

## Distinguished Keynote Paper: **One-Belt, One-Road: Challenges for Entrepreneurs**

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### **ABSTRACT**

*One-Belt-One-Road is a set of strategies in promoting movement of capital, technology, goods and labor, trade and investment and industrialization. There are plenty of opportunities in many sectors such as finance and banking, trading, logistics, exchange of people, but also challenges facing the entrepreneurs at the same time. A baseline research was conducted to examine the barriers and challenges that may deter or slow down the business activities in the OBOR countries in particular to the entrepreneurs in Hong Kong. Visa requirement is one of the barriers to business travelers who would like to capitalize the opportunities available in the OBOR countries. Direct air transport will definitely facilitate the flow of people and goods among the OBOR countries. Presence of international chain hotels together with the high rate of hard currencies, such as US dollars, and credit card acceptance can ease the mind of business travelers in getting around the OBOR countries. Communication is an important element in doing business, slightly more than 40 percent of the OBOR countries have over one-third of their population speak English. Someone has to acquaint themselves about OBOR and prepare well to capitalize the opportunities from the OBOR initiative. The same approach can be taken to examine the challenges and opportunities that a region or country may have.*

**Keywords:** One-Belt-One-Road, Tourism, Entrepreneur, Challenges, Opportunities.

### **1. Introduction**

One Belt One Road (OBOR) or Belt and Road (B&R) is an initiative by the Chinese Government in the 21<sup>st</sup> century that involves 4.4 billion world's population and 80% World cultural heritage is in the OBOR countries. In the next 20 years there will be three billion new middle class in OBOR countries. There are four kinds of Silk Road, they are:

1. Green Silk Road: green technology
2. Healthy Silk Road: health and medical technology
3. Intelligence Silk Road: digital technology
4. Peaceful Silk Road: security cooperation

The overarching goal of OBOR is synergy of strategies. OBOR is about connectivity and exchanges that focusing on the promotion of free movement of capital, technology, goods and labor, promoting trade and investment, investment in infrastructure, industrialization and Foreign Direct Investment particularly in Africa. In addition, OBOR aims to establish free economic trade zone, deepen economic technology cooperation, formation of mega Eurasia market with focuses on construction, metallurgy, energy, finance, communication, logistics and tourism.

#### **1.1 Opportunities**

Which sectors have more favorable conditions in capitalizing opportunities in the OBOR initiative? How to capitalize the opportunities? Hong Kong has a key geographical location (north-south) that 40% of world population is within five-hour flights. This strategic location further supported by its legal system, free economy, human capital and high quality services of different kind. Hong Kong is an international business, trade, service, transportation hub and has enormous business network and efficient logistics network that can contribute to and benefited from OBOR. There are opportunities relating the OBOR initiative to Hong Kong. One of them is the provision of professional services. Hong Kong can render high-end service in the areas of accounting, financing, legal, investment environment, risk assessment, engineering and management. Counting and building on the existing strengths is just one way to act positively to the OBOR, different emerging industries such as human capital training, medical and hygiene, product testing and certification service, innovation, technology and creativity industry for Chinese should receive more attention. Each of the areas is briefly elaborated below.

### ***1.1.1 Finance and Banking***

Hong Kong can be the financing platform, business and trade platform, high-end professional service platform, diversified tourism platform, and emerging industries platform of OBOR activities. Hong Kong is an international financial centre and window of mainland to international arena as well. What Hong Kong can do is the provision of diversified financing, for example loans, bonds, equity and Initial Public Offering (IPO) as well as wealth and risk management service. Multi-National Corporations (MNCs) have great opportunities because of Asian Infrastructure Investment Bank (AIIB) aims at providing RMB1,200-1,300 billion of the total 8,000 billion funding. MNCs have opportunities to fill the huge gap of the funding. Hong Kong is one of the off-shore RMB centres together with its efficient capital market and perfect international banking network that can make Hong Kong the centre of fund raising for OBOR. Benefiting from free flow of international capital, Hong Kong can facilitate mainland China and other OBOR enterprises' expansion especially with its low financing cost. Enterprises from India, Thailand have already started to seeking funding in Hong Kong.

### ***1.1.2 Trading***

The future of Hong Kong trading is to become an international purchasing centre, business matching centre that setting the platform to promote business & trade and search for business opportunities. Retailing in Asia has the most potential to be realized that further boosts the development

### ***1.1.3 Logistics***

Hong Kong has extensive air and sea transportation and logistics network because of its geographical location. Hong Kong has air cargo services with 43 OBOR countries and port services to 510 destinations worldwide. Hong Kong can be benefited from its shipping policy, for example, international operation of Hong Kong registered ships are exempted from profit tax. Hong Kong becomes international hub of global resources allocator, that is, comprehensive service hub that carries the function of global supply chain consolidation. The ripple effects of the above add value to service in the areas of finance, insurance, information, legal etc. In addition, vessel registration, management, marine insurance, legal and marine arbitration are sectors with strong potential to be developed.

### ***1.1.4 People: Exchange, Education and training***

Hong Kong has potential in developing human capital, education and training for OBOR countries in particular cultural exchange, academic exchange, human capital exchange/ training, youngster and women exchange, and volunteers' service. With the advance transportation technology, such as high-speed rail and more efficient airplanes, flow of people is expected to be increase significantly in the world for different purposes particularly in exchange, education and training. Example of the OBOR in this regard is the New Silk Road University Alliance in China for exchange, human capital development and research.

### ***1.1.5 Cruise Silk Road***

Cruise industry is another focus of the One-Belt. Leisure, sightseeing, MICE, health, cultural experience, study/education are the trendy activities relating to cruise holidays. Ports along the One-Belt are Sanya, Xiamen, Shanghai, Qingdao, Malaysia, Singapore, Indonesia, Brunei, the Philippines, Thailand, Cambodia and Vietnam. Hong Kong can be the home port or cruise hub of the Asian region for the booming industry. Mainland Chinese cruisers are allowed to embark from Hong Kong to Taiwan and onward to Japan and Korea then back to the Mainland without having the trouble of multiple visa requirement.

This paper aims to present a baseline study of the OBOR entrepreneurship perspective particularly focuses on challenges in investment and outbound tourism from the Hong Kong perspective.

## **2. Research methodology**

This paper adopted a baseline study approach in collecting information through different sources in particular from the Internet. Extensive search in various scope identified by the author and his observation in the past years regarding tourism and entrepreneurship were the focus. Information collected was interpreted by the author. This paper examined the challenges to entrepreneurs who plan to search for business opportunities in OBOR countries.

### 3. Key Findings and Discussions

Travel barriers hinder the development of business and tourism. Visa requirement is one of the examples of travel barriers. Having international hotel and a substantial percentage of the population speaking English facilitate the easiness of travel to businessmen and leisure travelers. Tapping the markets in the OBOR countries has a number of challenges ranging from the air transportation to presence of international hotels and English speaking. They are elaborated in the following tables.

Hong Kong citizens enjoy one of the most visa waivers passports in the world that has visa free entitlement to 156 countries but some countries in the OBOR have visa requirement for Hong Kong SAR passport holders. Table 1 below depicts the findings of the visa requirement for Hong Kong passport holders. Many Central and Western Asia countries required Hong Kong passport holders to obtain visa for entering into their countries. Similarly, a high percentage of OBOR countries in South Asia ask for a visa while 75% of the Middle East and Africa OBOR countries allow Hong Kong passport to travel into their countries without a visa. To the extreme, only one out of the 20 countries in Central and Eastern Europe has the visa requirement. In total, nearly one-third of the OBOR countries offer visa waiver to Hong Kong passport holders. Country like Saudi-Arabia only offer stringent business visa somehow deters businessmen in Hong Kong to explore opportunities in their country.

Table 1: Visa Free for Hong Kong citizens

Regions	Visa Waivers Countries/Total Countries in Region	Remarks
Southeast Asia	9/11	Except Cambodia & Vietnam
South Asia	2/7	Except Bangladesh, Bhutan, India, Pakistan & Sri-Lanka
Central and Western Asia	2/11	Only Kazakhstan & Tajikistan offer visa waiver
Middle East and Africa	12/16	Except Iraq, Palestine, Saudi-Arabia & Syrian Arab Republic
Central and Eastern Europe	19/20	Except Belarus
<b>Total</b>	<b>44/65</b>	<b>67%</b>

Laos and Myanmar are the two countries that do not have reciprocal visa free privilege. People from Bhutan can travel freely to Hong Kong without visa but due to the tourism policy of Bhutan, visitors have to obtain visa to traveling into Bhutan. Kazakhstan and Mongolia are given visa free to visiting Hong Kong and it is aligned with the aviation policy that both of them have non-stop air services to Hong Kong. Saudi-Arabia is the only country in the Middle East and Africa that enjoy visa free to Hong Kong but imposed strict visa requirement to Hong Kong passport holders visiting them while Lebanon is just the other way round that Hong Kong passport holders do not need a visa to get entering but people from Lebanon are required to obtain a visa to visit Hong Kong. In Central and Eastern Europe, citizens of Belarus and Hong Kong are required to have visa for their visit to both places while Moldovans need a visa for their visit to Hong Kong but not the other way round. See Table 2 for details. Having visa requirement for visiting a place usually slow down the business activities between the two places. Considerations of have this barrier is often more than economics but political and social.

Table 2: Visa Free for OBOR Countries Visiting Hong Kong

Regions	Visa Waivers Countries for Visiting Hong Kong/Total Countries in Region	Remarks
Southeast Asia	7/11	Except Cambodia, Laos, Myanmar & Vietnam
South Asia	3/7	Except Bangladesh, Nepal, Pakistan & Sri-Lanka
Central and Western Asia	2/11	Only Kazakhstan & Mongolia offer visa waiver
Middle East and Africa	12/16	Except Iraq, Lebanon, Palestine & Syrian Arab Republic
Central and Eastern Europe	18/20	Except Belarus and Moldova
<b>Total</b>	<b>42/65</b>	<b>64%</b>

Air transportation seems to be a must to many travelers these days. Given the supply and capacity between two places enable not only the movement of people and goods but also investment opportunities. Table 3 shows the different air services between Hong Kong and different countries in OBOR. As an easy rule of thumb, countries in Southeast Asia have non-stop flights to and from Hong Kong since they are not distant from Hong Kong. Close to half of the OBOR countries in South Asia and Middle East and Africa have non-stop air services. Central and Western Asia as well as Central and Eastern Europe have less non-stop flight services due to the distance and, economic and political ties with Hong Kong. Air Astana of Kazakhstan has twice-weekly 166-passenger B757-200 between Hong Kong and Almaty while Aeroflot of Russia has daily service to and from Moscow with its 402-passenger B777-300ER. The more capacity of the air transport, the higher the chance of flow of people and business. All in all, less than 40% of the OBOR countries have either non-stop or direct flight service to Hong Kong. It is worth noted that Tajikistan offer visa waiver to Hong Kong passport holders but has a very lengthy air journey to Hong Kong.

Table 3: Air Transport between Hong Kong and Regions

Regions	Flight Services/Total Countries in Region	Remarks
Southeast Asia	9 non-stop & 2 one-stop/11	<b>Non-stop:</b> Brunei, Cambodia, Indonesia, Malaysia, Myanmar, the Phillipines, Singapore, Thailand & Vietnam <b>One-stop:</b> Laos & Timor-Leste
South Asia	4 non-stop, 1 direct & 2 one-stop/7	<b>Non-stop:</b> Bangladesh, Maldives & Nepal <b>Direct:</b> Sri-Lanka <b>One-stop:</b> Bhutan & Pakistan
Central and Western Asia	2 non-stop, 8 one-stop & 1 two-stop/11	<b>Non-stop:</b> Kazakhstan & Mongolia <b>One-stop:</b> Afghanistan, Armenia, Azerbaijan, Georgia, Iran, Kyrgyzstan, Turkmenistan & Uzhekistan <b>Two-stop:</b> Tajikistan
Middle East and Africa	6 non-stop, 2 direct, 5 one-stop, 3 no service/16	<b>Non-stop:</b> Israel, Qatar, Saudi-Arabia, Turkey, Untied Arab Emirates & Kenya <b>Direct:</b> Bahrain & Jordan <b>One-stop:</b> Egypt, Iraq, Kuwait, Lebanon & Oman <b>No-service:</b> Palestine, Syrian Arab Republic & Yemen
Central and Eastern Europe	1 non-stop, 18 one-stop & 1 two-stop/20	<b>Non-stop:</b> Russia <b>One-stop:</b> Albania, Belarus, Bosnia & Herzegovian, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovenia & Ukraine <b>Two-stop:</b> Slovakia
<b>Total</b>	<b>22 non-stop, 3 direct, 35 one-stop, 2 two-stop &amp; 3 no-service/65</b>	<b>Non-stop 33%, Direct 5%, One-stop 53%, No-service 5%</b>

Entrepreneurs prefer to stay in international chain hotels when they are getting into a place where they are not too familiar with probably because of the concern of safety and service quality. Many OBOR countries in Southeast Asia, South Asia, Central and Eastern Europe even Central and Western Asia have international chain hotels. The only area that has less international hotel presence is the Middle East. In short, one should be able to find an international hotel in 87% of the OBOR countries. Detail is shown in Table 4 below.

Table 4: Presence of International Hotel Chain in Regions

Regions	Presence of International Chain Hotel*/Total Countries in Region	Remarks
Southeast Asia	10/11	Except Timor-Leste
South Asia	6/7	Except Bhutan
Central and Western Asia	10/11	Except Afghanistan
Middle East and Africa	12 /16	Except Iraq & Palestine, Syrian Arab Republic & Yemen
Central and Eastern Europe	19/20	Except Bulgaria
<b>Total</b>	<b>57/65</b>	<b>87%</b>

\* Marriott, Accor, Radisson, Westin, Hyatt, Hilton, Kempinski, Sheraton, Radisson Blu, Best Western

Without doubt, English is the language that widely used in doing international trade and business. Countries with high percentage of people who can converse in English will facilitate the development of trade and business with other countries. As shown in Table 5, people in the Middle East and Africa have higher proficiency in English because of their education and historical ties with English speaking countries. Slightly less than half of the Southeast Asia and South Asia countries has over 30% of their people who can converse in English. To the other end, there is only one country in Central and Western Asia has a 30% population speaking English while six out of 20 countries in Central and Eastern Europe have a substantial amount of people who can speak English. Put simply, 40 per cent of the OBOR countries have around one-third of their population can converse in English.

Table 5: English Speaking in Regions

Regions	English Speaking (>30% of its population)/Total Countries in Region	Remarks
Southeast Asia	4/11	Brunei (39%) Malaysia (62.5%) Singapore (80%) The Philippines (92.5%)
South Asia	3/7	Nepal (46.5%) Si-Lanka (47.8%) Pakistan (49%)
Central and Western Asia	1/11	Armenia
Middle East and Africa	12 /16	Bahrain, Kuwait, Omen, Qatar, Saudi-Arabia & United Arab Emirates
Central and Eastern Europe	7/20	Romania (31%) Poland (37%) Lithuania (38%) Latvia (46%) Croatia (49%) Estonia (50%) Slovakia (59%)
<b>Total</b>	<b>27/65</b>	<b>41%</b>

Business travelers count on their credit cards for settling payment at their destinations. As shown in Table 6, about one-third of the OBOR countries accept credit card payment in general while over half of them take credit cards for hotel bill. Interestingly, it is quite impossible to use credit card in Central and Western Asia in shops and restaurants etc. except hotels. Countries in Central and Eastern Europe are slightly better in acceptance of credit card in general and hotel. Not all hotels in South Asia accept credit card and two countries in Southeast Asian do not accept credit card payment at all.

Table 6: Acceptance of Credit Card in Regions

Regions	Accepting Credit Card/Total Countries in Region	Remarks
Southeast Asia	5 general, 4 hotel, 2 Non-acceptance/11	<b>General:</b> Brunei, Malaysia, the Philippines, Singapore & Thailand <b>Hotel only:</b> Cambodia, Indonesia, Laos & Vietnam <b>Non-acceptance:</b> Myanmar & Timor-Leste
South Asia	2 general, 5 hotel /7	<b>General:</b> India & Maldives <b>Hotel only:</b> Bangladesh, Bhutan, Nepal, Pakistan & Sri-Lanka
Central and Western Asia	11 hotel/11	All countries accept credit card in hotels only
Middle East and Africa	11 general, 1 hotel /16	All countries accept credit card in general except Turkey that accept credit card in hotels
Central and Eastern Europe	5 general, 15 hotel/20	<b>General:</b> Croatia, Czech Republic, Hungary, Poland & Slovenia Others accept credit card in hotels only
<b>Total</b>	<b>23 general, 36 hotel, 2 Non-acceptance/65</b>	<b>General 35%, Hotel 55%, Non-acceptance 3%</b>

Table 7 below depicts the use of either US dollars or Euro instead of the countries' local currencies. Cambodia, Vietnam, Laos and Timor-Leste in Southeast Asia, Nepal in South Asia and Egypt and Kenya in Middle East and Africa prefer US dollars over their local currencies because of their instability in exchange rate to hard currencies and problem of depreciation. Same as Estonia, Latvia, Lithuania, Montenegro, Slovakia and Slovenia in Central and Eastern Europe that use Euro instead of their local currencies. Interestingly, no countries in Central and Western Asia prefer any hard currencies in their markets.

Table 7: Use of hard currencies Instead of Local Currencies in Regions

Regions	Use of Hard Currencies instead of Local Currencies/Total Countries in Region	Remarks
Southeast Asia	4/11	<b>US dollar:</b> Cambodia, Laos, Timor-Leste & Vietnam
South Asia	1/7	<b>US dollar:</b> Nepal
Central and Western Asia	0/11	None
Middle East and Africa	2/16	<b>US dollar:</b> Egypt & Kenya
Central and Eastern Europe	6/20	<b>Euro:</b> Estonia, Latvia, Lithuania, Montenegro, Slovakia & Slovenia
<b>Total</b>	<b>13 (7 US dollar , 6 Euro)/65</b>	<b>20% (10.8% US dollar , 9.2% Euro)</b>

Muslim countries have their own protocol in many aspects, business travelers are reminded to observe them while doing businesses there. Majority of the OBOR Middle East and Africa countries are Muslim. The rest OBOR countries in South Asia and Central & Western Asia has around 50% Muslim countries compare to Central and Eastern Europe that has only three countries with about half of their population are Muslim. In Southeast Asia, Brunei and Indonesia are Muslim countries while 60% Malaysian are Muslim adherents. See Table 8 for details.

Table 8: Muslim Countries in Regions

<b>Regions</b>	<b>Muslim Countries/Total Countries in Region</b>	<b>Remarks</b>
Southeast Asia	2.6/11	Brunei & Indonesia 60%: Malaysia
South Asia	3/7	Bangladesh, Maldives & Pakistan
Central and Western Asia	5/11	Afghanistan, Iran, Kazakhstan, Kyrgyzstan & Tajikistan
Middle East and Africa	13.5/16	Except: Israel & Kenya 50%: Lebanon
Central and Eastern Europe	1.6/20	60%: Albania & Bosnia & Herzegovina 40%: Macedonia
<b>Total</b>	<b>25.7/65</b>	<b>40%</b>

#### 4. Conclusion

The visa wavier policy between Hong Kong and OBOR countries are very much in reciprocal manner that around more than 40% are visa free which is not at a high percentage for better economic and tourism development. Air travel is almost a must these days but only one-third of the OBOR countries have non-stop flights to and from Hong Kong. It is understandable the farther the destination, the fewer non-stop air services. To boost the economic activities in OBOR countries, there is a need to increase not only the direct air link but also the capacity. Business travelers tend to stay at international chain hotels for safety and security reasons. Most of the OBOR countries do not lack of this provision though the price could be relative high in countries where only a handful of international chain hotels are available in the market.

English is not a popular language in many OBOR countries except those in the Middle East and Africa. Language can slow down the business activities and exchange in a significant number of countries in Southeast Asia, South Asia and Central & Eastern Europe; and particularly serious in Central and Western Asia. Accepting credit card comes together with the use of hard currencies such as US dollar and Euro somehow facilitate the business opportunities in the OBOR countries. Myanmar opens their door for investment recently may face difficulties because of they do not accept credit card and hard currencies. It is hope that the situation will change in the near future. Cambodia, Laos and Vietnam use US dollars in their economies that eases the inconvenience of acceptance of credit card in hotels only. Traveling to Central and Western Asia require a bit more preparation since all countries in that region only accept credit card in hotels and do not accept any hard currencies in the market. Obviously, traveling around countries in the Middle East and Africa are relatively easier when making payment with credit card. Travelers have to observe the protocol of Muslim countries and should not be the barriers of seeking business opportunities there.

In a nutshell, how much do you know about OBOR? Someone has to acquaint themselves about OBOR and prepare well to capitalize the opportunities from the OBOR initiative. The same approach can be taken to examine the challenges and opportunities that a region or country may have. Enterprising and tourism are ever-changing that require regular update in different aspects in particular the travel barriers and other trading and business related policies and regulations.

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## Author's Background



**Dr Barry L.M. Mak** received his Master of Science and PhD in tourism from the Scottish Hotel School of University of Strathclyde, Glasgow, UK. He is currently an Associate Professor in the School of Hotel and Tourism Management, The Hong Kong Polytechnic University, which is ranked number two in the world in research and scholarly activities. Dr Mak's contributions to the professional bodies are at different areas and levels, e.g. the government appointed member of Advisory Committee of Travel Agents in Hong Kong. Dr Mak received the Service Excellent Award (SEA) in 2013 and Teaching Excellent Award (TEA) in 2015.