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30 March 2020

Dear Mr. Yau,

### **Government Support to Business; and Emerging from the Crisis**

Thank you for meeting the General Committee and other senior members of the British Chamber last week. We appreciated the range of discussion and the open way you responded to the many points raised.

We also strongly support the Government in its critical work to counter the coronavirus outbreak in Hong Kong, which clearly has to be the overriding priority.

I would like to reiterate two particular issues which we consider critical.

#### **Support to Business**

We acknowledge and welcome the range of measures the government has undertaken in recent months to support business, including those announced in the Financial Secretary's Budget.

However, as we noted, the impact of the coronavirus outbreak on business has significantly worsened in recent weeks with the outbreak having now become global.

This is having an enormous immediate impact on business here, including in particular SMEs. For many businesses the issue is not one of medium-term relief, but of simple business survival given the huge pressures on cash flow and revenues.

We mentioned a number of interventions which might help address this, which we would be pleased to discuss further with the Bureau. These include:

- Government to pay some or all of MPF Employer Contributions;
- Invoice Factoring for Small Businesses;

- Small Business grants for companies with annual turnover below a certain amount.

However, in addition, we strongly urge Government to consider as a priority some form of direct **financial support to business to maintain employment**. A number of other jurisdictions have implemented such schemes (eg. Germany, Australia, UK). We see this as a key issue. Maintaining employment in this way:

- keeps money flowing through the economy and into citizens' pockets;
- helps avoid a sharp rise in unemployment, which would also have potential negative social consequences;
- maintains businesses' capacities and capabilities so they are ready to move quickly once we emerge from the crisis.

This would be an exceptional step. But these are exceptional times, and the pressures many businesses are facing here are unprecedented.

### **Emerging from the Crisis**

Looking ahead to when we emerge from the crisis, we see a real need to use this period to develop and have in place '**button ready**' **exit strategies** for once the virus is waning, to:

- reboot business within Hong Kong;
- re-position and relaunch Hong Kong's tourism and visitor offer;
- refresh and reposition Hong Kong's business proposition. As we discussed this could include elements such as the Greater Bay Area, smart city and the new digital economy, and the Belt and Road.

If, as looks likely, China and this broader region are among the first to emerge from the crisis, there will be an enormous opportunity to reposition Hong Kong in these respects. Adopting a back to business as usual approach will not suffice. Bold and innovative thinking will be needed. And this will be a one-off opportunity, which we absolutely need to grasp.

As I said, we greatly value the excellent dialogue we have with you and your colleagues. We would be very pleased to discuss in more detail the points above, and the other issues raised in the meeting.

Please do consider the Chamber as a partner and a resource as Hong Kong navigates its way ahead.

I am copying this letter to the Financial Secretary.

Yours sincerely,



Peter Burnett

Chairman

Cc: Mr Paul Chan Mo-po, GBM, GBS, MH, JP, Financial Secretary