

Mr CHAN Mo Po, Paul, GBM, GBS, MH, JP
Financial Secretary
25/F, Central Government Offices,
2 Tim Mei Avenue, Tamar
Hong Kong

23 December 2021

Dear Financial Secretary,

2022 Budget Consultation & Business Engagement Exercise

We were grateful to have the opportunity to attend the 2022 Budget Consultation you held with members of the international business community last month and to put forward our views in person. I am delighted to write on behalf of the British Chamber of Commerce in Hong Kong with a summary of the recommendations and key priorities we would like to submit for your consideration for the 2022 budget.

The Hong Kong economy has exhibited great resilience in the face of the unprecedented onslaught from COVID-19. This is, in no small measure, a result of the quick and decisive policy response that the SAR Government has undertaken to support the private sector, including:

- The on-going loan guarantee schemes for SMEs
- The employment support scheme in 2020
- The consumption voucher in 2021
- The Government rent and rates concessions

We recognise of course that these measures were only ever designed to be temporary and would over time need to be withdrawn. The persistent nature of COVID-19, however, gives us grounds for concern. In that context:

- We cannot over-state the importance of ensuring that support for SMEs in Hong Kong is only reduced gradually as the economy begins to recover. In this context, if the renewed concerns on the global pandemic and the spread of the Omicron or other new variants begin to suppress recovery of the economy, we suggest there should be a continuation of the SME guarantee schemes, as well as consideration of re-running the Government's highly effective public consumption voucher scheme, the arrangements for which are already in place.
- We support the vision for infrastructure development set out in the Chief Executive's 2021 Policy Address. We believe that its full realisation will require the inclusion of private capital and in that context would recommend the establishment of a PPP unit inside the Government to consider private capital and private capital structures for

Government capital expenditure. We would encourage a more strategic use of the Future Fund to support some of the infrastructure initiatives of the Policy Address.

- Continue to support employment and personal development opportunities for young people. I recall that the German Chamber highlighted continuation of the Intern Programme as one specific example an initiative that the British Chamber was delighted to support.
- Review all Government expenditure for its impact on the city's carbon neutrality goal for 2050, ensuring that we Build Back Better after the pandemic.
- We highlighted the longer-term importance of broadening and diversifying the tax base and noted your comments on the Government's current view. We believe that an intensive round of consultation with the business community and other stakeholders would help develop future thinking and the longer-term opportunities for mitigating the over-reliance on land premium and other forms of land and property revenue.
- We support further incentives to support and develop creative industries in Hong Kong beyond the funds and programmes already in place. As we have previously stated, we believe that creative industries will be an important element in the future positioning of Hong Kong as a diverse and attractive place to live, work and invest, and as a platform for development in the GBA. Accordingly, we would encourage consideration of tax and other incentives to promote creative industries in Hong Kong.
- We support the development of more opportunities for Hong Kong businesses after the RCEP comes into force. We would encourage the SAR Government to take the lead in proactively identifying potential benefits for our local economy, including how Hong Kong might position itself as a regional business and financial centre to fully exploit the advantages of RCEP.

We trust that these suggestions will receive a favourable response and add our best wishes for the holiday season and a successful 2022 budget.

Warm wishes,



Peter Burnett

Chairman

The British Chamber of Commerce in Hong Kong

Cc: Mr Christopher Hui Ching-yu, JP, Secretary for Financial Services and the Treasury
Mr Edward Yau Tang-wah, GBS, JP, Secretary for Commerce and Economic Development
Miss Susan Yip Hin-wa, Assistant Secretary, Financial Secretary's Office