

# Join the club

---

**A**ustralia plans to play an important role in the Belt and Road Initiative, which aims to connect Asia, Europe and Africa along five key routes. The initiative has already seen a mixture of agreements get under way for the Silk Road Economic Belt and 21st Century Maritime Silk Road development strategies.

Dr George Lam FCPA (Aust.), Honorary Fellow of CPA Australia, and Chairman - Indochina, Myanmar and Thailand, and Senior Adviser - Asia of Macquarie Infrastructure and Real Assets, Australia, as well as President of Hong Kong - ASEAN Economic Cooperation Foundation, believes that Hong Kong is in a good position to strengthen partnerships with China under its 13th Five-Year Plan and the Belt and Road Initiative.

Lam says strategic industries like agriculture, food, resources, education, healthcare, information technology, infrastructure, environmental protection, and clean energy show particular promise. "China aims to further upgrade the quality of the economy and its capacity to reach out to Belt and Road markets," he explains.

In 2014, then Australian Prime Minister Tony Abbott and President Xi Jinping announced the China-Australia Free Trade



*Professor Richard Petty FCPA (Aust.)*

Agreement (ChAFTA), which is set to grow trade and investment between the two countries. Australia already places a high priority on China, which is the country's largest two-way trading partner for goods and services, valued at almost AU\$160 billion (HK\$893 billion) in 2013-14. It is also Australia's largest goods export destination, and was valued at AU\$100 billion in 2013-14.

This historic agreement between Australia and China, will support future economic growth, job creation and higher living standards through increased goods and services, trade, and investment for both nations. China has a growing middle

class, so it is believed that ChAFTA is providing enormous opportunities for Chinese and Australian businesses.

The ChAFTA and the Belt and Road strategies are giving Hong Kong the chance to become a vital link between Australia and the mainland. Lam counts Hong Kong's world-class infrastructure, its financial and professional services, and its tax system and legal system, as important factors. "It's the natural and ideal international financial centre of the Belt and Road markets," he says. Australia is a founding member of the Asia Infrastructure Investment Bank (AIIB), the key public-sector international financial institution in support of major Belt and Road projects, and that means CPA Australia members are in a good position to advise and oversee developments during this period.

Areas ripe for opportunities, according to Lam, range from accounting services like cross-border M&A transactions, asset management, and public-private sector partnerships (PPP), as well as instigating and managing international joint ventures, issuing debt or IPOs for related projects, and managing family office and trust operations.

Professor Richard Petty FCPA (Aust.), Past President and Chairman of the Board, Board Director, and Life member of CPA Australia, has some concerns. "Few main



*Dr George Lam FCPA (Aust.)*

board directors and senior executives in Australia have direct experience of the Asia-Pacific region – there is room to better understand the higher levels of how to engage," he says.

Australia's proximity to Asia, and its developed status, have traditionally allowed the country to act as a provider of knowledge and services to the region. But things have changed. "Such a future isn't guaranteed. Several Asian economies are now as advanced, if not more so, than Australia. Some have easier business environments and incentive structures for economic growth

than Australia, and are geographically and culturally better aligned,” Petty states. “To integrate more closely with the APAC region, Australia requires an understanding of the cultures and business practices in Asia,” he says.

The Australian government’s New Colombo Plan (NCP) hopes to provide Australian students and the future workforce with a better understanding of the political, economic and social systems in Asia. The Australian government has pledged funding of AU\$100 million to the NCP over the next five years, to aid student exchanges and internships, with Hong Kong as a pilot location. “Ties created through policy initiatives like these are important in ensuring that Australia continues to be seen as a nation that is friendly, and open to doing business,” says Petty. “To prosper on the rise of Asian economies, Australia will have to sell high-value goods and services, becoming more important in the managerial, communication and financial fabric of the region,” he adds.

Opportunities are ripe. Petty believes that education, agribusiness and general services like tourism, will expand under ChAFTA. Like Lam, he believes that his fellow CPA Australia members are well positioned to take advantage of the agreement. “They are leaders in business, and well placed to assist businesses. There are 17,000 members in Greater China, with experience of doing business in Australia, Hong Kong and mainland China,” Petty notes.

Peter Kung FCPA (Aust.), Vice Chairman, KPMG China and President of the South



*Peter Kung FCPA (Aust.)*

China Committee, CPA Australia, says those wanting to expand their careers into China should take note of its growth pattern. “The country is shifting its economic growth from a low-cost labour-oriented export centre to an innovative, high value-added production and service centre. In China, technology and innovative industries will flourish,” he says.

Qianhai is a new economic zone and financial centre in Shenzhen. It has financial innovation at its core, and there are initiatives for Hong Kong and foreign enterprises to invest there. A 15% tax rate for Hong Kong companies in qualifying industries and Hong Kong individuals, and investment subsidies, are among the offerings.

Nansha District is a free-trade zone focusing on shipping and logistics, special

financial services, international trade, and high-end manufacturing. “These are breakthrough policies under China’s economic reforms, and we’ve seen new pilot policies and business models, like the gradual internationalisation of the renminbi,” Kung says.

Kung expects there to be opportunities for new investors – and thinks that accounting and finance professionals will be able to play their part. Under the current Closer Economic Partnership Arrangement (CEPA), Hong Kong professionals with the Chinese CPA qualification are allowed to become partners in firms in Qianhai, on a pilot basis. Meanwhile, Hong Kong Certified Tax Advisers (HKCTA) can practise in Qianhai after completing a 40-hour course. With CPA Australia’s Memorandum of Understanding with The Taxation Institute of Hong Kong on its Hong Kong and PRC Tax Paper, CPA Australia is facilitating members to advance into the taxation market in China much faster.

Vincent Lam FCPA (Aust.), Chairman of Asiaray Media Group, has worked in China for over 20 years, focusing on airport, metro and building wrap advertising. Vincent has changed the look of airports in China. He moved from putting large TVs in waiting areas to considering the environment as a whole, and using light-boxes, billboards and other untraditional means. Vincent says he thanks China for its market-driven economy and the growing business opportunities in the service industry for his success.



*Vincent Lam FCPA (Aust.)*

Vincent has the rights to provide advertising media to 26 airports and 12 metro lines in China, and considers his work to be “space management”. “We’re adding to the overall ambience, creatively using different technology and know-how to tickle the five senses,” he says.

His accounting skills played an important part in his success. “My accounting knowledge gave me a good framework to set up a business, and I also used my analytical and organisational skills,” he says. “My solid accounting and business skills gave me the confidence to make thorough business plans. With the business planning part taken care of, I actually have more time to be creative and to think outside the box in my business venture.”