



THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

**SUBMISSION ON THE CHIEF EXECUTIVE'S POLICY ADDRESS 2016 AND
2016 – 2017 BUDGET CONSULTATION**

**LOOKING AHEAD
Vision, Relevance & Influence**

EXECUTIVE SUMMARY

NOVEMBER 20, 2015

AmCham appreciates the opportunity to provide comments and recommendations for the Chief Executive's Policy Address and Budget Consultation for 2016.

In the context of a rapidly changing social, economic and political landscape, AmCham acknowledges the need, not only for the Chamber, but for Hong Kong to stay *visionary*, *relevant*, and *influential*. AmCham wishes to emphasize Hong Kong's unique geographical footprint globally and specifically in the Asia Pacific region.

This submission is in line with assumptions concerning Hong Kong's integration with South China over the next five years. AmCham supports the Chief Executive role in leading Hong Kong with a long-term, broad vision focusing resources according to strategic priorities. The enclosed **Full Submission** covers the following ten areas.

A. Hong Kong-China Relations

One Country, Two Systems continues to be the premise of successful Hong Kong-China relations. In the upcoming 13th Five Year Plan, the Hong Kong is expected to continue its substantial roles as an economic model, a source of business best practices, a simple and low tax regime, intellectual property rights protection, and the rule of law. AmCham encourages HK government to engage with the PRC Ministry of Commerce to encourage adoption of a Foreign Investment Law that exemplifies key principles including the rule of law; open, efficient and globalized capital markets; and free and fair competition.

B. Global & Regional Trade

Proactive participation in global and regional trade is vital to maintain and strengthen Hong Kong's competitiveness. AmCham supports government's active participation in the HK-ASEAN Free Trade Agreement (FTA); the Trade in Services Agreement (TISA); in developments regarding the One Belt,

One Road (OBOR); and the Asian Infrastructure Investment Bank (AIIB) – as all offer opportunities to Hong Kong’s pillar and emerging industries. AmCham also encourages the government to consider joining the recently concluded Trans-Pacific Partnership (TPP) as a non-sovereign party or an observer.

C. Business Climate

Hong Kong competitive status requires a vigorous approach to “smart city” development, to include utilizing analytics and data for better urban planning and citizen services. Regarding the economic and legal frameworks, the government needs to fine-tune the balance between “laissez-faire” and the rule of law. Key legislative and regulatory developments that require attention include the competition law, intellectual property rights regime, and market access.

While Hong Kong is very competitive in a number of areas in the region and globally, its digital agenda is far behind its competition. Hong Kong needs to take urgent action to connect the current analogue silo’s and create an environment to attract talent to capitalize on opportunities in data analytics for urban planning, energy efficiency, traffic control, as well as services for education, healthcare and the aging population.

D. Education & Labor

Having vibrant international and competitive talent is Hong Kong’s most valuable asset. Talent, whether coming from overseas, Mainland, or home-grown, needs to be internationally aware and connected. AmCham urges the government to work even more closely with the business sector to strategize ways to attract talent that the city needs. Area of high importance include: updating the labor law; raising the profile of vocational training; relaxing immigration policy to allow overseas and Mainland students to study and intern in Hong Kong; and recognize foreign, legally registered same-sex and domestic partnerships and marriages to grant permanent resident status.

E. Environment

AmCham urges the government to address ground transportation efficiency by implementing green and integrated transportation policies as well as better planning to create an integrated and environmentally-friendly public transport infrastructure. This will entail redefining road space usage and making road and rail-based mass public transport more efficient.

AmCham also recommends that the government address the following areas: build new gas generation capacity and investigate the provision of an LNG terminal in Hong Kong waters to adopt a cleaner fuel mix for electricity generation; minimize water leakage, maximize rainwater capture, and encourage water conservation; open up new areas to better public access for sports, recreation, cultural activities and dining; and improve public access to existing water fronts through a cross-bureau taskforce with support from business and non-governmental organizations (NGOs).

F. Financial Services

AmCham strongly supports the role of Hong Kong as a leading international financial center and is committed long-term to Hong Kong’s success, including working with government and universities to train and develop students, graduates and professionals.

AmCham supports a greater role for Hong Kong in financing projects for the Asian Infrastructure Investment Bank (AIIB) and China’s “One Belt One Road” initiatives. AmCham welcomes the Shanghai-Hong Kong Stock Connect, the China-Hong Kong Mutual Recognition of Funds (MRF), and

recommends the expansion of RMB QFII quotas and the participation of the Asia Regional Funds Passport (ARFP).

AmCham supports the government to make progress on the implementation of the G20's new standard of automatic exchange of taxpayer information and recommends the Financial Services and the Treasury Bureau (FSTB) and Inland Revenue Department (IRD) to assess and address G20 and OECD tax-related proposals that have a material impact on Hong Kong. AmCham recommends simplifying areas of tax uncertainty and provide tax incentives for fund management. AmCham further submits that the IRD to make relevant amendments that correspond with the updated Trust Law to attract trust business from Hong Kong and overseas.

AmCham acknowledges Hong Kong's efforts to take a leadership position regionally in insurance, and urges Hong Kong to accelerate the development of the insurance industry, including Non-Life insurance, and invest in becoming a reinsurance and captive hub.

G. Intellectual Property

Hong Kong needs to provide a robust intellectual property rights protection regime for all products and industries with international best standards on the protection and enforcement of trademark, copyright and patent rights to remain competitive and play a leading and active role in the global knowledge economy. The government needs to address copyright challenges particularly arising from the digital environment, move forward with patent reform without delay and fight against counterfeit products.

H. Pharmaceutical

AmCham acknowledges the excellent work done by the Customs Department to tackle counterfeit pharmaceuticals at retail and distribution, and transshipment through Hong Kong, and urges the government to continue the efforts. AmCham submits that the government adopt an effective patent linkage regime to encourage investments and safeguard pharmaceutical patent rights.

I. Tourism

AmCham submits that the government rebrand Hong Kong through a new, high-level global destination marketing campaign as a dynamic, exciting and relevant modern city, particularly aimed at high-end long-haul markets. AmCham recommends the appointment of more effective PR agencies for Hong Kong Tourism Board overseas to distribute the campaign and develop the following: sporting events, culinary traditions, nature, arts and culture, family-friendly activities and infrastructure, and traditional Chinese medicine medical tourism and tourism infrastructure.

J. Transportation and Logistics

Hong Kong needs to seriously address its structural disadvantages due to the lack of backup land to support operations and the progressive liberalization of Shenzhen and Nansha ports through China's Free Trade Zone (FTZ) initiatives. AmCham applauds Hong Kong's leadership in enacting the "Ocean Going Vessels Fuel Switch at Berth" regulation, and we urge the SAR to continue its efforts in creating an Emissions Control Area (ECA) for ocean going vessels across all South China ports.

AmCham recommends the government to expedite the Transportation and Housing Bureau's "Proposals for Enhancing the Use of Port Back-up Land in Kwai Tsing" through cross-Bureau and cross-Department collaboration, implement measures to ease industry labor shortages, particularly for container truck

drivers. We urge Hong Kong to push for the continuation of China's domestic cabotage law, which helps secure Hong Kong's position as a trans-shipment hub in the region.

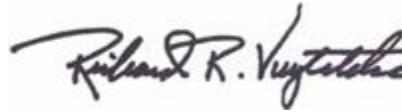
Conclusion

Looking ahead, AmCham continues to be bullish about Hong Kong. We are dedicated to support the administration and work with key stakeholders in the community to enhance livelihood and quality of life, and strengthen the business environment.

Yours sincerely,



Peter J. Levesque
Chairman



Richard R. Vuylsteke
President