Ray Dalio keeps the faith in China

by www.thestandard.com.hk
Apr 05, 2024

Bridgewater Associates founder Ray Dalio defended his decades-long investment in China and pledged he won't abandon the world's second-largest economy even with all of the problems there he's identified and the risks of a war with his own country, the US.

"I have had a wonderful 40-year relationship with the Chinese people and the Chinese culture that has led me to love them," the billionaire investor wrote in a LinkedIn post. "I don't jump in when things are booming and jump out when things are tough because I am neither 'a fair-weather friend' nor 'a fair-weather investor.'"

In an earlier post from March 27, the hedge fund titan had discussed the many difficulties and challenges China's faced and warned that Beijing should cut its debt and ease monetary policy or face "a lost decade."

Dalio said China's problems are manageable now if "Chinese leaders do their job well by being both smart and courageous." He pointed to signs that the economic leaders in Beijing are preparing to conduct quantitative easing along with debt restructuring to engineer what he described as a "beautiful deleveraging."

New investment scheme favoured

by news.gov.hk
Apr 09, 2024

The New Capital Investment Entrant Scheme has seen a good response since its launch on March 1, recording double-digit applications and over 1,600 enquiries, Invest Hong Kong (InvestHK) announced today.

InvestHK pointed out that the applications were from high-net-worth individuals of different nationalities.

Of the enquiries received, around 70% were made by professional service providers and were mainly about application procedures, eligibility criteria and permissible investment assets, it added.

Director-General of Investment Promotion Alpha Lau said that she is very delighted to see the scheme draw a good response in the first month.

“It shows strong confidence among high-net-worth individuals in the stable business environment and the diverse investment opportunities Hong Kong has to offer."

Ms Lau also noted that the Government will continue to roll out measures to further enhance Hong Kong's competitiveness as an asset and wealth management hub, hence boosting the scheme’s attractiveness.

Additionally, InvestHK will actively promote the scheme to various business associations, international stakeholders, family offices, and professional service providers, she stated.

Under the scheme, an eligible applicant must make an investment of a minimum of $30 million in the permissible investment assets.

A successful applicant may bring dependents to Hong Kong and permission to stay will normally be granted to them for two years.

Upon expiry of the two-year period, they may apply for an extension of stay for three years, and may subsequently apply for further extensions of stay for three years.

Upon a period of continuous ordinary residence in Hong Kong of not less than seven years, they may apply to become Hong Kong permanent residents in accordance with the law.

InvestHK explained that it is responsible for assessing whether the applications fulfil the financial requirements under the scheme, while the Immigration Department is responsible for assessing the applications for visa/entry permit and extension of stay, etc.

China posts forecast-beating Q1 GDP growth

by rthk.hk
Apr 16, 2024

China's economy grew 5.3 percent in the first quarter year-on-year, official data showed on Tuesday, comfortably beating analysts' expectations, a welcome sign for policymakers as they try to shore up demand and confidence.

Analysts polled by Reuters news agency had expected first-quarter gross domestic product to expand 4.6 percent from a year earlier, compared to 5.2 percent in the previous three months.

Sheng Laiyun, National Bureau of Statistics deputy commissioner, said the nation had made solid progress over the period.

"Generally, in the first quarter, the national economy made a good start, accumulating positive factors and laying a solid foundation for achieving the annual goal," Sheng said.

"However, we should say that there are rising complexities and uncertainties in the external environment," he said, adding that authorities will boost economic vitality, prevent and diffuse risks, as well as enhance the momentum for economic recovery and growth.

Mainland officials are aiming for economic growth of around five percent for 2024, a target that many analysts believe is ambitious and may require more stimulus.

Meanwhile, retail sales and industrial production in China slowed in March.

Retail sales growth slowed to 3.1 percent year-on-year in March, down from a 5.5 percent increase in the first two months of 2024, while industrial production rose 4.5 percent, down from a 7 percent increase in the first two months, official data showed. (Reuters/AFP)

Over 100 non-HK firms invest in city this year: govt

by rthk.hk
Apr 19, 2024

Secretary for Commerce and Economic Development, Algernon Yau, on Friday said the government was on course to beat a target of attracting 1,130 outside firms to invest in Hong Kong within a three-year period.

At a special finance committee meeting in Legco discussing this year's budget, he said officials enabled 382 firms to set up here last year, and 150 in the first three months of 2024.

Yau said these companies came from places like the mainland, Japan, Singapore, the UK and the US.

The head of InvestHK, Alpha Lau, said some of these companies might not have made big splashes with their promotional campaigns.

"Some may want to come to Hong Kong, they'd like to use the SAR as a springboard into the mainland market, or some mainland enterprises would like to come here and use Hong Kong as a platform," she told lawmakers.

"But then they want to stay low profile as a result of geopolitical tensions."

Yau also expressed hope the SAR could become a member of the Regional Comprehensive Economic Partnership (RCEP) this year, which is the world's biggest free trade agreement in terms of GDP.

He told lawmakers it normally takes 18 months for RCEP members to vet applications, and the group only started dealing with the requests in June last year.

Meanwhile, New People's Party chairwoman Regina Ip said she thinks it's not necessary to spend HK$33.5 million on the SAR's Economic and Trade Office in London, urging the government to cut costs.

"[The office in London] is not very useful nowadays... Because the positions of those anti-China politicians are pre-determined. No matter what you say, it's pointless," the lawmaker said.

The Commerce and Economic Development Bureau said in response that not only does the office in London handle affairs in the UK, it's also in charge of matters in other parts of Europe, so officials consider the current deployments to be suitable.

At the same meeting, lawmaker Shang Hailong raised concern about the use of online media by the government.

Official figures showed RTHK, the government broadcaster overseen by the Commerce and Economic Development Bureau, had 1.38 million followers on Facebook as of the end of February, and Shang asked if the number was on the low side.

In response, Director of Broadcasting Eddie Cheung said the station's YouTube channel also had more than one million followers, or 17 rating points in terms of viewership, adding whether that reading was low or not was open for interpretation.

HK economy solid, growing: FS

by news.gov.hk
Apr 23, 2024

I have great pleasure to meet you all at the second meeting of the APEC Business Advisory Council (ABAC) this year. This remarkable event gathers nearly 200 business leaders, representing the voice of all 21 APEC member economies.

First, let me express my sincere gratitude to the representatives of ABAC Peru and ABAC Hong Kong, China for working together to stage this prestigious business event here in Asia's world city, after a hiatus of nine years. For long, APEC and ABAC have been the powerhouse in spearheading efforts in the region to promote free trade and economic co-operation, and we are proud to be a part of it.

Welcome to Hong Kong
Amid the uneven pace of recovery across regions, the global economic environment remains complicated. Sharply tightened financial conditions over the past two years continue to hinder the growth of advanced economies. Although the market has generally expected interest rate cuts by major central banks, their timing, pace and scale remain unclear. Intensifying geopolitical tensions and conflicts continue to impact on international trade and capital flows, and cause disruption to global supply chains.

Here in Hong Kong, our economy grew by 3.2% last year, led by a strong rebound in inbound tourism after the pandemic. Visitor numbers reached 34 million, which was slightly above 50% of pre-pandemic levels. This year, we are expecting some 50 million tourists. Private consumption and overall investment also improved. But the high interest rate environment and geo-economic fragmentation dampened our merchandise exports. Inflation remained at a low level of 1.7%, while the unemployment rate was just around 3%.

Hong Kong remains a magnet for global business, investments and talent. In our survey last year, there were over 9,000 companies in Hong Kong with parent companies outside of the city, similar to pre-pandemic levels. Since the establishment of the Office for Attracting Strategic Enterprises in December 2022, we have attracted nearly 50 such companies to expand their business here. In the coming years, they will invest more than US$5 billion, creating over 13,000 jobs. Separately, Invest Hong Kong has also attracted more than 380 other companies, which together would invest another US$7 billion to US$8 billion.

For talent, we have approved around 160,000 applications under the various talent admission schemes since December 2022, and over 110,000 of them have already arrived in Hong Kong.

For the asset market, residential property prices dropped by nearly 7% last year, while the stock market fell by around 14% last year, both with reduced trading volume. The high interest rate environment, geopolitical tensions and their impact on capital flow, and investment sentiment, were at play.

Looking ahead, under a complex external environment, the Hong Kong economy is expected to grow by 2.5% to 3.5% in 2024, on account of improvement in merchandise exports, continued recovery of inbound tourism, and inflow of strategic enterprises and talent.

In a nutshell, our economy is solid and growing. With a comprehensive set of legislation to safeguard national security in place, the business community here has commonly expressed that Hong Kong will offer a safer and more stable business environment for businesses to thrive.

As an international financial, trade and shipping centre, Hong Kong will advance our role as the region's super connector and super value-adder, by capitalising on our unparalleled advantages of connecting the Mainland with the rest of the world. Under the "one country, two systems" principle, we enjoy convenient and sometimes priority access to the Mainland market, while continuing to maintain all the advantages that have made us a unique international city: the rule of law; free flow of capital, goods, information and talent; a freely convertible currency pegged to the US dollar; seamless alignment with the best international standards; a simple and low tax regime; and more. It is our nation's solemn commitment to maintain the "one country, two systems" principle in Hong Kong for the long run.

Our future development will rest with seizing opportunities brought by two mega trends: green development and the digital economy. We will also fully leverage the staunch support of our country, China, and focus on the "eight centres" development direction laid out in the National 14th Five-Year Plan: financial services; innovation and technology; trade; aviation; shipping; legal services and dispute resolution; intellectual property trading; and international cultural exchange.

Forging closer regional collaboration for a better future
Ladies and gentlemen, as a member of APEC, Hong Kong, China is a proud contributor to the region's economic development. We are committed to communicating and co-operating with other member economies to advance the APEC and ABAC agenda, for the benefits of the businesses and people in the region.

We are living in a world that has a high degree of interconnectedness and interdependence. But it is also filled with uncertainties that may disrupt or even threaten global economic prosperity. With the privilege of engaging in conversation with you all, allow me to highlight a few areas where we should work together.

First, let's work together to promote international free trade, and overcome roadblocks to the supply chain and logistics network. Over the past few decades, the power of free trade and competition has unleashed immense productivity worldwide, driving economic growth and raising the incomes and living standards of billions of people. Today, protectionism and unilateralism, and all the talks and actions of "de-risking", "on-shoring", "near-shoring", and "friend-shoring", are threatening the world's economic growth and progress. As a founding member of the World Trade Organization, Hong Kong, China is a steadfast supporter of free trade and a rules-based multilateral trading system. In this regard, Hong Kong is willing to enter into more free trade agreements and investment promotion and protection agreements with various economies in the world.

Second, let's work together to promote regional green transition and transformation. The challenges of climate change are pressing and on everyone's agenda. Last year was the hottest year on record by a clear margin. No country, no politician should say that we should not be worried about climate change. To combat climate change, the amount of investment required for green transformation is huge, measured in trillions of US dollars. We are Asia's leader in green and transition finance, with the volume of green and sustainable bonds accounting for more than one-third of Asia's total. We also lead in green finance product innovation such as tokenised green bonds. Working with sister cities in the Greater Bay Area, our green tech ecosystem is also thriving. We warmly welcome public and private partners in the region and beyond to access green and transition capital and technologies through Hong Kong.

Third, let's work together to drive the growth of the digital economy. Digital development, particularly artificial intelligence, is rapidly changing the models of industrial production, urban management, lifestyles, and much more. Here in Hong Kong, we are making significant strides to drive the digital economy, one important initiative of which is facilitating the orderly flow of data within the Greater Bay Area – of course, with proper personal data protection. In other words, Hong Kong will be converging data from the Mainland and the world, enabling us to be an international hub for research and development in artificial intelligence and biomedicine.

On digital finance, Hong Kong is a leader, too. For example, Phase 1 of Project mBridge, a settlement mechanism of Central Bank Digital Currencies, or CBDCs, will be launched this year. It will be one of the first projects in the world to settle cross-boundary business transactions using CBDCs.

Concluding remarks

Ladies and gentlemen, before I close I would like to invite you to take this opportunity to enjoy this city – Hong Kong continues to be an open, vibrant and safe metropolis full of vitality and vigour. I look forward to our continued collaboration in the years ahead as we work together to build an open, dynamic, resilient and peaceful Asia-Pacific community.

Financial Secretary Paul Chan gave these remarks at the Opening Ceremony of the 2024 Second Asia-Pacific Economic Cooperation Business Advisory Council Meeting on April 23.

Q1 GDP growth within forecast range: FS

by rthk.hk
Apr 28, 2024

Financial Secretary Paul Chan said on Sunday Hong Kong's GDP growth in the first quarter is expected to be in line with the government's forecast of between 2.5 percent and 3.5 percent.

He said the advance estimates for the January-March period, which will be announced on Thursday, would reflect moderate growth for the economy for five straight quarters, dating back to the start of 2023.

"Besides opening up new points for economic growth, we also need to continue to consolidate the traditional elements," Chan wrote on his weekly blog.

He noted the upcoming Labour Day Golden Week holidays would attract an estimated 800,000 visitors to Hong Kong, highlighted by a maiden pyrotechnic display at Victoria Harbour on May 1.

The financial secretary said a series of mega events will follow, including the Cheung Chau Bun Festival, the World Cultures Festival and the Vinexpo Asia for a showcase of wine and spirits late next month.

On stocks, Chan said the Hang Seng Index rose by 8.8 percent in the past week, its best weekly performance in 13 years.

He attributed the surge to tech shares buoyed by AI and IT developments, as well as stimulus measures by mainland authorities.

Chan added that an updated scheme allowing some mainland residents to buy wealth management products in Hong Kong made tremendous strides last month.

The Cross-boundary Wealth Management Connect Scheme recorded more than 13.1 billion yuan in transactions in March, which the finance chief said was close to half of the total amount since the scheme's launch in late 2021.

HK updating tax jurisdictions

by news.gov.hk
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The Government announced today that based on the Organisation for Economic Co-operation & Development's (OECD) recommendation, Hong Kong is amending the lists of jurisdictions on automatic exchange of financial account information in tax matters (AEOI) under the Inland Revenue Ordinance.

This involves the removal of nine jurisdictions from the list of participating jurisdictions which have yet to activate exchange relationships for AEOI with Hong Kong, namely Bahrain, Belize, Marshall Islands, Montserrat, Nauru, Niue, Saint Vincent & the Grenadines, Seychelles, and Trinidad & Tobago.

Meanwhile, 11 participating jurisdictions which have already activated exchange relationships for AEOI with Hong Kong will be added to the list, including Azerbaijan, Ecuador, Jamaica, Kazakhstan, Kenya, Maldives, Nigeria, Oman, Pakistan, Peru and Thailand.

Since September 2018, Hong Kong has conducted AEOI with other jurisdictions as advocated by the OECD, with a view to enhancing tax transparency and combating cross-border tax evasion.

In its latest review of Hong Kong's AEOI legal framework, the OECD recommended that the list of participating jurisdictions should only include those which have activated exchange relationships for AEOI with Hong Kong.

To take forward the OECD's recommendation, Hong Kong will update the list of participating jurisdictions based on the latest status of the activation of AEOI exchange relationships.

This will enable Hong Kong to comply with the prevailing international tax standard on the exchange of tax information, the Government said.

The Inland Revenue Ordinance (Amendment of Schedule 17E) Notice 2024 will be gazetted on May 3 and tabled at the Legislative Council for negative vetting on May 8. Subject to the completion of the legislative procedures, the amendment notice will come into operation on January 1 next year.

China to step up support for economy, flexibly use policy tools, Politburo says

by www.thestandard.com.hk
Apr 30, 2024

China will step up support for the economy with prudent monetary and proactive fiscal policies, including interest rates and bank reserve requirement ratios (RRR), the Politburo of the Communist Party was quoted by state media as saying on Tuesday.

The party's top decision-making body said it would be flexible with policies, with investors expecting more stimulus for the world's second-biggest economy, which grew faster than anticipated in the first quarter but is still facing headwinds.

"The sustained recovery and improvement of the economy still face many challenges," the Politburo said, according to Xinhua news agency, after a meeting chaired by President Xi Jinping.

The Politburo pointed to problems such as insufficient demand, huge pressures on firms, risks and hidden dangers in key areas of the economy.

"At the same time, it must be noted that China's economic foundation is stable, with many advantages, strong resilience, and great potential," it said.

The party's central committee will gather in July for a key meeting known as a plenum, the third since the body of elite decision makers was elected in 2022, focusing on reforms amid "challenges" at home and complexities broad.

China has set an economic growth target for 2024 of around 5%, which many analysts say will be a challenge to achieve without much more stimulus.

China's manufacturing and services activity both expanded at a slower pace in April, official surveys showed on Tuesday, suggesting some loss of momentum for the economy.

"We need to flexibly use policy tools such as interest rates and reserve requirement ratios, increase support for the real economy, and reduce the overall cost of social financing," it said.

The People's Bank of China has in recent months delivered modest cuts in RRR and interest rates to support economic growth.

"The meeting hints that there might be cuts in interest rates and RRR in the second quarter," said Xing Zhaopeng, senior China strategist at ANZ.

Amid tepid domestic demand and a property crisis, Beijing has ramped up infrastructure investment and turned to investing in high-tech manufacturing to lift the economy this year.

China will issue ultra-long term special treasury bonds as soon as possible, and speed up the issuance of local government special bonds to maintain the necessary intensity of fiscal expenditure, the news agency quoted the Politburo as saying.

Beijing plans to issue 1 trillion yuan ($138.14 billion) in special ultra-long term treasury bonds to support some key sectors.

China will coordinate and improve policies to reduce housing inventories and optimise policy measures for new housing, the Politburo added.

"The meeting proposed to resolve home inventory and optimise new homes, which means China may allow local governments (to) buy commercial houses...and turn them into affordable houses. This could be a significant turning point for the supply side of the property industry," said ANZ's Xing.

Shares of beleaguered Chinese property developers have rallied this week on speculation more stimulus measures will be unveiled soon to clear a glut of unsold homes. New home prices fell at their fastest pace in more than eight years in March as developers' debt woes dragged on demand.

Top leaders also emphasised the need to develop "new productive forces" according to local conditions, Xinhua said.

The term "new productive forces" was coined by President Xi Jinping last September, underscoring the need for economic development based on innovation in advanced sectors.

Reuters