

## **India-Hong Kong Bilateral Brief**

### **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, relations today span sectors such as investment finance, services, maritime, shipping, logistics, culture, education and trade. The Commission for India in Hong Kong was set up in 1951 and it was re-designated as Consulate General of India on 15 October 1996 in advance of China's assumption of sovereignty over Hong Kong on July 1, 1997. The Consulate also has accreditation to Macau, which reverted from Portuguese to Chinese sovereignty on December 19, 1999.

### **Political Relations:**

Recent years have witnessed keen interest from 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. 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.

A series of high-level visits from India to Hong Kong in the last one year have helped boost overall ties between India and Hong Kong. These include the visit by our Finance Minister Shri Arun Jaitley, the then Gujarat Chief Minister Smt. Anandiben Patel and Telangana Chief Minister Shri KCR Rao. We have also received number of delegations from India to participate in multilateral events which include a delegation consisting of five senior-level High Court judges from India to participate in the "Fifth Judicial Seminar on Commercial Litigation" organized by The Court of Final Appeal of Hong Kong.

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 40 strong multi-sectoral business delegation, the largest one accompanying Chief Executive amongst his recent official 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.

In continuation of last year's goodwill visit of Indian Coast Guard Ship ICGS Sarang to Hong Kong in August 2015, an Indian Coast Guard Ship ICGS Samrat had a goodwill visit to Hong Kong SAR from October 29 - November 02, 2016. The Coast Guard officials had interactions with Hong Kong Marine Police and Hong Kong Customs officials.

## **Bilateral Agreements:**

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 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).

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.

## **Commercial Relations:**

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.

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.

Hong Kong occupied 16th position in FDI equity inflows into India with cumulative FDI amount of US \$ 1.976 billion (April 2000 to September 2016). 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.

Hong Kong Trade and Development Council (HKTDC) has made India as its focus point this year 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.

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.

Several other high-level visits to Hong Kong include that of Secretary (Investment & Public Asset Management) in September 2016 with focus on Foreign Institutional Investors (FIIs) and that of high-level Gujarat delegation in October 2016 to promote Vibrant Gujarat Global Summit 2017.

### **Bilateral Trade:**

India was Hong Kong's 4<sup>th</sup> largest export market destination in 2015 (after China, US, Japan) and Hong Kong is India's 3rd largest export market (after US, UAE) in FY 2015-16. India-Hong Kong trade in 2015 was US\$ 23.7 billion. During 2015, India continued to retain its position as the 7th largest trading partner of Hong Kong. The total trade in Jan-Oct 2016 has increased by 12.1% to 20.22 billion USD this year as compared to last year, despite the decline in Hong Kong's global trade.

Indian exports to Hong Kong primarily include Pearls, precious & semi-precious stones, Leather, Electrical Machinery, Cotton, Fish & crustaceans, Machinery, Articles of apparel, Organic chemicals, , Optical & medical instruments 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, Organic Chemicals and paper.

### **India - Hong Kong Trade: Table**

*[Amount in US \$ million]*

Exports/ Imports	2013		2014		2015		Jan-Oct 2016	
	Total	Growth %	Total	Growth %	Total	Growth %	Total	Growth %
<b>Indian Exports to Hong Kong</b>	<b>11,195</b>	+6.7%	<b>12,319</b>	+10.0%	<b>10,630</b>	-13.7	<b>10,232</b>	+12.1%
<b>Indian Imports from Hong Kong</b>	<b>10,680</b>	+7.9%	<b>12,080</b>	+13.1%	<b>13,055</b>	+8.1	<b>12,367</b>	+12.4%

<b>Total Bilateral Trade</b>	<b>21,785</b>	+7.3%	<b>24,399</b>	+11.5%	<b>23,685</b>	-2.9	<b>22,599</b>	+12.2%
Trade Balance (for India)	515		239		-2,425		-2,136	

(Source: Census and Statistics Department, Hong Kong)

### **Cultural linkages:**

The International Day of Yoga was celebrated in June this year and was the biggest ever Yoga event to be held in Hong Kong, as nearly 2,500 Hong Kongers gathered at the Sun Yat Sen Memorial Park here to mark the occasion. Lau Kong-Wah, Secretary for Home Affairs of HKSAR government was the Guest of Honour.

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 third edition of India by the Bay is being planned in February 2017.

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.

### **Academic collaboration:**

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 Shri UA Vinay Kumar is a distinguished Professor from Department of Philosophy at the Goa University.

Recent years have witnessed an increase in the number of Indian students in Hong Kong universities. The trend is likely to increase due to a host of factors including competitive fee structure, high ratings among world institutes etc.

### **Tourism and Air links:**

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.

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.

### **Indian Community:**

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.

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 45,000 and approximately half of them hold Indian passports. Sindhis, Gujaratis and Punjabis (Sikh) form the largest component of the community.

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 Bilateral Relations**

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. 1,67,000. 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.

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.

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

**Consulate's participation in Macao International Trade & Investment Fair:** Consulate General of India Hong Kong participated in the 21st edition of Macao International Trade & Investment Fair (MIF) at the Venetian Macao 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.

Bilateral trade with Macau is growing. In 2015, the total trade was worth US\$ 17.69 million, wherein India's exports to Macau were valued at US\$ 13.19 million and Macau's exports to India were valued at US\$ 4.52 million. Major products of export from India are sheath contraceptives, articles of apparel of leather or composition of leather, fish heads, black tea and medicaments.

## India - Macau Trade: Table

[Amount in US \$ million]

Export/Import	2013		2014		2015		Jan-Oct 2016	
	Total	Growth %	Total	Growth %	Total	Growth %	Total	Growth %
Indian Exports to Macau	12.20	+70.5%	9.81	-19.6%	13.19	+34.4%	9.02	-20.2%
Indian Imports from Macau	1.81	+351.6%	2.54	+40.3%	4.52	+77.9%	3.86	-7.1%
Total Bilateral Trade	14.01	+85.4%	12.35	-11.8%	17.69	+43.2%	12.88	-16.7%
Trade Balance (for India)	10.39		7.27		8.67		5.16	

(Source: Census and Statistics Department, Macau)

### Useful Resources:

- Consulate's website : [www.cgihk.gov.in](http://www.cgihk.gov.in)
- Consulate's Facebook page: <https://www.facebook.com/CGIHongKongChina>

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