

Hong Kong & Mainland China News – May-2024

HK logs 'better-than-expected' growth in Q1

by rthk.hk
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Hong Kong's economy grew at a better-than-expected rate of 2.7 percent in the first quarter, partially boosted by the steady rise in exports of goods and services.

However, that growth was lower compared with the 4.3 percent figure seen in the last quarter of 2023, according to official data released by the Census and Statistics Department.

Earlier, the city's finance chief indicated that first quarter growth would be in line with the projected full-year growth range at between 2.5 and 3.5 percent for 2024.

Commenting on the latest figures, Simon Lee, honorary fellow at Chinese University's Asia-Pacific Institute of Business, said the number was better than expected, but noted the momentum might not be sustainable in the coming quarters.

"My original estimate [for the first quarter] was about one to two percent growth. But the 2.7 percent growth also came on a relatively low base in the first quarter last year when the borders just opened and economic activities were just reactivated," Lee told RTHK.

"We see that it's quite remarkable in terms of exports and imports of goods and services [in the first quarter]... but if you look at local consumption... quite a number of local people went elsewhere for spending and this will have a significant effect on the GDP growth."

"[Although] exports tend to do well at the end of the year, there are also variable factors, such as the economic situation on the mainland and geopolitical issues, so I am still quite cautious on the full-year growth," he added.

Lee warned Hong Kong could see growth slow to about one or two percent in the coming quarters.

Analysing the major economic components, the growth of private consumption, capital formation, as well as the imports of goods and services all slowed during the three-month period.

However, exports of goods increased by 6.7 percent year on year, significantly higher compared with the 2.8 percent growth seen in the final quarter of 2023.

Exports of services rose by a notable 8.1 percent year on year in the quarter, although the pace was much slower compared with the 21.2 percent growth seen in Q4 2023.

"Looking ahead, exports of services should be supported by further revival of inbound tourism alongside the continued recovery of handling capacity and the government's efforts to promote a mega event economy," a government spokesperson commented.

"Domestically, rising household income and the government's initiatives to boost sentiment should help private consumption, but the changing consumption pattern of residents may pose challenges. [And] a longer period of tight financial conditions may have some dampening effects on economic confidence and activities," the spokesperson added.

China-Serbia free trade deal to take effect in July

by rthk.hk

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President Xi Jinping said on Wednesday that a free trade agreement between China and Serbia will take effect on July 1.

It is one of six measures announced by the president to support the building of a China-Serbia community with a shared future, as he met the press with his Serbian counterpart, Aleksandar Vucic, after they held talks in Belgrade.

Serbia is the first European country to build such a community with China.

Among the other measures announced by Xi, there will be more direct flights between Belgrade and Shanghai and airlines will be encouraged to launch direct flights between Belgrade and Guangzhou, and China is ready to import more high-quality agricultural products from Serbia.

"It is a strategic choice made by both sides to build a China-Serbia community with a shared future in the new era. Its goal is to realise the aspiration of the two peoples for a better life. Its foundation and driving force come from the firm support and extensive participation of the two peoples," Xi said in a joint press conference with Vucic.

Vucic called Xi an "ironclad" friend and said his visit to Serbia is "historic" because it opens the path for even closer ties.

In a joint statement, the two countries said they decided to deepen and elevate the China-Serbia comprehensive strategic partnership.

Xi arrived in Serbia on Tuesday night on the second leg of his European tour.

The visit comes on the anniversary of the Nato bombing of the Chinese Embassy in 1999 during a campaign against the former Yugoslavia to force late Serbian strongman Slobodan Milosevic to end a crackdown on ethnic Albanians in Kosovo. The bombing killed three Chinese journalists and wounded 20 Chinese nationals.

"The Chinese people appreciate the peace but will never allow that a historic tragedy repeats itself," Xi said in an opinion article in the daily Politika on Tuesday. (Xinhua and agencies)

Hong Kong can be Saudi Arabia's best friend: govt

by rthk.hk
May 09, 2024

The friendship between Hong Kong and Saudi Arabia has blossomed since SAR officials visited the Middle Eastern country two years ago, Deputy Financial Secretary Michael Wong said on Thursday.

At the Capital Markets Forum, co-organised by the Hong Kong and Saudi bourses, Wong said the two territories are discussing an investment promotion and protection deal and a number of organisations have signed memoranda of understanding on issues ranging from dispute avoidance and resolution to artificial intelligence.

He also pointed out that the SAR provides a fundraising platform for Saudi Arabian businesses to expand, serves as a springboard to access the mainland Chinese market, and offers opportunities to allocate offshore renminbi assets.

Wong stressed that the SAR and Saudi Arabia can help each other achieve their "ambitious goals in finance and well beyond".

"Saudi Arabia has clear and ambitious goals for the development of its financial markets, and it's cultivating a diversified and efficient financial sector that contributes to realising the objectives of Saudi Vision 2030," he said.

"Hong Kong, meanwhile, is an international financial centre, with a highly open and internationalised market and a regulatory regime that is aligned with major overseas markets. We adopt the best practices in the world... With our advanced capital markets, Hong Kong can be Saudi Arabia's partner and best friend."

He also revealed that the SAR administration is considering setting up an economic and trade office in Saudi Arabia, and that Cathay Pacific will resume direct passenger flights between Hong Kong and Riyadh in the fourth quarter of this year.

The new CEO of Hong Kong Exchanges and Clearing (HKEX), Bonnie Chan, told the same event that the SAR and Saudi Arabia have been working closely together.

"The HKEX has been playing its role by building more connectivity between Hong Kong and Saudi Arabia's capital markets," she said.

"We have signed a [memorandum of understanding] with Saudi Tadawul Group. We have added the Saudi exchange as one of our recognised stock exchanges. We listed the world's largest and Asia's first Saudi ETF on our markets, an important first step in enabling Hong Kong investors to get to know to the Saudi market."

Deputy Minister of Investment Development in Saudi Arabia, Saleh Al-Khabti, said Hong Kong could be more involved in the kingdom's development, as Riyadh aims to invest US\$3.2 trillion into its economy by 2030.

"One thing that's very important is I believe we don't see enough participation from the Hong Kong financial sector and the role it can play to facilitate for China and the rest of Asia, becoming part of that beautiful story we have," he said.

Stock market rebound helps more IPO listings: HKEX

by rthk.hk

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The head of the city's stock exchange operator on Thursday said average daily trading turnover was improving, paving the way for more initial public offerings (IPOs) in the SAR.

Bonnie Chan, CEO of Hong Kong Exchanges and Clearing, said trading volume towards the end of April had reached up to HK\$150 billion, and that turnover during the Golden Week holiday period remained strong at over HK\$110 billion when mainland markets were closed with reduced capital flows to the territory.

"The stock market's rebound means that we have regained the confidence of investors. This certainly helps more IPOs to get listed smoothly and successfully in Hong Kong," she told reporters.

She said the number of IPO applications received by the bourse in the first quarter of this year was 30 percent more than in the same period in 2023, with around 100 currently waiting to be listed.

Chan also noted that many firms had expressed interest after the China Securities Regulatory Commission announced new measures to facilitate Hong Kong listings by leading Chinese firms.

Leading mainland companies would list in Hong Kong in the near future, which could boost the city's market, she added.

'HK keen to promote global cooperation for prosperity'

by rthk.hk

May 14, 2024

Executive Council convenor Regina Ip on Tuesday said that Hong Kong is well-positioned to promote global collaboration and contribute to world prosperity, as the city kicked off its first-ever conference with a focus on geopolitics.

Speaking at the inaugural “Global Prosperity Summit 2024”, Ip warned that Hong Kong faces a “high degree of global geopolitical risks” due to the looming threats of “rising polarisation and political violence”.

She said these threats were challenging global governance, and have led to protectionist policies of tariff hikes, financial sanctions and export controls to “deny developing countries’ access to advanced technology”.

“The world is being factored into opposing geopolitical blocks, the free trade and investment environment over the past decades, which have helped hundreds of millions of people out of poverty, seems to belong to a bygone era,” Ip said.

“With national elections in 64 countries, affecting 49 percent of the world’s population, taking place this year, politics seems to trump economics everywhere,” she added, noting that signs of polarisation and political violence were also on the rise.

Ip said Hong Kong has a keen interest in promoting ways to resolve such issues, as it is a small but open economy that has a high degree of exposure to global risks.

“We are a very international and cosmopolitan society, and we are very well-connected. We understand the cultures and political systems of mainland China as well as the culture and systems of the West, so we are well positioned, really, to maximise our role as a super connector and an intermediary between mainland China and the rest of the world,” she told reporters.

Separately, Ip told RTHK’s Hong Kong Today programme the SAR is a very suitable place to host the prosperity summit given its reputation as a meeting point between East and West.

“This summit showcases Hong Kong as a platform for international dialogue and communication, because we are able to bring together experts, prominent scholars, former senior officials from all over the world to debate on the issues,” she told RTHK.

“When we have a free trade investment environment, everybody benefits, and we don’t want this to stop,” she added.

The three-day summit event is sponsored by local businesses and the government and is co-hosted by the think tank Savantas Policy Institute which Ip chairs, covering topics such as de-globalisation, technological cooperation and climate change.

More companies than ever in Hong Kong: govt

by rthk.hk

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The government on Saturday said there are more companies than ever in Hong Kong, which shows that the city is a vibrant, reliable and convenient place to do business.

The Financial Services and the Treasury Bureau said there are over 1.43 million local companies and around 15,000 non-local firms as of April - both record high figures for Hong Kong.

The bureau said new companies were emerging, outnumbering those that folded by about 4,600 last month.

Meanwhile, it said the number of bankruptcy and winding up petitions fell in April.

The authorities received 742 bankruptcy and 66 winding up petitions last month. The figures were slightly lower than those in March, but still at least 30 percent up from a year ago.

HK to expand free trade agreement network, says commerce chief

by www.thestandard.com.hk

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Hong Kong is actively seeking early accession to the Regional Comprehensive Economic Partnership (RCEP) and expanding the trade agreement network, said Secretary for Commerce and Economic Development Algernon Yau Ying-wah at the Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade Meeting in Peru.

Yau said the city's action is a testament to the commitment to regional economic integration towards the Free Trade Area of the Asia-Pacific (FTAAP).

He added that RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership have long been recognized as possible pathways to the FTAAP and called on APEC member economies to promote greater openness and inclusiveness in regional economic integration initiatives to ensure the benefit of all members.

Yau further noted that Hong Kong is also negotiating a new free trade agreement with Peru.

He also briefed other trade ministers on a number of funding schemes and initiatives Hong Kong has been implementing to facilitate trade and assist micro, small and medium enterprises and women entrepreneurs in developing overseas markets, undertaking e-commerce and capitalizing on digitalization.

Those initiatives included the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), "E-Commerce Easy" under the BUD Fund and the Trade Single Window. Also, the US\$2.6 million (HK\$20 million) Women Empowerment Fund seeks to support women's development and realize their full potential.

IMF lifts China's 2024 growth forecast to 5pc

by rthk.hk

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The International Monetary Fund on Wednesday raised its 2024 growth forecast for China to five percent, citing recent policy moves by Beijing to boost the nation's economy.

"China's economic growth is projected to remain resilient at five percent in 2024 and slow to 4.5 percent in 2025," the IMF said in a press release.

The decision was "driven by strong first-quarter GDP data and recent policy measures", it added.

The fund had initially projected 4.6 percent growth for this year – compared with "around five percent" targeted by authorities in March.

The IMF also welcomed official steps in recent weeks to boost the housing market.

"The ongoing housing market correction, which is necessary for steering the sector towards a more sustainable path, should continue," it said.

But, it added that "a more comprehensive policy package would facilitate an efficient and less costly transition while safeguarding against downside risks". (AFP)