

The Honourable Mrs Carrie Lam Cheng Yuet-Ngor
Chief Executive of the Hong Kong SAR
Chief Executive's Office
2 Tim Mei Avenue, Tamar
Hong Kong

9 March 2022

Dear Chief Executive,

Thank you for your letter of 28 February addressed to Members of the IBC and enclosing the 25th monthly report on the work of your Government in combating COVID-19. It is a very frank record of the challenges that Hong Kong is currently facing with the rapid spread of the Omicron variant, and of the efforts that you and your Government are undertaking to bring this under control as soon as possible, with strong support from the Central Government.

In your letter, you mention the various measures that have been implemented, and which are proposed to be implemented, including Compulsory Universal Testing; and indicate that you will seriously reflect on views and inputs received. It is in that spirit that we are writing to you now, recognising that this is a time for the business community to work together with Government to stabilise the situation in the best interests of Hong Kong. Whilst acknowledging the success over the last two years in containing the virus, albeit at a cost to mainland and international travel, Hong Kong is now clearly in a very different situation, both domestically and relative to other international business hubs overseas. It is critical that business confidence is restored as soon as possible and Hong Kong begins to open up. Our aim in writing is to put forward some concrete suggestions in that regard for you to consider with your colleagues; and to invite further dialogue.

As you indicate in your letter, the current public health crisis has caused considerable anxiety amongst the business community, including our members who represent a significant proportion of Hong Kong's private sector in employment terms. As you might imagine, our discussions with members over the last several weeks have been dominated by discussion of the challenges they are facing – both personally and professionally – in relation to the latest outbreak. In some cases, this has led to members who have been long-term residents making the unfortunate decision to leave Hong Kong, or to base themselves outside Hong Kong for at

least the time being. That is a worrying trend which we would, of course, like to see reversed as soon as possible.

We circulated your letter and attachments to our Board last week and had an extensive discussion around the issues. We subsequently held a Townhall with our broader membership to get their feedback so that we were appropriately informed when writing to you.

Our discussion fell broadly into three parts:

- (1) Dealing with the immediate challenges arising from the Fifth Wave;
- (2) working through the exit and recovery stage once the current situation is brought under control (hopefully by the end of April); and
- (3) the longer-term rebuilding of confidence which will be necessary to re-emphasise Hong Kong's reputation as the leading international trading and financial centre in Asia.

Stage 1: Combatting the Fifth Wave

It is clear from your letter, and from recent announcements, that the Government will soon embark on a Compulsory Universal Testing programme, accompanied by some form of stricter lockdown to reduce the flow of people and to contain the transmission risk in the community during that period. We understand that the precise details and timing are still being worked on. This is a major exercise and how it is communicated (urgently and with clarity) and executed (including in relation to data privacy) will be of paramount importance in allaying the business community's concerns and anxieties. In that regard, we put forward the following recommendations:

- There is a clear and publicly stated policy that parents and young children will not be separated in either isolation or hospitalisation. Based on our feedback, anxiety around this is partially responsible for the large number of families who are leaving Hong Kong. In this context, we have noted the recent announcement by Singapore of treatment facilities catering to children and the elderly which will allow caregivers to remain with them; and would strongly encourage Hong Kong to give this due consideration as it builds its various facilities.
- Due consideration is given to allowing those with mild or no symptoms to isolate at home provided that living conditions allow. This will allow resources to be focussed where they are most needed. That would include where individuals live alone or where

their accommodation will allow practical segregation of infected individual(s). Self-testing with RAT's can be required during this period together with confidential registration on the Government website. This will reduce the considerable pressure on the health service and the isolation facilities. In addition, whilst we appreciate the speed at which isolation facilities are being established, it is important that they meet appropriate levels of hygiene and food, with, for example, no communal toilets or showers.

- Where PCR tests are required, arrangements are put in place to ensure that there are no long queues at testing facilities, and that social distancing can be appropriately maintained. There are numerous examples of people having to wait considerable periods of time for testing in crowded facilities with no social distancing even when they have appointments. This runs the risk of considerably increasing further infection as well as undermining confidence in the programme. In that context, we would also suggest that the Government considers allowing private physicians with capacity to administer the test and even home testing by an accredited private company, in both cases for those who are willing to pay for the convenience.
- The period for the Compulsory Universal Testing is as short as possible so that the effect on business is minimised. Any related stricter social distancing measures are clearly communicated and are proportionate. We have noted that there is ongoing discussion around businesses which will be exempted, including in the financial sector. Broader exemptions will be necessary, particularly in relation to essential public services, supply chains and logistics through the identification of "Key Workers in the Community". Early and clear communication in this regard will be key.
- There is considerable confusion around what businesses need to do if a member of staff tests positive. There is also confusion in relation to legal requirements around sick pay / related employment law issues, including enforcing reduced working hours. These issues will be exacerbated during the Compulsory Universal Testing period, which will of necessity lead to staffing issues for businesses that remain open. Clarification and guidance are urgently needed in this regard.
- Financial support during the current phase continues to be an issue raised by many of our members, particularly in the F&B space but also more widely for affected companies. Further targeted support is needed (akin to the ESS Scheme in 2020) to provide direct help to companies to enable them to keep staff employed.

Stage 2: The Next Phase

From our understanding, it is hoped that, with the measures currently being undertaken, the peak of the Fifth Wave will have passed, the infection rate will be greatly reduced, and, with increased protection and immunity through vaccinations or the incidence of COVID-19 itself, the healthcare system will not be under such stress by mid to late April. Naturally, members are asking: "What then happens?" This is a critical question and a critical period, and, in our view, it is vitally important that Hong Kong begins the opening up process, domestically, internationally and with the mainland, during this period. In that regard, we recommend the following:

- Classroom teaching in our schools should recommence immediately. As you will be aware, we wrote recently to Secretary Yeung in relation to the proposed school closure arrangements for international schools around the Compulsory Universal Testing program and were delighted at the swift and flexible response from Government. The education system in Hong Kong is one of its key features in attracting and retaining international talent in Hong Kong; and the international schools are under severe pressure in terms of both pupils and teachers. Getting the schools back into the classroom with minimal social distancing requirements will go a long way to addressing parent, teacher and student anxiety.
- Flight bans should be lifted and the criteria for airline/route suspensions relaxed. This is becoming an increasing issue for our membership, particularly as the rest of the world opens up and is an issue on which we have written and spoken to Government many times over the last two years. Given the recent developments in the infection rate locally in Hong Kong, there does not seem to be the same justification in keeping these measures in place. Indeed, the WHO has itself recommended relaxation.
- The quarantine period for international passenger arrivals should be reduced to a maximum of seven days of isolation/quarantine at home if possible rather than in a hotel or other facility. The current 14-day period of hotel quarantine and isolation for international arrivals is now at odds with the "StayHomeSafe" scheme arrangements. A change in quarantine policy for international arrivals would seem to be a pragmatic approach given the pressure on hotel facilities and the significant costs involved in multi week hotel quarantines; and would not, in our view, materially change the risk. This would be very well received by the international business community as it looks to re-engage with the rest of the world and would assist in slowing the rate of those leaving Hong Kong to destinations with no or much reduced quarantine requirements.

- The Government should continue with its efforts to vaccinate the most vulnerable in our community, particularly the elderly. We are pleased to note that these efforts have increased recently, with the introduction of the Vaccine Pass; and that this is having a positive effect on the vaccination rate. We continue, as a Chamber, to promote all your efforts in this regard and to encourage our members to get vaccinated as soon as possible. We would be supportive of some further restrictions on those who refuse to take the vaccine other than on accepted medical grounds. We would also encourage the Government to launch a broad public campaign highlighting the benefits of vaccination and, importantly, the clear risks of not getting vaccinated. Such campaigns have been used very successfully elsewhere.
- The current social distancing measures in Hong Kong should be relaxed in short two-week intervals. Premises currently closed should be reopened and restrictions on F&B should be relaxed. Gyms and recreational facilities (particularly outdoor recreational facilities) should be opened as soon as possible to help with the alleviation of mental stress.
- Despite the financial measures announced in the Anti- Epidemic Fund and the Budget, we continue to hear of considerable financial stress for our SME members in particular. We recently wrote to Secretary Chan in this regard and continue to believe that broader Government support is needed for this sector.

Stage 3: Rebuilding

As we work our way out of the immediate issues, we believe there is an urgent need to turn our minds to rebuilding Hong Kong's international reputation as an attractive place to live, work and educate our children. As a Chamber, we are strong supporters of Hong Kong and the future business opportunities that it presents. We have spoken very publicly about these, including in the UK when we visited recently. We should not, however, underestimate the effect of the last two years on the international community and the impact that is having on the talent that Hong Kong will need to fully grasp these opportunities. You will be aware that international business centres across the region have materially stepped up their efforts to retain and attract talent. We need to rebalance that so that Hong Kong is also seen again as a place for "the best and the brightest."

We are aware of the efforts by Government over the last three years to develop a relaunch vision and program for Hong Kong, and the reasons why that has been delayed. These efforts should be redoubled after the immediate crisis is over. In this regard:

- We would recommend that a Task Force is formed with participation from, amongst others, HKTDC, HKTB, Invest HK, and the Chambers of Commerce with the remit to focus on international business and the extraordinary opportunities in Hong Kong. We stand absolutely ready to work with Government on this.

We thank you in advance for your attention to the points raised in this letter. We very much value our dialogue with Government and hope that we can assist in getting Hong Kong through the current public health crisis and back to where it belongs on the world stage.

We would of course be very happy to meet virtually with you or any of your ministers to discuss any of the points further.

Yours sincerely,



Peter Burnett OBE
Chairman



David Graham
Executive Director

The British Chamber of Commerce in Hong Kong

Cc Mr John Lee Ka-chiu, SBS, PDSM, PMSM, JP, Chief Secretary for Administration
Mr Paul Chan Mo-po, GBM, GBS, MH, JP, Financial Secretary
Mr Edward Yau Tang-wah, GBS, JP, Secretary for Commerce and Economic Development