

Press Release
ICMA and Dagong Global Credit Rating
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Financing the ‘Belt and Road’ initiative – Hong Kong summit explores the potential of the Silk Road Bond.

(Hong Kong) Continuing the dynamic of the G20 Leadership Summit early this week, the International Capital Market Association (“ICMA”) and Dagong Global Credit Rating co-organized a groundbreaking Summit, “Belt and Road Summit – Financing Through the Silk Road Bond”, in Hong Kong today. The Summit focused on “Belt and Road” economic growth, financing needs and how to bridge the gap in the current system. It was agreed that the opportunities offered by the “Belt and Road” markets are immense and that the ability of the countries involved, especially for those with less developed financial markets, to raise foreign funds to finance their infrastructure projects is vital to the success of “Belt and Road” economic growth. Martin Scheck, Chief Executive of ICMA, said in his welcome remarks, that this Summit is a first step towards finding an internationally recognised means of funding for this important initiative which is trying “to bring prosperity to the many developing Asian countries along the route that lack the capacity to undertake major infrastructure projects on their own, connecting them through a web of airport, deep water ports, fiber optic networks, highways railways, oil and gas pipelines.”

“What we need today is to build a shared vision of growth and stability to avoid the next global collapse and ensure lasting conditions of prosperity” said Dominic De Villepin, the former prime minister of France. This was echoed by Guan Jianzhong, Chairman of Dagong Global Credit Ratings. Mr. Guan further introduced the innovative concept “the Silk Road Bond (“SRB”)” which in Mr. Guan’s vision, should “create a new standardized asset class which has broad appeal to both issuers and investors in the international markets, and which can be scaled up to provide the volume of financing that can really make a difference.”

The Summit also featured three high level panel discussions. The first panel focused on the outlook for the Belt and Road countries’ capital markets. The six expert panellists discussed the ability for the “Belt and Road” countries, especially for those countries with less developed financial market, to raise foreign funds to finance their infrastructure projects and how Hong Kong, with its well-developed capital market, could lead the development process to realize the vision. Antony Leung, Former Financial Secretary of Hong Kong S.A.R., Group Chairman & Chief Executive Officer, of Nan Fung Group pointed out that “Hong Kong, with its established capital market, can be a catalyst for this very innovative “Belt and Road” initiative.”

How the Silk Road Bond will benefit the “Belt and Road” economies, and the particulars of this innovative funding method were also covered by the panellists. General principles for issuance of SRB, risk allocation and investor appetite, education and support, as well as policy issues were touched upon. Amongst all these important topics, government support and policy development were identified to be the most important critical success factors for the SRB. Shaukat Aziz, Former Prime Minister of Pakistan, pointed out “policy development of infrastructure financing by the governance of the Belt and Road countries is of optimal importance for economic growth of the “Belt and Road” markets.”

Following the Summit, ICMA intends to work with key stake holders including major Chinese and international banks, law firms, audit firms and credit rating agencies, to assess the feasibility of developing Silk Road Bonds. The main areas of focus are expected to be:

- Engagement with the stakeholders whose support is critical to the success of the initiative including, the Chinese authorities, authorities of other belt and road countries, multilateral development banks and investors.
- Agreement of a set of principles for the issuance of Silk Road Bonds
- Assessment of the risk appetite amongst investors for this asset class.

International Capital Market Association (ICMA): *The International Capital Market Association (ICMA) is a trade association that is an influential voice for the global capital market. ICMA represents members worldwide, who are active in the international capital market on a cross border basis; and is distinct from other trade associations in representing both the buy-side and the sell-side of the industry. ICMA has its head office in Zurich, where it was founded in 1969, with a subsidiary in London and representative offices in Paris and Hong Kong.*

ICMA's market conventions and standards have been the pillars of the international debt market for almost 50 years. ICMA members include global investment banks, commercial and regional banks, brokers, private banks, institutional asset managers, pension funds, central banks, sovereign wealth funds and other institutions with a pronounced interest in the securities market, such as supranational institutions, infrastructure providers, rating agencies, leading law firms and media.

Dagong Group: *As the standard setter of industrial, regional and sovereign credit ratings in China, Dagong Group. is a member of the Association of Credit Rating Agencies in Asia (ACRAA) and actively promoting the cooperation between CRAs from China, Japan and South Korea. Having established the first Post-Doctoral Research Center of Credit Rating in China, it has over 200 analysts with postgraduate and doctoral degrees and 50 post-doctoral researchers. It also has 4 domestic regional head offices and 32 branch offices in China and 2 fully licensed overseas subsidiaries.*

As a CRA committed to developing into the national brand through internationalization, Dagong has closely integrated itself and the development of national strategies and policies. Through studying the fundamental principles and solutions to credit issues in China and the world, Dagong aims to provide authoritative credit information for the capital market and build itself into a globally reputable CRA with roots from China.