# John Lee's Zhejiang visit strengthens Hong Kong's role in bypassing US trade barriers for tech firms



Hong Kong Chief Executive John Lee’s recent visit to Zhejiang province in mainland China highlights a strategic move to enhance collaboration between Hong Kong and Chinese cities amidst ongoing global trade tensions. The trip, held in late April and spanning four days, focused on exploring avenues for Hong Kong to support mainland technological enterprises in overcoming disruptions caused by the US-China tariff conflict.

Accompanied by senior officials, including Commerce Minister Algernon Yau and Technology and Innovation Minister Sun Dong, Mr Lee’s visit underscored a commitment to deepen economic and technological ties, particularly in bypassing the trade barriers imposed by the United States. Hong Kong and Zhejiang agreed to establish a new mechanism through which Hong Kong will provide customised supply chain services aimed at enabling mainland companies to navigate the impact of US trade restrictions.

In a forum attended by around 600 government and business leaders in Ningbo, a port city in Zhejiang, Mr Lee stated, “Hong Kong is well positioned to offer mainland enterprises new supply chain services and lead these businesses in exploring emerging markets, breaking through the US blockade.” He emphasised Hong Kong’s advantages as an international trade centre and a multinational supply chain hub, coupled with Zhejiang’s strengths in the digital economy, as pivotal in helping companies diversify away from the US market amid rising investment risks.

Following the trip, Chinese state-run media China Daily described Mr Lee’s initiative as a “smart, prudent and proactive response” to the tariffs imposed by the US, which has set tariffs reaching up to 145 per cent on certain goods from China and Hong Kong. Hong Kong’s South China Morning Post editorial further characterised the visit as “another feather in the city’s integration cap,” noting the benefits anticipated from the cooperation mechanism, the breadth of deals signed, and the push towards high technology.

During his visit, Mr Lee signed agreements covering more than 50 projects across a dozen sectors, including technological innovation, trade, and housing. He also engaged with representatives from Zhejiang’s leading tech startups collectively known as the “Hangzhou six little dragons.” These firms include AI company DeepSeek; Game Science, known for the widely popular Chinese video game Black Myth: Wukong; robotics companies Unitree and Deep Robotics; brain-machine interface innovator BrainCo; and spatial design software developer Manycore. Mr Lee toured facilities of some of these startups and spoke to their teams to understand their international expansion needs and ways to counteract challenges emerging from the US administration’s policies.

Experts analysing the visit suggest it marks the beginning of a more extensive plan to strengthen the supply chain links between Hong Kong, the Greater Bay Area (GBA), and mainland China. Professor Sonny Lo from the University of Hong Kong’s politics department highlighted the trip’s “important technological, economic and political significance.” He noted that while Hong Kong is expanding its own technology and AI industries, it can also leverage Zhejiang’s established AI startups based in Hangzhou, fostering mutual growth through integration and collaboration. Professor Lo added that such partnerships align with the Chinese central government’s strategic goals for Hong Kong and extend beyond the GBA’s scope.

From an economic perspective, David Yin, partner at Silicon Valley venture capital firm Informed Ventures, pointed to Hong Kong’s role in facilitating financing for Zhejiang’s tech companies. He explained that this early relationship-building allows Zhejiang startups to choose Hong Kong over more restrictive mainland or US stock exchanges for listings, thanks to Hong Kong’s comparatively flexible financial regulations and support for emerging sectors.

Another critical area where Hong Kong’s role is notable is in aiding Zhejiang’s tech firms in acquiring AI chips, particularly those made by US company Nvidia. The US has imposed bans on exporting Nvidia’s advanced chips to mainland China, including Hong Kong, complicating access for Chinese firms. These chips are vital for AI development, with Zhejiang’s firms heavily reliant on them. According to a venture capitalist familiar with China’s tech investments, Hong Kong's less restrictive financial and trade environment enhances the ability of local exporters and suppliers to navigate barriers and facilitate chip acquisition, despite US export controls.

Hong Kong’s exemption from foreign exchange restrictions and fewer bureaucratic burdens creates a more streamlined trading environment compared to mainland China. This advantage makes it a crucial logistical and financial hub for tech firms in Zhejiang and beyond as they seek to expand internationally and manage trade disruptions.

John Lee’s visit to Zhejiang thus marks a significant step in Hong Kong’s evolving strategy to integrate further with mainland China’s tech sector and economy, leveraging its unique position to support businesses affected by US tariffs and trade restrictions. The collaboration between Hong Kong and Zhejiang encompasses broad economic areas and reflects ongoing efforts to enhance resilience and cooperation amid complex international trade dynamics.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.chinadailyhk.com/hk/article/367317> - This article discusses the significance of Chief Executive John Lee's duty visit to mainland China, highlighting the central government's support for Hong Kong's development and the importance of the 'one country, two systems' framework.
* <https://www.chinadaily.com.cn/a/202410/17/WS67105faaa310f1265a1c8054.html> - This piece outlines Hong Kong's plans to attract more overseas students, particularly from ASEAN nations and Belt and Road Initiative countries, through scholarships and incentives, aligning with the city's 14th Five-Year Plan.
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* <https://www.chinadailyhk.com/hk/article/605008> - This report covers China's concerns over U.S. tariff policies, emphasizing the impact of unilateral tariff hikes on normal economic and trade cooperation between the two countries.
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* <https://www.scmp.com/news/hong-kong/health-environment/article/3202848/hong-kong-chief-executive-john-lee-says-quarantine-free-travel-mainland-china-next-year-very> - This report highlights Chief Executive John Lee's optimism about the possibility of quarantine-free travel between Hong Kong and mainland China in the near future, as talks with mainland officials have restarted.
* <https://news.google.com/rss/articles/CBMixgFBVV95cUxNaTdNV3BkTkhkUHdJYVlfN1FFT3VUQ1RRZnFkUUhyYlItb0s1dFctVEdXdG5jajZOUEs5aDJHQU5HY2I0TUxQLTBVZ0VGT1NsQlg2RTR1dUI1ZDNYYUlOQ2tpbFJfWEdtTHlCQUh6T0ZZamFUcElKOXNRb25tc1BGb2QycFk4cGJrTHRXT09VQjdCdTd0U1c5bEd5bmtmM3lnWlhwd1JPVzBSX1E3YXdOUS1uMXNnSG4ya1RuaWtMWEtpMkFNQnc?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data