

Asia Team

Overview

The Asia team will work alongside the Global Export and Investment, Policy and Innovation and Regulatory Affairs teams in promoting the UK's value proposition to attract and retain investment to the UK and facilitate exports as well as supporting the wider EDO Strategic Objectives.

London has always been a global financial centre. London boasts more variety of international financial institutions and investors than any other centre including New York, Hong Kong, Singapore and Dubai. London is the world's #1 F/X market, 3rd largest insurance market, 2nd to the US in Asset Management and is home to the world's most international stock market. In order to maintain this advantage, the City Corporation must engage important global markets to attract financial institutions to come to London and to transact business through London.

Asia is important to this goal. Asia accounts for most of the world's GDP growth. China is on track to achieve 7% annual GDP growth, and India is exhibiting the same growth rate, albeit from a lower base. China is already the world's 3rd largest economy. These two Asian giants will significantly shape the world in important areas of finance, currency, infrastructure and trade. It is important for London to work with them now to secure relationships that ensure they view London as their #1 partner in the west for financial and professional services. The City Corporation is uniquely placed to champion this.

Asia already has important financial centres in the region. Hong Kong has traditionally been the gateway to Asia and has a strong equities-led market. However since the handover to China, Hong Kong's international growth and independence have been challenged. This is an opportunity for London to find ways to collaborate instead of compete. As a global financial centre competitor, Singapore is gaining in importance. It has a strong fixed income and F/X market and an aggressive business strategy to attract international business through grants, rebates and preferential tax treatments. It is important for London to monitor Singapore's competitive plans and to find bridges to connect and collaborate.

The Asia team's goal is to secure London's future as the most global financial centre by building opportunities for trade and investment with Asia, leading on Asia policy and regulatory thinking to facilitate market access, and to create platforms for Asia-focused business growth in London – particularly through currency activities, infrastructure financing, FinTech, Green Finance and Insurance.

Industry Context

Overall the world is experiencing a low growth environment and anti-free trade sentiments. London is in the midst of grappling with Brexit. In this context it is even more important to create a bridge between London and Asia to discuss finance and services connections. However Asia is a big place and is certainly not uniform in its opportunities and challenges. We have targeted the following three geographies to focus on in the first 6-12 months for reasons stated above:

- Greater China (including Hong Kong and Taiwan)
- India
- Singapore

There are some global trends we are looking to harness:

1. **FinTech** - London is a global leader in FinTech, but so too are areas of Asia that have a significantly more popular uptake of FinTech than the UK. India's financial inclusion agenda fits well with London's offering. China's FinTech landscape is very advanced and opportunities for trade are limited. Singapore is an aggressive competitor. Already the UK has FinTech bridges set up by HMT with China, Singapore, Korea and is looking at a similar structure for India and Hong Kong.
2. **Belt and Road Initiative** - President Xi's Belt and Road Initiative (BRI) is a significant policy push to build out infrastructure along the ancient silk roads and maritime trading routes. It touches 65

countries, 64% of the world's population and 29% of the world's GDP. Financing of BRI is an opportunity for London.

3. **Green Finance** - Through the link between GFI and GFC the City Corporation has strong ties to China's booming green finance movement. Standards and commercial links are important harmonizing next steps. Green is less developed in both India and Singapore although early signs are of Singapore offering rebates for green bond listings – a sign of its growing interest in this space.
4. **Insurance/Reinsurance**- Asia is shockingly underinsured (particularly China which is only 3% insured versus Europe's 35% and USA's 120% penetration). There is an opportunity to lobby for market access for both insurance and reinsurance in the region and attract companies to the Lloyds market in London.
5. **Cyber** - Cyber crime issues build hand in hand with FinTech. Singapore is particularly interested in building capability as is Hong Kong. Indian think tanks are also addressing the issue early as they roll out FinTech solutions and drive to a digital financial market. It is not a topic in mainland China.
6. **Corporate Treasury** - A driver of London's global status is being home to corporate treasury operations taking advantage of London's global talent pool, F/X markets and product diversity. We have some excellent case studies we can exploit and do a competitive study versus Singapore and elsewhere to attract new businesses to London.

Strategic Objectives

The Asia team's goal is to create a bridge between UK and Asian markets to maintain London's status as global financial centre.

This can be achieved through:

1. Supporting outbound trade opportunities via market access policy
2. Attracting inward investment from Asia
3. Building volumes in key financial areas by attracting flows from Asia (ie: F/X, AUM, reinsurance contracts, bond listings)
4. Creating future platforms for financial innovation in London (ie: BRI asset class development)

More specifically via our detailed business plan which must be worked in cooperation with other EDO areas such as Global Trade & Investment, Policy & Innovation and Regulatory Affairs:

China:

1. Internationalisation of the RMB
 - Maintain London's status as 2nd largest offshore hub & Grow RMB Usage to 2020 through relaunching of RMB Initiative 2.0
2. Green Finance
 - Grow UK Participation in China Green Bond Market and China's participation in the UK Green Bond Market and expand Green asset class in both countries through engagement and commercial support
3. Belt & Road Initiative Financing
 - Increase UK stakeholder participation in the initiative including working towards a longer term green BRI asset class in London extending to global primary and secondary market for infrastructure as an asset class in London. Through engagement with Greening the Belt and Road, F/X and Currency implications, and China Onshore BRI bond definitions with NAFMII and ICMA.

India:

1. FinTech
 - Support UK India collaboration via regulatory/policy discussion and trade and investment opportunities via working with Innovate Finance to create an "India Fastrack" concept in payments, insurtech, blockchain and cyber

2. Rupee Internationalisation
 - Launch Rupee Internationalisation Initiative as supported by the UK India EFD 2017 in London and Mumbai with RBI, SEBI, HMT as observers. Convene industry to produce recommendations and data.
3. Insurance/Reinsurance
 - Deeper engagement with India regulators and implement policy discussions based on IUKFP paper from 2015 and Lloyds paper of 2017.

Singapore:

1. Cyber
 - Increase cross border policy convergence and trade & investment via input and participation in the UK Singapore EFD and FinTech conferences in concert with Innovate Finance
2. Corporate Treasury
 - Create a corporate treasury location offering for Asia firms going global that is clear about the comparison to Singapore's offer.
3. Collaboration plans
 - Develop a closer city to city relationship with Singapore in working on Financial & Professional services topics relating to 3rd countries including China and India