

## **Eddie Yue: Developing Asia's infrastructure to sustain economic growth**

Statement by Mr Eddie Yue, Deputy Chief Executive of the Hong Kong Monetary Authority, and Head of Delegation, Hong Kong, for the 48th Asian Development Bank Annual Meeting, Baku, Azerbaijan, 4-5 May 2015.

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I would like to thank the Government of Azerbaijan for hosting the 48th Annual Meeting of the Asian Development Bank (ADB), and the Management and staff of ADB for the excellent arrangements of the event. I would also like to express my deepest condolences to the people of Nepal affected by the recent earthquake.

Global economic growth has been modest and uneven since the last Annual Meeting. While developing economies including those in Asia remain an important source of global growth, there are signs that activities are slowing and potential outputs are falling. Despite substantial progress, developing Asia still faces significant development challenges. In particular, a number of developing economies have been held back by infrastructure bottlenecks. To sustain economic growth and fully realise their growth potential, substantial infrastructure investment is needed.

Developing Asia's infrastructure development needs dwarf existing official development assistance, government and private investments combined. To fill this huge infrastructure financing gap, we need bold, new efforts. In this regard, we welcome the combination of Asian Development Fund (ADF) resources with the ADB's ordinary capital resources. The merger will allow ADB to make more efficient use of its existing resources and substantially expand its financial capacity by up to 50% according to ADB's estimates. This, in turn, will mobilise more public and private sector investments through co-financing and greatly enhance the support available to developing members.

We are also glad to see that governments are working together and making significant steps in promoting infrastructure development. They include, for instance, the establishment of the Asian Infrastructure Investment Bank and the G20 Global Infrastructure Initiative and Global Infrastructure Hub. These initiatives underscore the commitment by governments from within and outside the region to give infrastructure investment a fresh impetus. By bringing new funds and new ways for development assistance, they will serve to complement the existing efforts by ADB in meeting the region's vast development needs.

As highlighted in the theme for this year's Annual Meeting, fostering cooperation among development partners – existing and new, private and public, national and multilateral – is crucial for reaping synergy and maximising development impact. ADB has a hallowed tradition of cooperating with other partners in delivering results. By working together, we believe that ADB and its partners in the region will go a long way in mobilising funds and building the capacity of developing members in delivering high-quality infrastructure projects.

As an international financial and business centre in the region, Hong Kong, China has an active role to play in supporting and promoting infrastructure investment in Asia. Corporates, as well as national and multilateral development agencies including ADB and IFC, have been making extensive use of Hong Kong, China's deep financial markets in raising funds for infrastructure projects. Joint ventures and funds have been set up in Hong Kong, China for identifying opportunities and managing investments in infrastructure projects in the region. We have also been seeing increasing offshore issuance of Renminbi (RMB) bonds in our market to finance infrastructure projects. With the increasing use of RMB in trade and investment in the region, it is expected that the use of RMB in infrastructure financing will continue to rise. Hong Kong, China, as the largest offshore RMB centre with a wide range of RMB financial services, is well placed to support these infrastructure financing activities denominated in RMB. Besides financial services, Hong Kong, China also has a pool of

talents in professional services like construction and planning, surveying, engineering, project management, accounting, legal and arbitration, logistics, etc. Firms and consultants of Hong Kong, China are well placed to take part and support infrastructure developments in the region.

Substantial investment is needed in many developing Asian economies to break the infrastructure bottlenecks and move forward to the next stage of development. Increasing cross-border connectivity will also promote greater trade and economic integration, unlocking the region's growth potential. We are pleased to see that ADB and national governments are making this a priority and taking meaningful steps to promote infrastructure investment in the region. As a member of the region, Hong Kong, China stands ready to contribute to this work.