



THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

**SUBMISSION ON THE CHIEF EXECUTIVE'S 2017 POLICY ADDRESS
AND 2017-2018 BUDGET CONSULTATION**

**SPECIFIC RECOMMENDATIONS TO THE HONG KONG GOVERNMENT
EXECUTIVE SUMMARY / HIGHLIGHTS**

**Submission Paragraph numbered in ().*

Hong Kong's Financial Role Regionally and Globally

- **Ensure that HKMA's Infrastructure Financing Facilitation Office activities** clearly signal that Hong Kong is the premier choice for financial, legal, and consulting services related to China's Belt & Road initiative. (16)
- **Conclude and implement the Hong Kong-ASEAN Free Trade Agreement** to preserve HK's pivotal role in FDI regional flows and take advantage of HK's simple tax framework, competitive banking industry and currency stability. (17)
- **Join the AIIB** as a sub-sovereign member and to pursue the opening of an AIIB office in the city. (18)
- **Unequivocally support the USD peg** to dispel any rumors to the contrary. (19)
- **Lift RMB QFII quotas** to allow the free flow of financial services between Hong Kong and the Mainland, as foreign firms domiciled and managed in HK have insufficient access to RMB QFII and collective funds. (25)
- **Expand the investment scope in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect** (after launched) to include Exchange Traded Funds (ETFs) and more financial products (including A-share derivatives). Daily trading quotas should be completely removed. (27)
- **Better implement China-Hong Kong Mutual Recognition of Funds (MRF)** through engaging industry on distribution arrangements, account opening, and account issues on foreign exchange. (29)
- **Join the Asia Regional Funds Passport (ARFP)** to boost HK as a regional hub for the asset and wealth management industry. (30-31)
- **Develop Hong Kong into a regional leader for Green Finance** in line with the May 2016 recommendations made by the Financial Services Development Council. (32-33)
- **The Fintech Supervisory Sandbox and Fintech Innovation Hub should create a safe space** not only for Authorized Institutions but also firms of all sizes by using a principles-

based approach of targeted experimentation through an online, regularly updated catalogue of selected innovative approaches. (34-38)

Hong Kong Competitiveness

The City

- **Take a “an eco-system” approach to “Smart City” development** by adopting a holistic, top-down practical business case through the establishment of a cross-bureau, cross-department *Smart City Development Council* to spearhead and accelerate development. (42, 44, 45)
- **Invest in hard transport infrastructure and soft infrastructure**, such as a digital system utilizing analytics and data, for urban planning, transport efficiency, and traffic control. (83)

Talent & Education

- **Recognize foreign, legally registered same-sex and domestic partnerships and marriages** to enable HK’s world-class industries to nurture, recruit, and retain the best talent unconstrained by differential treatment. (54-55)
- **Expand the work visa program** to allow local and international companies to recruit and retain top global talents before – or soon after – they graduate from tertiary institutions. (56)
- **Encourage increased collaboration among HK and Shenzhen educational institutions and business sectors** to create a global, forward-looking, multitalented workforce especially strong in IT and innovation skills. Build on existing initiatives from primary schools through tertiary institutions to foster such practical skills as programming and robotics as well as English, Mandarin, and Cantonese language capabilities. (56, 65-66, 68)
- **Continue raising the profile and opportunities of non-degree/vocational training** to build a diversified, high-quality work force. (59-62)
- **Expand the working holiday scheme to other jurisdictions** to allow overseas students to intern in Hong Kong. (57)
- **Correct outdated Special Needs Education policy** to allow all children in Hong Kong to have equal access and support and eliminate the long wait lists for these students. (69-70)

Regulatory Environment

- **Copyright Protection: Continue working with creative and innovation industries** in HK to improve the online media environment. Legislation lags many other jurisdictions, and online piracy and unauthorized digital distribution seriously threaten all copyright-based industries. (74-75)
- **Trademarks: Avoid setting dangerous precedents** by substantially depriving the rights of trademark owners and exposing Hong Kong to violations of treaty obligations that set international standards on the protection of intellectual property rights. An example of over-regulation of legitimate products is the proposal to require graphic health warnings

to occupy 85% of tobacco packaging; another is the restrictions on non-combustible alternatives to cigarettes. (76)

- **Patents: Move forward without delay on patent reform recommendations** contained in the 2013 Report of the Advisory Committee on Review of the Patent System in Hong Kong. (77)

Transportation and Logistics

- **Adopt a ‘co-opetition’ mindset for Hong Kong-PRD synergies**, combining healthy competition and constructive cooperation policies between HK International Airport, Guangzhou Baiyun Airport, and Shenzhen Baoan Airport to include building the capacity of local air traffic and promoting liberalization of passenger and cargo services. (80)
- **Implement green, integrated transportation policies** to address long journey times, rising transport costs, and roadside pollution. (84)
- **Provide more charging stations** across the city to develop green mobility, including greener/zero-emission vehicles, such as electric cars and electric buses as road-based mass transport. (85)
- **Develop the maritime and port industry** by setting up a new statutory body to drive long-term recovery and development in this key sector. (87-88)
- **Ensure stability of cabotage arrangements** in Mainland China through continuing close liaison with the Central Government. (89)

Culture & Livability

- **Take better advantage of Hong Kong’s natural assets**, such as its country parks, wetlands, coastlines, outer island, and Victoria Harbor waterfront, into holistic strategies to preserve them as great local attractions as well as value-added hospitality & tourism industries such as eco-tourism, movie productions, and other food, art, and cultural industries. Such developments will create new jobs and economic activities that can enhance local and tourist experiences while preserving cultural and ecological assets. (91-97)
- **Establish a Harborfront Authority** to spearhead the management, planning, and development of the open space around Victoria Harbor, including those in New Central, Wan Chai-North Point, Quarry Bay, Kwun Tong, and Hung Hom. (98)