



**REPORT OF THE VISIT BY THE RT. HON THE LORD MAYOR OF LONDON
(ALDERMAN CHARLES BOWMAN)
TO CHINA AND HONG KONG SAR**

19th – 27th March 2018

SUMMARY

1. High-impact and successful visit for the Lord Mayor (LM) accompanied by a large and high-quality business delegation to strengthen relationships and offer current and future investors reassurance over Brexit and the future of the City. Strong drumbeat of engagement continued.
2. The context in mainland China was the conclusion of the 13th National People's Congress and Chinese People's Political Consultative Conference signalling that that China would continue to improve its business environment and to open up its markets. Announcements from these included plans for the removal of foreign ownership caps on banks, brokerage houses and fund management firms, and a level playing field ("standard market access rule") for both domestic and foreign banks.
3. LM visit highlighted opportunities for the UK to create a "One-Stop-Shop" to connect firms undertaking **Belt and Road** projects with the UK's financial and related professional service firms. Significant appetite to conclude the **London-Shanghai Stock Connect** and interest in the launch of the **UK-China Green Finance Centre**. Long-term and broadly optimistic view being taken on Brexit though some commented on the volatile nature of the broader UK political landscape - some concerns expressed around populism and potential re-nationalisation of privatised assets.
4. LM visit to Hong Kong aligned with the **GREAT Festival of Innovation** and shared a platform with Secretary of State Fox. Engagement with regulators and financial service practitioners prompted suggestions for the **International Regulatory Strategy Group (IRSG)** to promote its work internationally on regulation by outcome driven market access.
5. A high-level visit with a very warm reception and a number of "macro" opportunities flowing from it together with opportunities for individual firms. It provided a strong platform for the "**Asia Next Decade**" campaign and prompted much demand for reciprocal engagement.

DETAIL

6. The LM's programme covered four cities on the mainland (Shenzhen, Shanghai, Baoding and Beijing) and a short visit to Hong Kong SAR. He was accompanied by Alderman and Sheriff Tim Hailes and a large and very senior business delegation, led by a "Business Champion", Sir Tom Troubridge. The quality and strength of this delegation was noticed and appreciated by the Chinese hosts. The reception afforded to the Lord Mayor and his delegation was noticeable in its genuine warmth, not only from business leaders but also from government and party officials and was more substantial in terms of tone and less formulaic than on previous visits. There was a willingness, openness and desire to talk about reform.
7. The People to People aspect of the visit was evident throughout, as many that the LM met highlighted the commonality of culture and the strength of the UK cultural offering. Many identified the value of a UK education and the LM was able to announce the award of a **Mansion House Scholarship**.
8. The visit aligned well with HMG, following soon after the Prime Minister to mainland China and coinciding with the Secretary of State for International Trade and other ministers in Hong Kong. They were supported by the Embassy and Consulates, who provided strategic and high-level programmes. A full list of meetings and of follow-up actions is attached in the Appendices.

HONG KONG

9. Hong Kong continues to see itself as a bridge to greater China and as a hub for South East Asia. It is also very conscious of the speed of growth in Guangdong province and development of the **Greater Bay Area**, linking several large Chinese cities into an integrated economic and business hub.
10. The LM presented the position of the City of London Corporation (CoLC) on **Brexit**. Whilst some interlocutors did not see any obvious impact around Brexit and the way they interacted with the UK, there was significant interest in post-Brexit regulation. There was discussion on the desire for global standards on regulation and how Hong Kong can best contribute to the discussions on equivalence rule changes. Some opined that particular arguments are better made from Hong Kong than London and that it was important that the "Hong Kong voice" is heard in Brussels, as the arguments the UK makes about equivalence also apply to Hong Kong. The work of the IRSG is extremely well regarded and opportunities were highlighted for the Group to promote and internationally sell their work on **regulation by focusing outcome driven market access** as opposed to the means by which it is achieved. London's pre-eminence in Fintech was widely acknowledged and as was its potential to take a lead on the use of **blockchain** for Anti-Money Laundering and "Know Your Customer" utilities.
11. Sharing a panel at the **GREAT Festival of Innovation** with the Secretary of State (SoS) for International Trade, the LM spoke of the UK's creativity and innovation in financial services in helping to build the "soft infrastructure" of the **Belt and Road**. The panel also highlighted the importance of the rule of law, the role of Fintech in **Digitising the Belt and Road**, the application of **Green Finance** and the need to protect **Intellectual Property** to foster innovation.

MAINLAND CHINA

12. The strength of the relationship between the CoLC and China was illustrated by the large number of meetings the LM had with government and party officials. The warmth of the meetings was palpable and consistent city by city. In **Shenzhen** the LM was received by the Party Secretary keen to build on a 2004 MoU between the CoLC and Shenzhen. The Party Secretary wants to build on Shenzhen's position as a hub for innovation and reform but wants to draw on UK expertise in **Fintech, Green Finance, Financial Supervisory and Risk Management**.
13. After a meeting with the **Pudong New Area Governor**, the LM met the **Mayor of Shanghai** enabling him to renew the existing MoU between Shanghai and discuss the "**Asia Next Decade**" programme. The warmth of the reception and meeting was of particular note and the presence of two potential future Lord Mayors was recognised as underlining the CoLC's investment in the relationship with Shanghai. The Mayor highlighted the shared sense of history and strong cultural links between Shanghai and London.
14. In Beijing, the LM was hosted by both the **Party Secretary of Xicheng District** and the **Chairman of Beijing Municipal People's Congress**, both of whom desire to deepen their relationships with the City and develop their financial services sector.
15. The brief visit to Shenzhen impressed all by its sheer scale of growth, substantial pace of change and ambitions for the coming decades. Key themes were:
 - **Fintech** – The hosts were interested to learn of London's co-location of the regulator, its expertise in finance and technology and the strength of the UK's approach to regulation. The LM heard of the desire to learn from how London manages to transform tech to business and then to business outcomes.
 - **Asset Management** – The LM met with **Shenzhen Capital Group** who want to build a fund sitting between UK and China (a Sino-European fund) and to connect with partners for deal sourcing, intermediaries and investment. There was recognition that London is the right partner and has the ecosystem to facilitate this.
16. Visiting Shanghai enabled the LM to pay a reciprocal visit to the **Shanghai Pudong Development Bank**, whose London Branch opening he had recently attended. The Chairman spoke of potentially looking to list in London in the coming years. Many of those the LM met in Shanghai spoke of their hopes for the **London Shanghai Stock Connect** and of its importance, not only in the context of signalling of the opening of the markets in China but also of its political significance. The **Shanghai Clearing House** spoke of building on their recent agreement with R5X as laying ground for future cross-border cooperation. The CEO also spoke of its recent launch of an **emission allowance** product and building on this in the context of Green Finance and further **internationalisation of the RMB**. The **Shanghai Stock Exchange** acknowledged that it remains a young exchange dominated by retail investors but is looking to the Stock Connect as an important step in its development.
17. The potential for growth in the Chinese Asset Management industry was recognised when the LM met **China Universal Asset Management** Company as they develop their international business profile. They are keen to learn from London as they develop their **pension management** and **Green Finance** capabilities. It was noted that after Brexit, the impact on the

UK's Asset Management industry is likely to be minimal and noted that professional service firms in London are international/ global in their outlook and have an incomparable reach.

18. The **Belt and Road Initiative** was the predominant theme for the programme in Beijing and was discussed in meetings with the **China Investment Corporation (CIC)**, **China Development Bank (CDB)**, **Asian Infrastructure Investment Bank (AIIB)**, the **China Council for the Promotion of International Trade (CCPIT)**, **Bank of China (BoC)**, **China International Contractors Association (CHINCA)**, **China Communications Construction Company (CCCC)** and the **CITIC Group**. Key themes emerging from these discussions included:

- There is a clear desire for Chinese firms to be able to access the “**soft infrastructure**” of skills and services required as they plan the “hard infrastructure” of Belt and Road projects. There is an opportunity for the UK to better articulate its potent offer around this “soft” infrastructure and to set up a **one-stop-shop / clearing house**. This would enable Chinese companies to link up with the UK's financial and related professional service firms ready to participate in Belt and Road projects and to offer specific professional skills to projects. This clearing house could be segmented by sector and sub-sector and also bear a “UK kitemark” of due diligence and application of global standards;
- Viewing the Belt and Road as hard infrastructure projects alone does not reflect how the City can best add value and deploy its intellectual capital. It is necessary to promote UK offerings around, for example, realising real commercial value, developing land banks, logistics and expertise in accessing liquidity;
- London can be viewed as a connectivity centre to exchange views and knowledge, particularly around the application of **Green Finance** and **Fintech** to **Belt and Road** projects;
- It is necessary to identify those areas of infrastructure or geography in which the Chinese are most interested and the UK needs to be in “listening” mode, understanding exactly what Chinese firms want and the need to identify areas of mutual reciprocity;
- An acceptance that the UK is the Western end of the Belt and Road and well placed to understand the challenges of projects at this end of the Road;
- The UK has a long-standing presence in, and relationship with, many Belt and Road countries which can be of value to China;
- There is a need to understand the capability of the Chinese SOE and determine how best to approach / respond to them;
- Proposals for a joint fund with a green and sustainable focus. The LM promoted the Green investor alliance noting the City is keen to provide the counterparty in a bankable and sustainable fund lot of reinforcement; and
- Recognising political and economic risks across 64 countries, the **China Development Bank** has started to analyse the legal risks and developed a casebook to help guide selection of projects.

19. Attending the “**China-UK Future Cities Forum**” enabled the LM to visit **Baoding** and to speak alongside the Canary Wharf Group Chairman, Sir George Iacobescu on the development of **Xiong'an New Area**. A priority project for President Xi, the LM's input promoted the City of London's thereby contrasting the depth of history of the City as a finance and innovation centre alongside Canary Wharf's capability to build a financial centre from scratch in 30 years. The LM identified the opportunity for the development of Xiong'an New Area to be used as the first project to use a proposed Belt and Road “One-Stop-Shop”, particularly with the

emphasis on sustainability, use of Green Finance for smart / green city development and its intended development as a Fintech centre.

20. Reinforcing the Green Finance theme, the LM launched the **UK-China Green Finance Centre** in Beijing together with Dr Ma Jun. Dr Ma Jun formally accepted the invitation by the LM to co-chair this new centre together with Sir Roger Gifford. He then invited the LM as an advisor to the Tsinghua Green Finance Centre which directly reports to the People's Bank of China. He was also able to witness the signing of an MoU between PwC, the Lujiazui Green Finance Development Committee as well as witness the unveiling of a plaque celebrating the Sustainable Development Project between Lujiazui Green Finance Development Committee and the Cambridge Institute for Sustainability Leadership.
21. The LM was able to deliver messages of confidence and the "view from the City" through engagements with **British Chambers** in Hong Kong, Shanghai and Beijing. With these he was able to promote his "**Business of Trust**" programme which was well received in the context of the broader fundamental strengths of London as an international finance centre.

CONCLUSION

22. A valuable visit to maintain and deepen the relationship between the CoLC and China as the City moves into its next decade of formal engagement. A visit of uncharacteristic warmth with strong opportunities identified for London to lead internationally in support of the Belt and Road initiative as well as building on its pre-eminence in Green Finance and Fintech.

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APPENDIX A

PROGRAMME

Monday 19th March 2018 – Shenzhen

Briefing by HM Consul General and team
Call on Guosen Securities
Call on Shenzhen Party Secretary, Mr Wang Weizhong
Roundtable with Shenzhen Asset Managers' Association
Fintech seminar
Media
Dinner hosted by the ICAEW

Tuesday 20th March 2018 – Shenzhen / Hong Kong

Call on Shenzhen Capital Group
<i>Transfer to Hong Kong</i>
Briefing by Deputy Head of Mission and staff
Meeting Mr Ashley Alder, Securities and Futures Commission
Meeting with Sir David Li, Chairman, Bank of East Asia
Dinner hosted by Standard Life Aberdeen

Wednesday 21st March 2018 – Hong Kong

Breakfast with British Chamber, Hong Kong
Panel session on Future of Free Trade at the GREAT Festival of Innovation
Bilateral meeting with Secretary of State for International Trade, Dr Liam Fox
Media
Roundtable with Asia Securities Industry & Financial Markets Association
Media
Dinner hosted by PwC

Thursday 22nd March 2018 – Shanghai

<i>Transfer to Shanghai</i>
Lunch hosted by the Pudong New Area Party Secretary, Mr Weng Zuliang
Call on Mr Gao, Chairman, Shanghai Pudong Development Bank
Call on Mr Huang Hongyan, President Shanghai Stock Exchange
Call on Mr Li Wen, Chairman, China Universal Asset Management
Belt and Road Insurance Networking reception hosted by Lloyd's of London

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Friday 23rd March 2018 - Shanghai

Breakfast with British Chamber of Commerce, Shanghai
Call on Ms Zou Rongfang, CEO, Shanghai Clearing House
MoU Signing and Lunch hosted by the Mayor of Shanghai, Mr Ying Yong
Media
RMB Internationalisation event in partnership with China Europe International Business School
Lujiazui Green Finance Forum
City of London Representative Office 10-year anniversary reception and dinner

Saturday 24th March 2018 – Shanghai / Beijing

<i>Transfer to Beijing</i>
Briefing with Business Delegation

Sunday 25th March 2018 – Beijing / Baoding

<i>Transfer to Baoding</i>
Seminar promoting financial services sector development in Xiong'an New Area
<i>Transfer to Beijing</i>
Roundtable with Mr Lu Yingchuan, Party Secretary, Xicheng District
Dinner hosted by Party Secretary, Xicheng

Monday 26th March 2018 – Beijing

Briefing by HMA Beijing and her team
Call on Mr Tu Guangshao, President, China Investment Corporation
Meeting and seminar with China Council for the Promotion of International Trade
Lunch with British Chamber of Commerce, Beijing
Call on Dr Pandian, Vice President and Chief Investment Officer, Asian Infrastructure Investment Bank
Call on Mr Zheng Zhijie, Vice Chairman, China Development Bank
Dinner with Dr Ma Jun, Chairman, China Green Finance Committee

Tuesday 27th March 2018 – Beijing

Roundtable with China International Contractors' Association
Call on Mr Li Wei, Chairman of Beijing Municipal People's Congress and Vice Mayor Yin Yong
Lunch with Mr Ren Deqi, Vice President, Bank of China
<i>Transfer to London</i>

APPENDIX B

No	Action	Responsible
1	To connect Special Advisor for Asia with Hannah Routh (Deloitte, Hong Kong Green Finance Task Force) to discuss the Hong Kong Green Certification System	EDO (Sherry Madera)
2	To liaise with the office of the Shenzhen Party Secretary as they plan a visit to the UK	EDO (Faye Ye)
3	To assist Zhong Guan Cun Development Group with their plan to open an innovation centre in London	EDO (Faye Ye)
4	To develop content and deal announcement via the newly set up UK-China Green Finance Centre for this year's EFD, and to prioritise specific projects in a selected pilot city in China under the "Green Finance and Smart City" theme.	EDO (Simon Horner / Rongrong Huo)
5	To invite via Dr Ma Jun a Xiong'an delegation to London around this year's EFD.	EDO (Simon Horner / Rongrong Huo)
6	To connect representatives of the UCF group with the FCA to discuss regulation	EDO (Faye Ye)
7	To liaise with the Shenzhen Capital Group and connect them with Venture Capital and Private Equity firms as they visit London in May	EDO (Faye Ye)
8	To Invite the Chairman of China Universal Asset Management to London and explore potential for organising an Asset Management Forum	EDO (Faye Ye / Shanghai Office)
9	To connect the Guildhall School of Music and Drama Leadership programme with PwC Women's leadership programme	MH (Philip Jordan) / Alderman William Russell
10	To liaise with China Investment Corporation (CIC) as they consider plans to set up a London office	EDO (Faye Ye / Beijing Office)
11	Lord Mayor to meet Douglas Flint (PM's Belt and Road Envoy) and Sir Tom Trubridge to debrief the visit to China	MH (Philip Jordan)
12	To liaise with Douglas Flint and DIT over the concept of a "One-Stop-Shop" for Chinese firms seeing to access Financial and related Professional service offerings	EDO (Sherry Madera)
13	To liaise with the office of the Mayor of Xicheng District to encourage UK Fintech firms to attend a Beijing Fintech conference	EDO (Faye Ye / China Team)
14	To connect the Shenzhen Stock Exchange with the Investment Association	EDO (Faye Ye)
15	To liaise with ASIFMA about the potential for an Asian Financial markets conference in London	EDO (Faye Ye / Asia Team))
16	To work with Victoria Li (DIT infrastructure team) to facilitate a reciprocal visit by CHINCA in Autumn.	EDO (Faye Ye)

APPENDIX C

AIMS & OBJECTIVES

Overarching objective of the visit:

This visit aims to promote and support UK based financial and professional services by highlighting business opportunities, addressing regulatory, legal and market access challenges and supporting the interests of UK based firms in Hong Kong and mainland China. It aims to enhance collaboration between UK and China in the areas of the Belt and Road Initiative, Green Finance and RMB Internationalisation. It will also reinforce the relationship between the City of London and China in line with the City Corporation's long-term China work programme, and promote the UK as the preferred business location for Chinese firms to invest, operate and procure services. Throughout the visit the Lord Mayor will meet with senior government and regulatory figures, communicating core City of London strengths and UK-based industry messages.

Specific objectives

- In the light Brexit, to bring a confident and reassuring message about the future of the City and the wider UK financial services industry as the gateway to the global capital market;
- To advance City business interests, in particular:
 - strengthening the UK's position as the Western hub for the RMB;
 - collaborating on developments in Green Finance; and
 - securing the City as the partner of choice on Belt and Road projects
- To reinforce and build on the 10-year relationship between the City of London and China, through high level engagement with senior government and regulatory figures building on the work of the City of London China advisory council and offices in Shanghai and Beijing.
- To promote creativity and innovation in financial services, particularly through the Great Festival of Innovation in Hong Kong; and
- To create two-way investment opportunities for financial and professional service firms in the key areas of infrastructure finance, trade finance, green finance and Fintech

Potential Outcomes

- Key opinion-formers are reassured over Brexit and feel City is open for business with them;
- London is considered the 'one-stop-shop'/international hub for infrastructure projects, capital raising and advisory services provided by banks, law firms, accounting firms and infrastructure consultancy firms;
- Opportunities are identified for further engagement with UK advisory on Belt and Road projects;
- London's status as 2nd largest offshore RMB hub is maintained and enhanced;

- UK Participation in the China Green Bond Market and China's participation in the UK Green Bond Market is augmented;
- The City's work on "Greening the Belt and Road Investor Alliance" initiative, in particular proposals for a green Belt and Road asset class in London (extending to global primary and secondary market for infrastructure as an asset class in London) is promoted;
- Senior Chinese figures are aware of the City's approach to Brexit and confidence about future; and
- UK and Global firms are provided with a stronger narrative about confidence of City

(contd.)

APPENDIX D

Company	Name	Shenzhen	Hong Kong	Shanghai	Beijing
Banks					
HSBC	Sir Sherard Cowper-Coles				✓
	Stewart James	✓	✓	✓	
Standard Chartered Bank	Jonathan Bewes		✓		✓
CITI Bank	Mark Tweedie				✓
JP Morgan	Richard Kaye		✓	✓	✓
Investors					
Standard Life Aberdeen	Ian Macdonald		✓		
	Amy Wang			✓	
	Diana Shen			✓	
	Arthur Qian			✓	
	Betty Yao			✓	
	Lilian Wan				✓
Barings	Gary Smith		✓		
Green Investment Group	Gavin Templeton				✓
Law Firms					
Linklaters	Matthew Middleditch	✓	✓	✓	✓
	Adrian Fisher	✓			
	Rob Cleaver		✓		
	Andrew Malcolm		✓		
	Chong Liew			✓	
DLA Piper	Maria Pereira				✓
Accounting/Consultancy					
KPMG	David Sayer		✓	✓	✓
	Matt Jackson				✓
Deloitte	Angus Knowles-Cutler				✓
	David Percival	✓	✓	✓	
PWC	Suwei Jiang	✓	✓	✓	✓
ICAEW	Nick Parker	✓	✓	✓	✓
	Sharron Gunn	✓	✓	✓	✓
Insurance					
JLT Group	Tom Birbeck	✓	✓		
	Philip Rong			✓	
	Alistair Hughes				✓
Aon	Jim Herbert	✓		✓	✓
	Fang Li				✓
Ironshore (Lloyds' Agency)	Andrew Corton	✓		✓	
Other					
CBBC	Sir Tom Troubridge	✓	✓	✓	✓
Arup	Peter Budd				✓
	Carina Wu				✓
Turner & Townsend	Tim Lee				✓
Stock Exchange					
LSE	Martina Garcia			✓	✓

