



The British
Chamber of Commerce
in Hong Kong
香港英商會

Mr John Lee Ka-chiu, SBS, PDSM, PMSM, JP
Office of the Chief Executive-elect,
26/F, Immigration Tower, 7 Gloucester Road,
Wanchai, Hong Kong

25 May 2022

Dear Chief Executive-elect,

You may recall, when I wrote on 11 May to congratulate you on your election as the next Chief Executive of the HKSAR Government, I also wrote that I would be sending a submission with suggestions from the British Chamber of Commerce in Hong Kong for your Administration's consideration. I am delighted to enclose this, humbly, for your consideration now. The document is based on and follows the "Four Tenets of Our Vision" set out in your Election Manifesto.

The Chamber shares your vision for a more liveable, open, vibrant and united city. We are also particularly pleased to see your emphasis on the contribution that the international business community can make to Hong Kong's success. As one of the largest international chambers in Hong Kong with resources available from both our executive team and our active and supportive membership we are keen to make our contribution to the progress and prosperity of Hong Kong.

Our submission does not make reference to the way out of the COVID pandemic. We have deliberately focused our attention on the medium- and long-term measures for our city. The easing of COVID restrictions does, however, remain front of mind for many of our members and we do urge a further relaxation of social and border restrictions, particularly quarantine rules and the ongoing flight suspension mechanisms which remain a hindrance to a full realisation of Hong Kong's economic recovery from the pandemic.

Finally, the Chamber is planning our annual summit in October. This will be a forward-looking analysis of the exciting business opportunities for Hong Kong, taking inspiration from your Election Manifesto, inter alia. The summit will be branded "The Next 25 Years and Beyond". I will be writing to you again shortly to see if you might be able to open the event with a keynote address. This will be a great opportunity to address an important and large segment of the international business community and it would, of course, be our honour to be your host.

I look forward to an active and full engagement with the new Administration.

With best regards,

Peter Burnett OBE

Chairman

The British Chamber of Commerce in Hong Kong

Cc: Mr Daniel CHENG Chung-wai, JP, Secretary-General of the Chief Executive-elect's Office

The British Chamber of Commerce in Hong Kong

Initial submission to HKSAR CE-elect

Introduction

We are pleased to submit our initial thoughts on your Election Manifesto and look forward to further engagement and discussion. We greatly value our relationship with the HKSAR Government and look forward to working with you and your colleagues in the best interests of Hong Kong.

We have structured our comments below according to each of the Four Tenets of your Vision as set out in the Election Manifesto. As an overarching comment, we would want to state at the outset that the Election Manifesto was well received by the Chamber's General Committee which has reviewed its contents; and it covers a number of areas on which we have put forward proposals to the current Administration. We would be happy to elaborate further on any points and plan to submit a detailed paper later this summer focusing on more specific policy suggestions in line with the traditional Policy Address timetable. Links to our recent submissions on previous Policy Addresses are included in this submission.

Strengthen governance capability and tackle issues together

- We agree that it is critical to drive change in the public sector and to restructure its activities and we strongly support the Government reorganisation proposal from the current Administration.
- More effective and efficient public service delivery is important – we are in favour of the drive to “reduce unnecessary or redundant procedures, improve efficiency and modernise Government”, perhaps in line with recommendations made by the Chamber and other Chambers in the form of regulatory impact assessments.
- However, the new Administration should not underestimate the degree of change required. Also, in this regard, we would welcome increased transparency with relation to Government plans and increased interaction with Government, through a subgroup of the IBC and directly with think tanks, Government policy advisors and bureaux to help identify the best development opportunities for Hong Kong.
- The Chamber strongly endorses the suggestion for “strengthening the strategic planning, policy research and overall coordination efforts in Government”. However, we believe that better policy formulation with a more systematic review of the long-term focus areas for Hong Kong's economy where we can offer sustainable competitive advantage is long overdue. We have advocated this in our previous Policy Address Submissions and would be pleased to work with Government on this and contribute our business expertise and experience [See Chamber's [2019](#), [2020](#) and [2021](#) Policy Address Submissions].
- In relation to stability, we have noted the plan to implement Article 23 through local legislation. We assume that introduction of this legislation will follow the usual consultation process in Hong Kong and

look forward to contributing in that process.

- We agree that it is important to prepare better for emergencies such as natural disasters with proper contingency planning, something that most large businesses are very familiar with.

Streamline procedures and provide more housing and better living

- We strongly support the streamlining of procedures to speed up the development of public housing, with increased private sector participation (PSPS) and expanding the development of the 'design & build' model. We have proposed Government quickly move to modern construction techniques in a number of our previous Policy Address Submissions.
- We agree that speeding up land assembly for development by better utilising existing legislation and using market forces to incentivise private landowners to participate, to accelerate the pace of overall land supply, is essential.
- We strongly support the establishment of task forces on public housing projects and land for improving housing supply. The Chamber is willing to contribute its considerable expertise to these task forces [See Chamber's response in 2018 to the earlier task force on Land Supply [here](#)].
- In this context, we note that Government's reliance today on income from property has affected the provision of housing especially for the lower and lower-middle classes and young people. We encourage the new Administration to look at ways of diversifying revenue sources away from dependence on land (and upfront land premiums in particular) without changing Hong Kong's status as a low tax regime. We would also recommend the establishment of a dedicated task force with representation from business and community stakeholders to look at revenue diversification and would be pleased to participate.
- The Chamber supports the development of the different types of subsidised housing (such as GSH, HOS & WSM) and is keen to engage with Government on the suggested enhancements to these schemes.
- The Chamber has long been calling for earlier infrastructure construction and increased development capacity [See our May 2020 Infra Action Plan submission [here](#)] and the fast-tracking of railway projects.
- In our 2021 Policy Address Submission [[here](#) – page 12], we also suggested that creating a smart-digitised environment is crucial for the future development of Hong Kong. The new Administration should consider providing incentives for industry to identify opportunities for the application of 5G technology in logistics and to encourage the sector's vehicle fleets to convert to lower/ zero roadside emissions vehicles. In addition, and in order to catch up with counterparts in the Mainland and the GBA, smart payment should be further encouraged including for taxis.

Enhance economic competitiveness and pursue sustainable development

- We strongly support the promotion of Hong Kong's status as an international financial centre, offshore RMB hub and centre of excellence for asset and risk management; and agree that this should include the

further development of bond, foreign exchange and other financial asset markets, strengthening and enhancing the existing “connect” mechanisms between Mainland and Hong Kong markets and making greater use of the city as an overseas investment route into the Mainland. In our 2021 Policy Address Submission, we proposed ways in which Hong Kong could better promote itself as a centre for trade finance including (a) tech based scoring methods, (b) real time transaction data, (c) machine learning risk methods, and (d) improved access and availability channels [[here](#) – page 5].

- The Chamber has previously proposed the need for Hong Kong to develop fintech more strongly and to push for the digitalisation of the economy, whilst also promoting green and ESG finance. In this context, we would support the development of Hong Kong as a centre for scaling voluntary carbon trading. As the new Administration moves into place, the Chamber would be keen to contribute its expertise in these areas to support policy development [See Chamber’s 2021 Policy Address Submission [here](#) – page 4].
- We have previously proposed ways in which the Future Fund might be positioned to support the growth of strategic industry segments, including I&T, Healthcare and Infrastructure (inter alia). We would like to revisit these ideas with the new Administration [see Chamber’s response on 2022 Budget Consultation & Business Engagement Exercise [here](#) – page 2].
- The Chamber has made a number of submissions to the current Administration on developing the financial development opportunities between Hong Kong and the other GBA cities, so we welcome this inclusion in the Manifesto, along with our city’s development as an international I & T centre, in our view with a focus on delivering innovation in Government services, R & D and the application of digital technology to expedite smart city development. We are also pleased to see focus on the opportunities presented by the GBA in the Manifesto, but believe that the new Administration can go farther and faster in developing clear and proactive policies to capitalise on the economic opportunities it offers. We see the GBA as a critically important opportunity for Hong Kong. The Chamber’s previous GBA submissions in June and December 2020 [[here](#)] and [[here](#)] are still very relevant.
- Free movement of capital within the GBA should be encouraged and this will enable residents to enjoy better financial services and more products than were available before. Less restrictions mean more efficiency in industry players’ cross-border transactions when they serve customers. This is crucial for Hong Kong to remain the international corporate treasury centre for Mainland and multinational corporations operating in the GBA.
- Free movement of data with the GBA will be another important component in connecting service providers and customers. We have proposed the establishment of a GBA Big Data Platform, which could evolve into a well-established marketplace for essential data across the GBA. We understand that the questions of data privacy and data ownership will have to be addressed without undermining the uniqueness of Hong Kong’s approach to the regulation of personal data.
- Further promoting Hong Kong’s status as an international hub for legal and dispute resolution services in the Asia Pacific region, enabling Hong Kong professionals to practice more easily with examination/qualification alignment between Hong Kong and the GBA is also strongly supported, as is the safeguarding

of judicial independence. This will be critical to Hong Kong's future development. We would further encourage the recognition of other professional qualifications across the GBA in order to allow business the fullest access to talent in the GBA and to allow professionals to work more freely across the area.

- We strongly support the inclusion of measures to support the formation and growth of SMEs in the Manifesto – they are the life blood of our city and much needs to be done to revitalise the sector, which has been hard hit by COVID.
- We support the Administration's aim to further the city's status as an air and logistics hub and expedite accession into the RCEP. We have also previously called for enhanced CEPA arrangements with the Mainland, so welcome mention of this in the Manifesto.
- The Chamber welcomes the specific remit to explore the options for PPP models and financing options relating to the Northern Metropolis and other infrastructure projects [See the Chamber's recent submission on PPP [here](#)]. Our recent Infrastructure Symposium explored these opportunities.
- The Chamber has recently formed a Creative Industries Committee and we welcome moves to strengthen Hong Kong's offering in the cultural, arts and tourism sectors, with greater co-operation between the public and private sectors and the promotion of Hong Kong as a green, cultural and heritage tourist destination.

Build a caring and inclusive society

- The Chamber has made a number of submissions on improving the healthcare system and the importance of learning the lessons from the pandemic. We have also suggested the current Administration should actively promote the primary healthcare system and strengthen community mental health provision, so these developments are welcome.
- We have previously made submissions on Oncology care [See our [October 2020](#) and [November 2021](#) submissions] and on promoting the applications of technology and telehealth [See our Digital Healthcare submission in December 2020 [here](#)].
- We strongly support the provision of extra help for the elderly and under privileged by targeting children in poor families, improving elderly care, supporting working mothers, enhancing community care and modernising social welfare services.
- Likewise, developing a children and youth policy, maximising the options for face to face and personal interaction for our younger children after the disruption over the last two years, creating more vocational training and business start-up support for our youth, as well as organising more opportunities for internship, training and exchange is something we would strongly endorse.
- We have called in the past for the enhancement of the education system, with more support for teachers, applying more focus to STEAM and new technology, as well as suggestions to strengthen links with the business sector and maintain education to international standards, so these commitments are particularly welcome. We would also wish to see incentives to encourage more female teachers to take up teaching

positions in, and female participation in, STEAM subjects at all levels of the school system.

- Whilst we welcome the focus on improving livelihoods and the focus on the underprivileged, on youth, improving access to the housing ladder and healthcare, we feel that more can be done on MPF reform and in encouraging diversity and inclusion, particularly in relation to the gender pay gap, equalised parental leave rights, flexible working and recognition of same sex marriage and how improved Government policies in these areas can assist Hong Kong in attracting and retaining talent, to its advantage over surrounding Asia Pacific countries.
- On making our city more sustainable in the environmental sense, we are of the view there needs to be increased focus on decarbonisation, environmental protection and other measures to make our city more liveable. We will submit additional proposals on this as the new Administration takes office.

Additional focus areas

- The Chamber suggests that continuing support will be necessary for a number of sectors as the economy slowly recovers from the pandemic, with particular focus on SMEs and the supply chains that depend on them.
- The urgent opening up of the economy and the opportunity for much easier international and domestic travel in the immediate term is critical to rebuilding our economy and our reputation as Asia's World City and as an international financial and trading centre, and retaining the skills and talents that Hong Kong needs. Global competition for talent is acute, and Hong Kong cannot afford to lose further expertise.
- Last but not least, we believe it is essential to maintain Hong Kong's distinctive attributes, both to add value to the Mainland and to retain the unique way of life here, its vibrant and international city culture, free flows of capital, people, goods and data, operating under a rule of law based on established common law principles. Linked to this, is the need for a significant relaunching campaign for Hong Kong internationally to highlight those attributes as we emerge from the pandemic. We would be keen to participate in that and believe that we have much to contribute.

The British Chamber of Commerce in Hong Kong

25 May 2022