

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.

Political Relations and major recent visits

2. 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 China on December 19, 1999.

3. 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.

4. 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.

5. 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, the then 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 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.

6. 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.

7. 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. Chief Minister of Gujarat Smt. Anandiben Patel, visited Hong Kong from May 19-20, 2015. An official delegation led by Chief Minister of the Haryana Shri Manohar Lal Khattar visited Hong Kong from 23-25 May 2017. Sh. Raghuvar Das, Chief Minister of Jharkhand led a 7 member delegation to Hong Kong on a familiarisation visit from 6-7 September 2018. Sh. K. J. Alphons, Minister of State (Tourism) visited Hong Kong on a familiarisation visit

on 10th May 2018. Sh. Ashwani Kumar Choubey, Minister of State (Health and Family Welfare) visited Hong Kong from 26-27 May 2018.

8. 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.

9. 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

10. 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).

11. 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) 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 in 2016.
- National Research Development Council (NRDC) signed an MoA for establishing Bilateral Strategic Business Partnership between NRDC and Hong Kong Trade Development Council (HKTDC) on 07.12.2018

12. India and Hong Kong signed Double Taxation Avoidance Agreement (DTAA) on 19th March 2018. The relevant procedures have been completed by both sides and the agreement has entered into force on Nov 30, 2018. This Agreement will stimulate flow of investment, technology and personnel from India to HKSAR & vice versa, prevent double taxation and provide for exchange of information between both the sides. It will improve transparency in tax matters and will help curb tax evasion and tax avoidance. The Agreement has also been the long pending demand of Indian community in Hong Kong.

13. Negotiations are in progress include the Bilateral Investment Promotion & Protection Agreement between India and Hong Kong and the proposal by Hong Kong to open a Economic and Trade Office in Mumbai.

Commercial relations

14. 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, Shangri La Kerry Logistics and PeakRe to name a few.

15. 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.

16. 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) had made India as its focus point for promoting business and trade linkages, and conducts regular field trips to various parts of India. In 2018, the Indian Export Promotion councils organised the Indian Pavillion for over 23 different trade fairs.

Bilateral Trade

17. India was Hong Kong's 3rd **largest** export market destination (after China, US) in 2017 (Jan-Dec) and Hong Kong was India's 3rd **largest** export market (after US, UAE) (April-Nov 2017). India-Hong Kong trade in 2017 was US\$ 34.11 billion (growth of 27.0%). Exports from India to Hong Kong were worth US\$ 13.77 billion, an increase of 15.8%. About 90% of our exports are gems and jewellery related. (Value additions in India, since 56 % of imports are also from this sector). Our imports from Hong Kong also increased by 35.9% to US\$ 20.34 billion, the balance of trade during this period was in Hong Kong's favor amounting to US\$ 5557 million. During 2017, India continued to retain its position as the 7th largest trading partner of Hong Kong

18. Indian exports to Hong Kong primarily include Pearls, precious & semi-precious stones, mineral fuels, Electrical Machinery, Leather, Iron & Steel, Fish & crustaceans, Cotton, Organic Chemicals, Machinery and Articles of apparel 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, edible fruits & nuts and paper.

India - Hong Kong Trade

[Amount in US \$ million]

	2014		2015		2016		2017	
Exports/ Imports	Total	Growth %						
Indian Exports to Hong Kong	12,319	+10.0%	10,630	-13.7%	11,894	+11.9%	13,771	+15.8%

Indian Imports from Hong Kong	12,080	+13.1%	13,055	+8.1%	14,962	+14.6%	20,338	+35.9%
Total Bilateral Trade	24,399	+11.5%	23,685	-2.9%	26,856	+13.4%	34,109	+27.0%
Trade Balance (for India)	239		-2,425		-3,068		-5,557	

(Source: Census and Statistics Department, Hong Kong)

Trade and Investments

19. Hong Kong occupies the 12th position in FDI equity inflows into India with cumulative FDI amount of US \$ 3.67 billion (April 2000 to December 2018) with close to 632 million investments in 2018. With the entry into force of DTAA between India and Hong Kong, investments from Hong Kong to India are expected to increase.

20. Start-ups are emerging as an important sector of collaboration between India and Hong Kong. Keeping this in view, Consulate General of India Hong Kong in association with Asia Society Hong Kong Center conducted a two-day startup event on November 20-21, 2018. The event included sessions at HKSTP, panel discussions on India and Hong Kong's startups scenario and four workshops on the startup cultures of India and Hong Kong, their challenges and the opportunities in the coming times. Given the positive feedback received, we shall continue to promote collaboration in the future and are looking at hosting an event on similar lines in 2019-2020.

Academic Collaboration

21. An MOU was signed on 04.09.2015 between ICCR and Chinese University of Hong Kong (CUHK) on the establishment of ICCR Visiting Professorship of Indian Studies. This MoU was in force till the end of Academic Year 2017-18. Two Professors since 2016 have joined CUHK under this MoU. Prof. Sanoj Rajan, Professor & Dean, School of Law, Ansal University, Delhi NCR was the last visiting Professor of ICCR Chair at the Chinese University of Hong Kong for a period of one academic year w.e.f. 30.08.2017. His term has ended on 31.05.2018 and he has moved back to Delhi.

22. Recent years have witnessed an increase in the number of Indian students in Hong Kong universities. In 2018, the number of Indian students crossed 1100. The trend is likely to increase due to a host of factors including competitive fee structure, high ratings among world institutes, efforts by Hong Kong Universities to reach out to the Indian students etc.

23. In 2018, a mentoring session was held in collaboration with FIPHK for the Indian students in Hong Kong. Also an interaction with the new students of the Hong Kong universities was also organised in 2018. As part of "Bharat Ek Parichay", the books received from the ministry were given to Hong Kong University, Poly University, Chinese University of Hong Kong (CUHK), City University, Hong Kong University of Science and Technology (HKUST).

24. City University of Hong Kong has MoU with IIT Delhi for student exchange. The Chinese University of Hong Kong has students exchange MoU for MBA Programmes with Indian Institute of Management, Ahmedabad and Indian School of Business, Hyderabad. There is an MoU between School of Design of The Hong Kong Polytechnic University and the National Institute of Design in India. Hong Kong Baptist University and IIT Bombay has signed an MoU to facilitate student and faculty exchange. Hong Kong Baptist University and IIT Kanpur are negotiating an MoU to cooperate in the fields of education, research and social services. The institutions will cooperate in the following activities: Exchange of faculty

members and researchers; Exchange of students; Joint research activities; Exchange of academic materials, publications and other information.

25. Under the Scheme for Promotion of Academic and Research Collaboration (SPARC) initiative to engage with top universities in various countries, universities in Hong Kong is identified as a potential institutes for collaboration. IIT Madras has been nominated as the nodal institute to carry forward the initiative with Universities in Hong Kong. Under this scheme 3 joint research projects have been approved of an amount of 148.55 lakhs.

Tourism and Air links

26. 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.

27. Direct air links between India and Hong Kong are through Air India, Jet Airways, Spice Jet and Indigo and Cathay Pacific which connect 6 cities in India, namely- New Delhi, Chennai, Hyderabad, Bangalore, Mumbai and Kolkata. Spice Jet and Indigo started their operations in 2018 connecting Delhi and Bangalore to Hong Kong. In all, there are 83 direct flights being operated between India and Hong Kong every week.

Cultural relations

28. The International Day of Yoga is celebrated in Hong Kong every year since its inception. The event is well-attended, including by members of Consular Corps, Indian Diaspora, expatriates and locals. In 2018, the event was held in association with Asia Society and with the support of about 25 yoga institutes in Hong Kong and 5 Indian restaurants of Hong Kong supported the event. Around 1600 people attended the International Day of Yoga celebrations.

29. Indian artists here participate every year in the Asia Ethnic Cultural Festival organised in Hong Kong. Festival of Indian Art & Culture named ‘India By the Bay’ is organized every year in Hong Kong in February/March in collaboration with the Asia Society Hong Kong Center. The fifth edition of India by the Bay was organized by the Consulate from March 1-9, 2019.

Indian Community in Hong Kong

30. 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.

31. 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 nearly 38000 (including Indian nationals and People of Indian origin) and approximately 32000 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.

32. 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

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 in 2018 was approx. 1,47,804.

32. 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.

33. 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.

India - Macau Trade: Table

[Amount in US \$ million]

Export/Import	2015		2016		2017		2018	
	Total	Growth %						
Indian Exports to Macau	13.19	+34.4%	10.61	-19.6%	12.52	+18.1%	22.48	+79.6%
Indian Imports from Macau	4.52	+77.9%	4.26	-5.8%	9.40	+120.7	6.71	-28.6%
Total Bilateral Trade	17.69	+43.2%	14.87	-15.9%	21.92	+47.4%	29.19	+33.2%
Trade Balance (for India)	8.67		6.35		3.12		15.77	

34. The total trade between India and Macau was worth US\$ 21.92 million in 2017, wherein India's exports to Macau were valued at US\$ 12.52 million and Macau's exports to India were valued at US\$ 9.40 million. In 2018, the total bilateral trade reached US \$29.19 million with the Indian exports accounting for US\$22.48 million and the Indian imports reaching US\$6.71 million. Major products of export from India are Electrical machinery and equipment and parts , Natural or cultured pearls, precious or semi-precious stones, Articles of apparel, Articles of leather, Pharmaceutical products while imports from Macau included Articles of apparel, Electrical machinery and equipment and parts

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>

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