong Kong Chief Executive. He led a 40 strong multi-sectoral business delegation, the largest one accompanying Chief Executive amongst his recent official overseas visits. During his visit, CE called on Hon'ble Prime Minister, Finance Minister

and External Affairs Minister. He also addressed the business events organised by Indian and Hong Kong Chambers of Commerce.

7. Hong Kong has always acted as a “**Gateway to China**” for the companies in rest of the world. With the rapid growth in engagement between the Chinese and Indian economies, Hong Kong presents a great opportunity to act as a “**Gateway to India**” for the mainland companies and become an important stakeholder and a beneficiary of this huge opportunity. In this regard, Central Government and State governments have shown lot of interest in Hong Kong.

8. Finance Minister Shri Arun Jaitley visited Hong Kong on September 19-21, 2015. During the visit, he called on Chief Executive of Hong Kong and also addressed the investors at the India Capital Markets and Institutional Investors Summit. Chief Minister of Telangana Shri K. Chandrashekhara Rao led a high level delegation to Hong Kong on September 14-16, 2015. He also outlined the State’s path breaking new industrial policy and its novel TS-IPASS (Telangana State Industrial Project Approval and Self-certification System). Chief Minister of Gujarat Smt. Anandiben Patel, visited Hong Kong from May 19-20, 2015. Three Memorandums of Understanding were signed by Gujarat Government in solar energy, housing and infrastructure sector. Minister for Housing of Andhra Pradesh, Smt. K. Mrunalini, visited Hong Kong on September 28-29, 2015, to discuss the best practices in public housing in Hong Kong. She called on Anthony Cheung, Secretary for Housing and Transport of HKSAR and also met with public housing companies.

9. In November 2016, a business delegation from Confederation of Indian Industry (CII) led by its President Dr. Naushad Forbes visited Hong Kong. This was a return visit to that of the business delegation which had accompanied Hong Kong Chief Executive CY Leung (CE) during his visit to India in February this year. CE met with delegation to exchange views on strengthening business and commercial ties between India and Hong Kong. He briefed them on the latest economic opportunities in Hong Kong. The delegation also had meetings with Secretary of Commerce and Economic Development, Under Secretary for Transport and Housing, Chinese General Chamber of Commerce (CGCC) and Hong Kong Trade and Development Council (HKTDC). The visit of CII President to Hong Kong is also being planned later in 2017.

10. Member (Finance) National Highways Authority of India Sh. Rohit Kumar Singh conducted a roadshow in Hong Kong on April 26, 2017 to promote issuance of NHAI Masala bonds. He conducted meetings with major asset management companies in Hong Kong.

11. An official delegation led by Chief Minister of the Haryana Shri Manohar Lal Khattar visited Hong Kong from 23-25 May 2017. A roadshow was co-organized by the Consulate General of India and the Government of Haryana on ‘Investment Opportunities for Hong Kong Companies in State of Haryana’ on Wednesday, May 24, 2017. In his address, Chief Minister informed the participants about the various initiatives being taken by the Haryana government to promote overseas investment in

the State. This was followed by presentations on large-scale investment projects coming up in Haryana. The delegation also had one-to-one meetings with several major Hong Kong as well as mainland companies.

12. A 4-member Chhattisgarh Government delegation led by the Chief Secretary Shri Vivek Dhand visited Hong Kong on May 26, 2017 to promote investments in Chhattisgarh. They held one-to-one meetings with potential investors in Hong Kong.

13. Secretary (CPV & OIA) Shri Dnyaneshwar M. Mulay, accompanied by Joint Secretary (OIA-II) Smt. Vani S. Rao visited Hong Kong on June 12 – 13, 2017 for the India Development Foundation of Overseas Indians (IDF-OI) Community Outreach Event. This was the first time that any such event was being organized by the Ministry of External Affairs for outreaching to the Indian Diaspora to mobilize funds for the IDF-OI. During his visit, he had official meetings with Acting Commissioner of Ministry of Foreign Affairs of the People's Republic of China in HKSAR Ms. Tong Xiaoling and Secretary for Security of Government of HKSAR Mr. T.K. Lai.

14. A 2-member delegation led by Mr. Bhushan Kumar Sinha, Economic Advisor, DIPAM visited Hong Kong on June 16, 2017 for the roadshow for dissemination of disinvestment plan of Government of India to attract FIIs in New Exchange Traded Fund / Offer for Sale. Mrs. Meenakshi Gupta, Additional Secretary, Ministry of Petroleum and Natural Gas visited Hong Kong on June 16, 2017 for a roadshow regarding disinvestment in Oil India Limited and to generate interest amongst prospective investors. A two-member delegation led by Shri Dheeraj Bhatnagar, Joint Secretary, Department of Investment and Public Asset Management (DIPAM) visited Hong Kong on July 26-28, 2017 to generate interest of Foreign Institutional Investors (FIIs) for investing in Neyveli Lignite Corporation India Limited.

15. A 3-member delegation led by Mr. Pankaj Kumar Mishra, Director, Financial Intelligence Unit (FIU) visited Macau SAR for participating in the 24th Egmont Group Plenary Meetings from July 2-7, 2017. FIU India is a member of the Egmont Group, an International Organization for exchange of information and co-operation amongst FIU's and Director, FIU-India represents Asia Region on the Egmont Committee.

16. Director-Sports, Ministry of Youth Affairs and Sports (MYAS) Shri Sagar Preet Hooda visited Hong Kong on July 7, 2017 to explore the possibilities of collaboration with the Hong Kong Sports Institute (HKSI). Meetings were held with the officials of HKSI in this regard. He expressed interest in use the expertise of HKSI to educate our coaches and implement the facilities back in India.

17. A 4-member delegation, led by Shri Nitin Kareer, Principal Secretary, Ministry of Urban Development, Government of Maharashtra visited Hong Kong on July 19-20, 2017. The delegation made a visit to the Transit Oriented Programme facility in Hong Kong.

18. A senior level delegation, led by Shri Parag Gupta, Joint Secretary (JS), Ministry of Food Processing Industries and consisting of ITP officials & a team of 40 exporter companies visited Hong Kong from August 17-21, 2017 to participate in the Hong Kong Food Expo. This was the first time that India participated in the Hong Kong Food Expo. JS also made a courtesy call on Mr. Ken Saito, Minister of Agriculture, Forestry & Fisheries of Japan and invited him to participate in the World Food India being organized from November 3-5, 2017 in New Delhi. JS also had meetings with the members of major Hong Kong food companies and chambers of commerce and urged them to look at India as a major investment and manufacturing destination for food processing.

19. The Chief Executive of Hong Kong in his recent Annual Policy address held on January 18, 2017 announced its decision to open Economic and Trade Office (ETO) in India. ETO in India has been a long pending demand of the Indian community based in Hong Kong. Hong Kong Government has approached us for consultation regarding Privileges & Immunities (P&Is) for ETO.

20. With effect from January 23, 2017, Hong Kong government has made Pre-Arrival Registration a compulsory requirement for all Indian nationals who intend to visit Hong Kong visa-free for 14 days.

Bilateral Agreements

21. Agreements concluded with Hong Kong include:

- Agreement on Reciprocal Enforcement of Judgements (1968), [which was re-notified by Government of India in July 2012 due to a change in the nomenclature of Hong Kong courts following handover of sovereignty to China in 1997],
- Agreement Constituted by Exchange of Letters Between the PRC and India on matters related to the Consular Convention (December 1991),
- Air Services Agreement (1996), and an MoU on Air Services Agreements pursuant to the Air Services Agreement (February 2012),
- Customs Cooperation Agreement (1997),
- Surrender of Fugitive Offenders (1997), and
- Agreement on Mutual Legal Assistance in Criminal Matters (September 2009).
- Agreement for Mutual Recognition Arrangement in respect of Authorized Economic Operation (AEO) programs between Central Board of Excise and Customs (CBEC) of Government of India and the Customs and Excise Department of the HKSAR Government (November 2013).

22. Following MoUs have been signed between India and Hong Kong:

- MoU between Hong Kong Monetary Authority (HKMA) and Reserve bank of India (RBI) on Supervisory Cooperation and Exchange of Information signed on July 17, 2014.

- Agreement on Transfer of Sentenced Persons was signed on January 20, 2015 and has since come into effect.
- India Trade Promotion Organisation (ITPO) Chairman visited Hong Kong on 04 October 2016 and signed an MoU with Hong Kong Trade Development Council (HKTDC) to strengthen the economic partnership and increase bilateral commerce between India and Hong Kong, especially for small and medium-sized enterprises.

23. On the Double Tax Avoidance Agreement (DTAA) between India and Hong Kong, both sides have concluded the negotiations. The text of the agreement has been finalized and initialed.

24. India and Hong Kong are working closely together to put in place institutional arrangements for facilitation of investments from Hong Kong to India. Negotiations on Bilateral Investment Promotion and Protection Agreement (BIPPA) have already begun and both sides are working closely in this regard.

Commercial relations

25. Recent years have seen relations between India and Hong Kong expand rapidly. Hong Kong companies also have been increasingly looking at India as an investment destination. Many Hong Kong companies have huge presence in India. This includes China Light and Power (CLP), Li & Fung, Jardines, Shangri La, Kerry Logistics and Johnson Electric to name a few.

26. Hong Kong is host to a large number of Indian professionals in banking, IT and shipping. Eleven public sector banks and three private sector banks from India are currently operating in Hong Kong. Numerous global financial majors, investment institutions and fund managers operating in India have their regional headquarters in Hong Kong. Hong Kong is also a major sourcing centre for Indian companies. It has emerged as a major re-exporter of items it imports from India to Mainland China. The regional office of Air India is located in Hong Kong.

27. Hong Kong occupied 16th position in FDI equity inflows into India with cumulative FDI amount of US \$ 2.286 billion (April 2000 to June 2017). Hong Kong is major hub for exhibitions and conferences. Trade fairs in Hong Kong are an important opportunity as they provide a platform for the buyers and sellers across the globe to come together and interact. Annually, more than 60 fairs are held in Hong Kong. India also participates in many of these exhibitions to promote its strengths, mainly through export promotion councils and sectoral promotion boards.

28. Hong Kong Trade and Development Council (HKTDC) had made India as its focus point in 2016 for promoting business and trade linkages between India and Hong Kong. With the focus on SMEs, HKTDC conducted a Seminar on the Latest Market Opportunities in India in September 2016, and paid special focus on India during the World SME Expo held in December 2016. They have conducted series of researches, which may be useful and relevant for Hong Kong companies planning to invest in India.

Bilateral Trade

29. India was Hong Kong's **4th largest** export market destination (after China, US, Japan) in 2016 and Hong Kong is India's **3rd largest** export market (after US, UAE) in FY 2015-16. India-Hong Kong trade in 2016 was US\$ 26.85 billion (growth of 13.4 %). Exports from India to Hong Kong were worth US\$ 11.89 billion, an increase of 11.9%. About 90% of our exports are gems and jewellery related. (Value additions in India, since 45 % of imports are also from this sector). Our imports from Hong Kong also increased by 14.6% to US\$ 14.96 billion, the balance of trade during this period was in Hong Kong's favor amounting to US\$ 3068 million. During 2016, India continued to retain its position as the **7th largest trading partner of Hong Kong**

30. Indian exports to Hong Kong primarily include Pearls, precious & semi-precious stones, mineral fuels, Leather, Electrical Machinery, Fish & crustaceans, Cotton, Machinery, Oil seeds, Articles of apparel and Plastics while Indian imports from Hong Kong include Pearls, precious and semi-precious stones, Electrical machinery, Machinery, Optical & medical instruments, Clocks & watches, Plastic and articles thereof, special woven fabrics, Miscellaneous manufactured articles, paper and footwear.

India - Hong Kong Trade

[Amount in US \$ million]

Exports/ Imports	2014		2015		2016		2017 Jan-June	
	Total	Growth %	Total	Growth %	Total	Growth %	Total	Growth %
Indian Exports to Hong Kong	12,319	+10.0%	10,630	-13.7%	11,894	+11.9%	7,691	+30.7%
Indian Imports from Hong Kong	12,080	+13.1%	13,055	+8.1%	14,962	+14.6%	10,570	+47.6%
Total Bilateral Trade	24,399	+11.5%	23,685	-2.9%	26,856	+13.4%	18,261	+40.0%
Trade Balance (for India)	239		-2,425		-3,068		-2,878	

(Source: Census and Statistics Department, Hong Kong)

Investments

31. Hong Kong occupies the 16th position in FDI equity inflows into India with cumulative FDI amount of US \$ 2.286 billion (April 2000 to June 2017). The main reasons are the strict regulations in India regarding Chinese FDI, which includes FDI from Hong Kong into India and absence of Double Taxation Avoidance Agreement (DTAA) between India and Hong Kong.

Trade expansion

32. The consulate has worked with local regulatory authorities to open for the first time local market access for Indian meat products which has an immense potential to grow given huge demand in Mainland. Trade has also been recently opened up for poultry products from India and we have introduced Indian wines to the market.

Participation in Trade fairs

33. Hong Kong is major hub for exhibitions, conferences and trade fairs in Hong Kong are an important event as they provide important platform for the buyers and sellers across the globe to come together and interact. Annually, more than 60 fairs are held in Hong Kong. India also participates in many of these exhibitions to promote its strengths, mainly through export promotion councils, sectoral promotion boards or at the consulate level. Some of them include Hong Kong Fashion Week for Spring / Summer, Hong Kong Book Fair, International ICT Expo, International Home Textiles and Furnishings Fair, Gifts & Premium Fair, Global Sources Fashion Fair, International Medical Devices and Supplies Fair, International Diamond, Gem & Pearl Show and the Hong Kong Food Expo. For the first time, India participated in the Hong Kong Food Expo organized by HKTDC in Hong Kong on August 17-21, 2017.

Academic Collaboration

34. A Memorandum of Understanding (MoU) between the Indian Council for Cultural relations (ICCR) and The Chinese University of Hong Kong (CUHK) on “Establishment of the ICCR visiting professorship of Indian studies” was signed on September 04, 2015. The MOU is presently functional, and an ICCR Chair has been established at CUHK. The First Chair was Shri UA Vinay Kumar, a distinguished Professor from Department of Philosophy at the Goa University who taught on Indian Philosophy and Vedas for Sept-Dec 2016 semester. ICCR and CUHK has finalized the second Chair for the upcoming semester. Prof. Sanoj Rajan, Professor & Dean, School of Law, Ansal University, Delhi has been selected for deputation as the Visiting Professor of ICCR Chair at CUHK for a period of one semester from September 2017.

35. Recent years have witnessed an increase in the number of Indian students in Hong Kong universities. Presently, there are nearly 360 Indian students studying in various universities in Hong Kong. The trend is likely to increase due to a host of factors including competitive fee structure, high ratings among world institutes etc. The Consulate has taken an initiative for organizing interactive sessions with the Indian students studying in various universities of Hong Kong like The University of Hong Kong, The Hong Kong Polytechnic University so as to welcome and help them with their stay in Hong Kong. One such interactive session took place at The University of Hong Kong on August 30, 2017.

36. City University of Hong Kong has MoU with IIT Delhi for student exchange.

Tourism and Air links

37. Hong Kong is a major tourist destination for Indians. With more than half million Indian tourists visiting Hong Kong every year, the Hong Kong- India tourism has been steadily rising. The launch of **e-TV scheme** for HKSAR passport holders on July 30, 2015 as part of the “Visit India Year” has been a significant milestone in our quest to achieve greater tourist flows to India.

38. Direct air links between India and Hong Kong are through Air India, Jet Airways and Cathay Pacific which connect 6 cities in India, namely- New Delhi, Chennai, Hyderabad, Bangalore, Mumbai and Kolkata. In all, there are 69 direct flights being operated between India and Hong Kong every week. Both Hong Kong and Indian authorities have expressed interest in increased air connectivity and are in continuous touch in this regard.

Cultural relations

39. As part of India@70, the 70th Anniversary of Independence Day India was held in Hong Kong on August 15, 2017 with flag hoisting ceremony in the morning, which was attended by the members of the Indian community. This was followed by a luncheon interaction organized in collaboration with Overseas Indian Organization and the Indian Chamber of Commerce in Hong Kong. The event was attended by Minister of Commerce and Economic Development in HKSAR Government Mr. Edward Yau Tangwah and President of Legislative Council Mr. Andrew Leung. An evening Independence Day reception was organized by the Indian Association in Hong Kong. Newly appointed Chief Executive of Hong Kong Ms. Carrie Lam and other senior officials from the Hong Kong Government attended the event.

40. The International Day of Yoga was celebrated in June 2017 and nearly 1800 people attended the yoga celebrations, which included members of Consular Corps, Indian Diaspora, expatriates and locals. About 20 yoga and related institutes and 5 Indian restaurants of Hong Kong supported the event.

41. Indian artists in Hong Kong participate every year in the Asia Ethnic Cultural Festival that is held in Hong Kong. A festival of Indian Art & Culture named ‘India By the Bay’ is organized every year in Hong Kong in February in collaboration with the Asia Society Hong Kong Center. The fourth edition of India by the Bay is being organised in February 2018.

42. Apart from above, the Consulate conducts and supports many other cultural events from time to time. Although India does not have a Cultural Exchange Programme with Hong Kong, a fairly large variety of cultural activities are held through local cultural impresarios and institutions.

Indian Community in Hong Kong

43. Hong Kong has for more than 150 years been home to a large Indian community and its contribution to Hong Kong's emergence as a hub of global finance and trade is well known. Due to their long presence, Indians have been able to integrate themselves into the mainstream Hong Kong society. The Indian community is equally proud of its dual heritage and of their relations with both India and Hong Kong. Members of the Indian community established well known institutions in Hong Kong such as the Hong Kong University, the Ruttonjee Hospital and the famous Star Ferry.

44. Increasingly, a large number of Indian professionals are coming into Hong Kong, working in the service industry, banking and finance, information technology, shipping, etc. The Indian community in Hong Kong is estimated to be more than 50,000 and approximately half of them hold Indian passports. Sindhis, Gujaratis and Punjabis (Sikh) form the largest component of the community. There are more than 20 Indian associations present in Hong Kong that are run by diaspora/ people of Indian origin.

45. So far, four Hong Kong based persons of Indian origin have been awarded the Pravasi Bhartiya Samman Award: Dr. Hari Harilela (2003), Mr. M. Arunachalam (2005), Mr Rusy M Shroff (2006) and Mr. Harindarpal Singh Banga (2011).

India- Macau SAR Bilateral Relations

46. The mainstay of Macau's economy is tourism and gambling industry. Macau has become a major tourist destination for Indians (India is amongst the top ten source of tourism to Macau) and the number of Indians who visited Macau last year was approx. 1,65,000. There is a small Indian community in Macau, majority of who are of Goan origin. These include professionals, people in Government Departments and those working in hotels and restaurants and in the gaming industry.

47. India has signed two bilateral agreements with Macau. These are the Air Services Agreement signed in February 1998 and the Agreement for the Exchange of Information with Respect to Taxes signed in January 2012.

48. The International Day of Yoga was celebrated in June this year in Macau as well to mark the occasion. Macau Yoga institutes enthusiastically participated in the event.

49. The Consulate General of India participated in the 5th Macau International Travel (Industry) Expo 2017 held in Macau from 7-9 July 2017, which was organized by Macao Government Tourism Office and coordinated by Macau Travel Agency Association. We also participated in the 21st edition of Macao International Trade & Investment Fair (MIF) from 20th to 22nd October 2016. The fair was organized by Macao Trade and Investment Promotion Institute along with 15 Economic and Commercial authorities as well as trade associations from Macau, Hong Kong and Mainland China.

50. The total trade was worth US\$ 14.87 million in 2016, wherein India's exports to Macau were valued at US\$ 10.61 million and Macau's exports to India were valued at US\$ 4.26 million. Major products of export from India are articles of apparel, pharmaceutical products, articles of leather, rubber & articles thereof and Coffee, tea, maté and spices.

India - Macau Trade: Table

[Amount in US \$ million]

Export/Import	2014		2015		2016		2017	
	Total	Growth %	Total	Growth %	Total	Growth %	Total	Growth %
Indian Exports to Macau	9.81	-19.6%	13.19	+34.4%	10.61	-19.6%	5.68	-1.05%
Indian Imports from Macau	2.54	+40.3%	4.52	+77.9%	4.26	-5.8%	2.20	+17.6%
Total Bilateral Trade	12.35	-11.8%	17.69	+43.2%	14.87	-15.9%	7.88	+3.55%
Trade Balance (for India)	7.27		8.67		6.35		3.48	

(Source: Census and Statistics Department, Macau)

Useful Resources:

- Consulate's website : www.cgihk.gov.in
- Consulate's Facebook page: <https://www.facebook.com/CGIHongKongChina>
- Consulate's Twitter account: <https://twitter.com/CGIHongKong>

August 2017