



**The Canadian
Chamber of Commerce
in Hong Kong**

31 August 2020

The Honourable Mrs. Carrie Lam Cheng Yuet-ngor, GBM, GBS
Chief Executive, Hong Kong Special Administrative Region
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Dear Chief Executive,

The Canadian Chamber of Commerce in Hong Kong (the “Chamber”) appreciate the opportunity to submit views and recommendations in response to the 2020 Policy Address Public Consultation.

The COVID-19 pandemic has brought upon unprecedented challenges to many of our members. Social unrest of the past two years and the introduction of the National Security Law (NSL) have posed further challenges and ambiguity for the Canadian business community in Hong Kong. We appreciate the Government’s quick action in extending relief measures to businesses. **Crisis** is an **opportunity** to **Reflect** and **Rebuild**.

As we navigate in uncharted territory, rebuilding the economy and society of inclusion and integration has become paramount to steer the city out of the pandemic and social turbulence into a successful future.

As one of the largest international chambers of commerce in Hong Kong, the Chamber is proud to represent the Canadian community who has been resilient and optimistic about our long-term commitment to Hong Kong. The Chamber will continue to work closely with all Government departments and support Hong Kong’s long-term prosperity, competitiveness and international standing. This includes strengthening confidence in Hong Kong’s future, reinforcing Hong Kong’s competitiveness as an international financial centre and business hub, and fostering a more inclusive and sustainable space for business and innovation to thrive, particularly for Canadian expatriates.

One Country Two Systems is the backbone of Hong Kong’s market economy and rule of law. Members of the Chamber have celebrated and applauded the successful implementation of the system over the past two decades. We urge the Government to safeguard the fundamental principles of the system. The Chamber is here to support the Government in navigating a path forward that embraces convergence in interests and preservation of values under One Country Two Systems.

As a collective Chamber, we have consolidated the following recommendations:

- Broader Financial Subsidy Support for Businesses to Maintain Employment
- Educational Support to International Families in Hong Kong



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- One-time Cash Handout to Non-Permanent Residents
- Fiscal Stimulus Packages for SMEs
- Rental Subsidy for Businesses to Maintain Operation
- Border Reopening to Essential Business Travel
- Travel Bubble with Canada
- Leverage Digital Transformation in Crisis to Transform into Tech-driven Economy
- Promote Long-Term Decarbonisation and Climate Change Resilience
- Focus Efforts to Becoming A Smart City
- Maximize Energy Efficiency and Reduce Carbon Emissions
- Recommit to Address Hong Kong's Waste and Air Issues
- Breaking Down Barriers to Effective Virtual Learning at Home
- Professional Development for Educators, Addressing Capacity Gaps
- Talent Development for Youth
- Regaining Hong Kong's International Reputation and Commitment to Community Trust
- Strengthen Investor Protections and Further Innovation in Financial Market
- Further Foster FinTech Adoption
- Explore Participation in International Trade Agreements
- Re-establish Hong Kong's Role as a Global Logistics and Express Delivery Hub
- Embracing Gender Equality in the Workplace

The Chamber welcomes further discussion on the ideas set out in our submission with you and your administration, and to work with you to carry them out. We hope the collective knowledge and expertise of the Chamber and of its members can be of resource in restoring Hong Kong's hope for a positive and prosperous future.

We thank you for taking our views into account and we would be more than happy to answer any questions you may have.

Best Regards,

Todd Handcock
Chairman
The Canadian Chamber of Commerce in Hong Kong

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Relief Measures: Enhanced Support for Businesses and International Community amid Pandemic

Like many overseas cities and nations, Hong Kong is simultaneously facing both a health and economic crisis from COVID-19. The severity and duration of the impact is unprecedented. While lessons were learned from the SARS experience, the economic repercussions of the current virus are much more far-reaching and more importantly, unknown. We are encouraged by the Government's quick rollout of economic relief package for supporting businesses, especially SMEs that are under extreme hardship amid the pandemic.

Broader Financial Subsidy Support for Businesses to Maintain Employment

In our letter dated 9 April to Financial Secretary Paul Chan, we provided our comments for enhancing the current Employment Support Scheme (ESS). Maintaining employment will better position Hong Kong to transition back as the world's hub for international trade and investment once the COVID-19 situation subsides. It will also avoid a spike in unemployment and prevent the strain on social welfare programs and resources.

While SMEs make up the largest number of companies in Hong Kong, the approximately 50% of the non-civil employees in Hong Kong are employed by large companies and those large companies are, for the most part, in significant financial difficulty. The Government should also consider the concerns of some larger companies that have either already laid off or are preparing to layoff large numbers of workers, including the possibility of the ESS having a retroactive date by which the wage subsidy can be applied, as Canada has done.

Educational Support to International Families in Hong Kong

Over the years, Hong Kong has attracted and grown the international community. These overseas communities work and have started their families in Hong Kong and provide high-calibre talent to the economy. To retain the talent, we highly recommend reconsidering and re-evaluating their families' wellbeing – including care for children.

To this end, given the current operating climate for schools in Hong Kong, the government is encouraged to continue to provide financial support to ensure on-going viability for international school operators for business continuity and to address new programme development in light of the challenges of Covid19. Without this vital support, international families will have less choice of high-quality education, thereby impacting on Hong Kong as a destination for international families.

To develop and reinforce Hong Kong's reputation as well as education synthesis of global best practices in education, we can work more closely together towards international collaboration between existing Hong Kong educational institutions with those in Canada to synthesize and exchange best practices in research and methodology in education. This partnership with Canadian education institutions, including renowned brands, together with Hong Kong's impartiality would ensure global leadership, as demonstrated by academic benchmarks.

One-time Cash Handout to Non-Permanent Residents

We also urge you to consider extending the one-time cash handout of 10,000 HKD to non-permanent residents who are taxpayers to support them during these times. Many of our constituents have not been in Hong Kong for the requisite amount of time to receive permanent



residency, yet are taxpayers and contributing members of the Hong Kong community who need support and could benefit from a similar payment scheme.

Fiscal Stimulus Packages for SMEs

Every SME, because of the nature of business in Hong Kong, has been severely impacted by the pandemic. Therefore, instead of “picking winners” and giving grants to certain industries only, long-term assistance and the fiscal stimulus packages should be across the board so that they can retain their workers.

We are pleased with the Government’s funding support for SMEs, including the SME Financing Guarantee Scheme (SFGS). In order to better align support programs with the immediate needs of SMEs, we suggest that a SME taskforce with representation from all relevant bureaus and representation from the SME sector should be established to review SME needs and align with the Government policy accordingly.

Rental Subsidy for Businesses to Maintain Operation

Next to salaries, rent is probably the second biggest recurring expense for a business, regardless of their size. We urge the Government to publicly encourage commercial landlords across Hong Kong to consider being more lenient with their tenants (e.g. rent-free periods, reduced rent for a period of time, no penalties imposed for breaking leases).

In the same spirit, we ask that the Government introduce similar or even more robust measures to commercial tenants struggling with their monthly rents.

Border Reopening to Essential Business Travel

While we continue to support the disease prevention and control measures by the Government, which is considered to be relatively responsive and effective comparing to many other jurisdictions, we would also urge the Government to review and assess the basis on which borders could be opened to international travel, especially for essential business purposes. With the testing capacity much expanded and available now, moderately reducing current travel restrictions for non-Hong Kong residents and quarantine restrictions for Hong Kong residents particularly for essential business travelers could be considered without compromising the robustness of the current measures.

Travel Bubble with Canada

Further we encourage urgent bi-lateral discussions between Hong Kong and Canada to establish a travel bubble and have members on stand-by ready to support these discussions. There is an urgent need to get travel safely started again to support the economy – an economy heavily dependent on international travel. A number of our members (as well as the market at large) in the tourism, hospitality, and travel industries have been severely impacted by the current travel restrictions and we believe that swifter actions are required. Robust and stringent bilateral agreed testing protocols are an effective way to enable this. We have members with expertise in this area that are very willing to support a bilateral bubble with Canada initiative and are already supporting other similar initiatives elsewhere in the world. With testing pre-flight, on arrival, and 3 days post arrival, quarantine periods can be significantly reduced to 3 days and allow for the safe entry of arrivals. With the accuracy of RT-PCR testing this proposed testing regime while would be highly effective.



From Crisis to Opportunity: Aligning Recovery Efforts with a More Sustainable and Smarter Future

COVID-19 provides an opportunity to align Hong Kong's goals of becoming a sustainable city with the efforts being made towards post-pandemic economic reconstruction.

Leverage Digital Transformation in Crisis to Transform into Tech-driven Economy

Remote working has driven a large part of digital transformation in Hong Kong. New technologies, new business models and customer needs open up vast opportunities, learning from the mainland China and other countries' experience. Embracing innovation within organizations and enabling new innovative businesses to grow are two important factors to drive the economic growth after COVID-19.

Firstly, the Government should use Hong Kong's role of international financial center to foster a vibrant venture capital community for early-stage companies. The grants and subsidies have a more complex application procedures, but private capital will be able to fill the gap faster and act as a filter of quality on supporting high-growth potential companies to grow. Measures can include reviewing regulations of Securities and Futures Commission and the delegation of financial support from Cyberport and Hong Kong Science and Technology Park to agents that invest into Hong Kong technologies.

Secondly, the Chamber has been playing a part to bridge the startup and technology ecosystem between the West and the East via Hong Kong. To grow Hong Kong's technology capability, the Government should source overseas technologies and entrepreneurs to Hong Kong by linking up institutions and programs to bring in economic activities and create job opportunities. It can also help improve the best practices in technology research and development, as well as adoption.

Promote Long-Term Decarbonisation and Climate Change Resilience

Firstly, the Government can demonstrate climate leadership by setting long-term absolute carbon reduction targets for 2050 that are in consensus with international climate science. Incorporating feedback gathered during the Long-Term Decarbonisation Strategy public consultation, the Government should also develop an overarching policy framework supported by a roadmap with key milestones to facilitate cross-departmental collaboration and to streamline the complex coordination required to act on a city-wide decarbonisation journey.

Secondly, Government is encouraged to develop a practical roadmap in developing and executing Hong Kong's Long-Term Decarbonisation Strategy, as well as engaging the public to maximize the level of buy-in. A practical roadmap with the right policy support, public-private cooperation and investment, encompassing all available zero-carbon options, would need to be crafted taking into considerations the need to maintain reliability, sustainability as well as affordability.

Thirdly, there should also be an establishment of a government cross-departmental resilience team to oversee formulation and implementation of climate resilience and adaption plans for Hong Kong. This governmental team can be tasked to share information on climate-change related risks and how businesses, especially SMEs, can make their operations more resilient.



Focus Efforts to Becoming A Smart City

Hong Kong's aspiration to transform itself into a smart city is strongly aligned with, if not a pre-requisite for, its need to become a low-carbon and more sustainable city. Developing and incubating smart technologies that can help drive and improve performance in areas such as water and energy conservation, waste management, renewable energy and the efficient movement of people and goods - would be the most obvious areas on which government and business could collaborate.

The Government is encouraged to look closer at the evolving technology of Automated/Autonomous Vehicles (AV). A significant portion of traffic congestion arises due to vehicle parking, which not only contribute to a higher level of road-side air pollution and carbon emissions, but also produces a knock-on effect by slowing down and creating congestion for other vehicles. Thus, Hong Kong could work closely with industry to take a leading role in AV technology and policy / regulation. This could create significant economic benefit to Hong Kong as well as play a major part in our smart city infrastructure and ecosystem – advanced traffic systems development, 5G connected vehicles, car awareness systems, sensors and recognition expertise.

Maximize Energy Efficiency and Reduce Carbon Emissions

With energy consumption increasing yearly, further policy support would be welcomed to encourage businesses and individuals to invest more significantly in energy efficiency and renewable energy to meet rising energy demands in commercial, transport and industry sectors in a sustainable manner.

A significant source of carbon emissions is transport, notably road transport. Vehicle growth is at a faster rate compared to population growth rate in the city. This in turn has aggravated our congestion problem, roadside air pollution as well as creating additional carbon emissions.

The Chamber has previously submitted its views and support for various road transport related initiatives such as: the Pilot Scheme Electronic Road Pricing pilot scheme, the facilitation of our city's transition to electric vehicles, the ex-gratia Payment Scheme for Phasing Out Euro IV Diesel Commercial Vehicles and the Review of the Pilot Green Transport Fund (now renamed to New Energy Transport Fund). We encourage the Government to continue seeking out a holistic and comprehensive approach and to set defined targets to convey a clear message to the businesses and the wider community. For example, setting a target date and roadmap to phase out all fossil fuel vehicles.

Recommit to Address Hong Kong's Waste and Air Issues

Hong Kong's waste generation rate remains high and continues to put enormous pressure on our rapidly filling landfills. The Chamber reiterates our support to the municipal solid waste (MSW) charging scheme and the producer responsibility schemes (PRS), as both are considered as important parts of a comprehensive resource management strategy. We also would urge the Government to implement a mandatory recycling scheme for all residential and commercial buildings in Hong Kong.

Furthermore, improving air quality has always been an important environmental topic in Hong Kong and the Chamber is supportive of the Government preparing an amendment bill to the Legislative Council for the implementation of the new Air Quality Objectives (AQOs) and for



planning the publication of the Clean Air Plan for Hong Kong 2.0. We support the early implementation of the new AQOs in Hong Kong for the protection of public health. We also look forward to the update of Hong Kong's air quality management blueprint.

Nurturing Talent in a Digital Economy

Breaking Down Barriers to Effective Virtual Learning at Home

COVID-19 has accelerated the digital adoption and transformation of teaching and learning in Hong Kong over the past months. The Government is recommended to improve clarity of guidelines and regulation around virtual learning and transitions between in-person and virtual learning; standardize allowances of time in lieu / work from home for parents who are primary educators / caregivers for children; provide access to tablet / desktop / laptop devices (non-smartphone) for virtual learning for all students in need; instituting accessibility requirements for all virtual learning resources procured by the EDB, which must be available on all platforms, suitable not just for highest-bandwidth connections; and provide access for parent and caregiver education to enable better facilitation of home learning / virtual learning. For inclusive access, the Government could also train and make available virtual learning experts at housing estates to support working parents.

Professional Development for Educators, Addressing Capacity Gaps

We encourage the Government to establish best practices for virtual learning at all levels from early childhood education through tertiary, paired with trainings for schools and teachers to ensure digital readiness. EDB should endorse and recognize CPD hours for remote virtual training for teachers, and develop training for existing teachers to better prepare them to teach virtually, ensuring that that training is not tied to specific platforms or hardware, and is in fact developing transferrable skills.

EDB should also allocate funding and training to boost the appeal of IT jobs in schools - either in educational technology or traditional IT. This should include the provision of funds for schools to hire qualified people, and ongoing PD for people in the IT field to switch contexts - moving from other industries into education. Training should also include formal and informal connections between technology and teaching teams.

Talent Development for Youth

The Government should encourage businesses to make available virtual internships and co-op programs, creating opportunities for students / interns to work from home. In this regard, the Government should provide funding, guidelines and recognition for these schemes. The objective is to reconcile the lack of mobility with the needs for work preparedness, and include a broader range of participants for whom going virtual enables greater access. We suggest that Hong Kong could draw upon the best practices of Canadian education institutions who have a proven track record of administering similar schemes. The Chamber would be happy to work with the Government to help determine Canadian best practices.

In addition, developing virtual mentorship opportunities for young people, particularly women, would facilitate business and community leaders to connect with young people virtually rather than in person, increasing accessibility for mentor and mentee.



Rebuild Hong Kong's Competitiveness and Restore Business Confidence

Despite the recent setbacks and challenges, the Chamber remains confident that Hong Kong still serves as a compelling hub for businesses who operate and wish to expand in the region. Of course this competitive advantage should not be taken for granted, but rather deserves more serious consideration, maintenance and enhancement.

Regaining Hong Kong's International Reputation and Commitment to Community Trust

Hong Kong has for decades been a site for international commerce, law, culture, and a place where East mixes with West. The COVID-19 pandemic removed an opportunity for the community and the government to discuss with one another on building more shared trust and understanding as means to reduce social tension in the community. We encourage the Government to seek out to re-engage with the community of all views and beliefs in a proactive dialogue and aim for measures to de-escalate the social tensions and help to rebuild Hong Kong's status as an international hub damaged by international media. It is of utmost important to reinstate the confidence of current businesses that have been established in Hong Kong for years, and also new businesses and start-ups that were looking to enter Asia through Hong Kong.

Hong Kong has great positives and attributes that make it truly unique globally. The negative news coverage of Hong Kong and the new NSL have hidden successful efforts by the Government and the community on fighting the virus and development of the Greater Bay Area. The international media has questioned the One Country, Two Systems structures, and we hope that more action can be done to address the international publicity on the erosion of the Two Systems, including coverage of what this may mean for the future of international businesses in Hong Kong.

In addition, we hope that more can be done to explain specific articles and implementation of the NSL and how it will impact international businesses operating in Hong Kong. Clearer definitions of what constitutes national security are needed, much like the central government's NSL in 2015 that more clearly defines what is national security. We are hopeful the government can provide more clarity on these issues.

The Chamber and many members of the Chamber have had the pleasure of working with various departments and agencies of the Government in the past, including InvestHK and HKTDC, in promoting Hong Kong as the premier business hub in Asia. We see the value of having a genuine and proactive engagement strategy with the international business community from the Government. For example, refreshing the InvestHK booklet of "Success Stories from Canada" and making roadshow presentations to the business community in Canada are excellent ways to re-introduce the potential that Hong Kong has to offer.

Strengthen Investor Protections and Further Innovation in Financial Market

Whilst innovating new financial solutions and technologies, the Government must further fortify Hong Kong's resilience to prevent financial crimes so that the HKSAR remains one of the most trusted financial centres to establish and carry out business. The Chamber welcomes the enhancement in the independence of the Financial Reporting Council that will strengthen investor protection. We also encourage the continuance of the Fraud and Money Laundering Intelligence Taskforce (FMLIT) and consideration of maintaining it on a permanent basis to maintain investor confidence in Hong Kong's financial market.



With the recent Limited Partnership Bill and the Future Fund of HK\$22 billion, we strongly encourage the Government to consider fund managers with international mandates to attract global technologies, and funds across different stages to form a complete funding value chain that supports company and economic growth from idea to IPO. Apart from research and development budget, investing into overseas technologies with a mandate to land in Hong Kong will tremendously improve Hong Kong's technology scene.

We also support a more conducive and inclusive listing and financing environment for international issuers; and further Greater Bay Area connectivity in wealth management similar to the recently announced Wealth Management Connect scheme. The Wealth Management Connect scheme and success stories should be promoted to the international investment community. As well, Hong Kong Stock Exchange's evolving role as a centre for Biotech Listings under Chapter 18A should be promoted. We understand a number of Canadian biotech companies are considering such a listing.

Further Foster FinTech Adoption

The Chamber is eager to continue support for Hong Kong's development as an international financial centre. We support a collaborative FinTech ecosystem in achieving a more effective digital economy; more policy guidance and supportive policies to encourage FinTech and Startup environment; and more preferential tax treatments to the fund management industry in Hong Kong.

Explore Participation in International Trade Agreements

CPTPP

In June 2020, as reported by media, Premier Li Keqiang and statements by China's Ministry of Commerce signalled an interest in joining the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP). With the interest of the People's Republic of China and the openness of CPTPP members to allow for new economies to join agreement, we encourage the Hong Kong SAR Government to begin exploration of potentially allowing for Hong Kong to join the CPTPP agreement in the months ahead.

Canada, a member of the CPTPP agreement, has signalled its interest in promoting new members to the agreement. The Canadian business community would welcome any effort by the Government to explore joining the CPTPP agreement and would be open to collaborating on any bid by Hong Kong on joining the agreement.

The next meeting of the CPTPP Commission is scheduled for 2021 in Japan and we encourage the Government to prepare for the meeting by exploring to join CPTPP and potentially sending a delegation to the next meeting.

Digital Trade Agreement

With the recent signing of the Digital Trade Agreement between Chile, New Zealand, and Singapore and the separate Singapore and Australia Digital Economy Agreement, it also should be noted that Hong Kong is not party to these kinds of agreements and therefore disadvantages Hong Kong's efforts in becoming a digital trade hub and would impact the broader economy. Singapore has also launched exploratory talks with the Republic of Korea on a similar agreement. These agreements establish digital trade and economy collaborations, and helps to set the standards of interoperability between systems and countries that help SMEs engage in cross-border e-commerce and digital trade.



The Hong Kong SAR government is encouraged to begin exploring potential digital trade agreement talks with other regional and advanced economies as soon as possible. If Hong Kong does not begin signing new digital trade agreements, it will find itself not part of standard-setting and rule-setting as it relates to digital trade, thereby disadvantaging local e-commerce and tech companies.

Re-establish Hong Kong's Role as a Global Logistics and Express Delivery Hub

Allow "express" services to remain "express"

Express delivery services have shown extraordinary resilience throughout the pandemic. They have also shown to be essential for the continuity of global supply chains and for the door-to-door supply of urgently needed goods such as medical equipment, medicine, and food. In a future pandemic resurgence or other potential disaster, we will need a global understanding of the need for "essential services," which includes express delivery services. We encourage the Hong Kong Government to make sure that all levels of government are coordinated to ensure uninterrupted door-to-door delivery of key shipments. This includes national agencies as well as regional and local governments.

Liberalize all-cargo air transport

The requirements of all-cargo air transport services differ from those for passenger services. The difference has been clearly demonstrated by the pandemic. Pre-crisis, approximately half of air cargo moved in the belly space of passenger planes. As the pandemic hit, 90% of passenger flights were grounded, and the belly space capacity was lost. Instead, all-cargo flights continued to operate and kept critical supplies moving globally. It follows that air cargo services should be treated differently from air passenger services. To encourage the expansion of air cargo operations, all-cargo services should be liberalized.

Implement ICAO Protocols to Enable the Movement of Air Cargo Crew

Over the course of the COVID-19 crisis, we learned how much easier it is to ensure air cargo crews are in an environment with a lower infection risk than their passenger counterparts. Yet, we can't achieve an operational air cargo network if our crew can't adhere to flight schedules and get adequate rest time due to ill-fitted measures. We strongly support the implementation of the ICAO Public Health Corridor for cargo pilots and support crew to keep global supply chains working during any crisis. Additionally, airport operations must be kept open for all-cargo traffic, and special airport hotel plans should be in place to make sure crew can rest without exposure to the public.

Embracing Gender Equality in the Workplace

Going forward, the Government should continue to unite and tap on the valuable resources, talents and potential of women from all walks of life; to solicit their contributions and encourage participation in the Hong Kong business community; to encourage and support women in their concern and participation in seeking economic, legal and social positions.

We encourage the Government to fund and support a learning platform for a global community of female entrepreneurs and innovators; a network with multiple sources of collaboration that would be available to female entrepreneurs and innovators who are committed to building successful businesses. This should include young women involved with start-ups with an aim to provide them with greater access to becoming founders of businesses in innovation and technology.



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We recommend that the Government consider the introduction of mandatory annual reporting obligations on large companies with respect to the gender composition of their boards and senior level leadership committees; focus on eliminating the gender pay difference; and increase maternity and paternity leave to be the same or better than Hong Kong's neighbours.

August 2020