

Hong Kong & Mainland China News – August-2018

China to continue deleveraging

By www.thestandard.com.hk

Wednesday, August 1, 2018

China yesterday said that it would continue deleveraging at a measured pace, despite signs of monetary easing measures amid the US-Sino trade war, and solve the housing problem to curb rising property prices.

At a meeting of the Political Bureau of the CPC Central Committee, President Xi Jinping also said the country would maintain the basic tone of "seeking progress while maintaining stability" for its economy to continue to perform within a reasonable range.

Xi added that China will keep its economy on a stable and healthy development track with a proactive fiscal policy and prudent monetary policy in the second half of 2018.

Shenzhen recently announced a new property market policy, suspending corporate companies, social organizations and other legal entities from purchasing commercial housing in Shenzhen. Residents, meanwhile, have been prohibited from transferring new commercial properties for three years.

Growth in China's manufacturing sector slowed more than expected in July, as the worsening trade dispute with Washington, bad weather and weaker domestic demand weighed on factory activity. The official Purchasing Managers' Index released yesterday fell to 51.2 in July, from 51.5 in June and below the 51.3, according to Reuters. It was also the lowest index reading since February but remained above the 50-point mark that separates growth from contraction for a 24th straight month.

Meanwhile, Los Angeles mayor Eric Garcetti, who was visiting Hong Kong on a 10-day trade mission to Japan, South Korea, Vietnam and Hong Kong, yesterday said that the global shipping trade including air cargo and sea cargo would be affected by the trade war.

He estimated that overall trade volumes would fall by up to 20 percent in both Los Angeles and Hong Kong.

However, he said, it will not hinder Hong Kong and Los Angeles from continuing to strengthen their trade and business contacts.

He pointed out that the United States is seeking not only free trade but fair trade. As the United States has reached a trade agreement with the European Union, he hoped that China and US can find solution to trade relationship.

Economy grows 3.5% in Q2

By www.news.gov.hk

Friday, August 10, 2018

Hong Kong's economy grew 3.5% in the second quarter of 2018, compared to the same period last year, marking the seventh quarter of growth above the trend growth rate of 2.7% per annum in the past decade.

The growth followed a 4.6% rise in the previous quarter.

With a strong year-on-year growth of 4% in the first half of the year, coupled with increased external headwinds, the forecast real GDP growth for 2018 is maintained at 3% to 4%.

Total exports of goods grew solidly by 4.6% in real terms in the second quarter over a year earlier, after a 5.2% growth in the first quarter. Most major markets also recorded continued growth in the second quarter.

Exports of services expanded 6.1% year-on-year in real terms for the quarter.

At a press conference today, Deputy Government Economist Adolph Leung said: "In particular, inbound tourism continued to register double-digit growth. Yet, external uncertainties increased markedly in the latter part of June, as a result of escalating trade conflict between the US and the Mainland.

"For the impact of the trade conflicts, basically can affect Hong Kong through several channels. The most direct channel is through the trade channel and it will probably affect Hong Kong's re-exports of China origin to the US.

"And so far, the US has announced two lists, the first list comprised products of US\$50 billion China products exported to US, and the second list comprised US\$200 billion China products. Take two lists together and according to our estimate, the amount of Hong Kong's re-exports of China origin to the US affected is about HK\$136 billion, equivalent to about 3.5% of Hong Kong's total exports."

The residential property market stayed buoyant in the quarter, with prices rising by 5% between March and June.

Overall flat prices in June exceeded the 1997 peak by 125%.

Due to the upward adjustment in the ceiling of the Government's rates concession, the headline consumer price inflation came down slightly to 2.1% in the second quarter, compared to 2.4% in the first quarter.

The forecast rates of underlying and headline consumer price inflation for 2018, at 2.5% and 2.2%, are maintained in the current round of review.

Double taxation pact in force

By www.news.gov.hk

Friday, August 10, 2018

The second protocol of Hong Kong's agreement with New Zealand for the avoidance of double taxation entered into force on August 9.

The protocol, signed in June last year, amends the agreement to pave the way for implementing automatic exchange of financial account information in tax matters with New Zealand.

It came into force after the completion of ratification procedures on both sides and has immediate effect.

HK overtakes Singapore in liveable city rankings

By www.thestandard.com.hk

Tuesday, August 14, 2018

Hong Kong has surpassed Singapore in the rankings of the world's most liveable cities this year, a survey shows.

According to The Economist Intelligence Unit's latest Global Liveability Ranking, Hong Kong has recovered to 35th place among 140 cities after falling dramatically in 2015 due to heightened fears of unrest as part of the "Umbrella Revolution."

Last year, Singapore, ranked 37, overtook Hong Kong for the first time. Singapore scored the highest in the public health care category, EIU says.

While liveability scores for most Chinese cities did not change over the last year, Shenzhen (ranked 82) improved modestly after the city electrified its fleet of public transit buses

Vienna in Austria (1) outscores Melbourne in Australia (2) as the world's most liveable city. Osaka in Japan ranked third. Damascus (140) in war-torn Syria remains the worst city.

Mainland residence permits open door to public services

By www.thestandard.com.hk

Thursday, August 16, 2018

Hong Kong residents will get access to a range of public services including health care, social security, education and be able to open a bank account, from September 1, when the mainland grants them a residence permit.

The decision to grant the privilege to Hong Kong was announced today by the State Council.

The Chief executive, Carrie Lam Cheng Yuet-ngor explained the advantages, as she wound a up a trip to Beijing today.

The new measure is expected to benefit at least 500,000 Hong Kong residents who are studying, working and living in the mainland long-term.

"A residence permit holder is entitled to enjoy, in accordance with the law, three categories of rights, six basic public services and nine facilitation measures in the place where he or she is residing, covering areas relating to daily living including employment, education, medical care, travel, financial services and so on," Lam said.

She said she was pleased about the development.

"The central government has responded to the needs of Hong Kong people in introducing the regulations. The regulations will provide convenience for Hong Kong residents who are studying, working and living on the mainland on a long-term basis, and provide them with more opportunities to participate in the country's development, including the Guangdong-Hong Kong-Macao Greater Bay Area development. It fully reflects President Xi Jinping's people-centred development approach, as well as the central government's care and concern for the people of Hong Kong."

The new permit also apply to Macau and Taiwan residents.

Australia to wrap up HK trade pact by year end

By www.thestandard.com.hk

Friday, August 17, 2018

The Australian government expects to seal a free trade agreement with Hong Kong by year's end, the Trade Minister Minister, Steven Ciobo, said today at a business lunch in Sydney, Australia.

"I think by the end of this year we'll conclude successfully an FTA with Indonesia, an FTA with Hong Kong," Ciobo said, Reuters reported. A deal with Hong Kong, Australia's 12th-largest trading partner, has been under negotiation since last year.

He added he was "hopeful" of also signing Australian agreements this year with the Pacific Alliance, a Latin American trade bloc and with the China-led Regional Comprehensive Economic Partnership.

China to exceed growth target

By www.thestandard.com.hk

Wednesday, August 22, 2018

China's growth this year will probably exceed its annual target of about 6.5 percent, Ning Jizhe, the head of the National Bureau of Statistics, said in an interview, adding that this feat will be based on accurate data.

China's industrial power consumption rose 4.5 percent in July from a year earlier to 449 billion kilowatt-hours, data from the National Energy Administration showed.

DBS released a report saying that digital payment in China may result in a disruptive impact on traditional banks' retail deposit growth, fee income and lending capacity, amid moving to a cashless economy.

The currency-in-circulation over gross domestic growth decreased to 8.5 percent in 2017, reflecting a demonetizing trend. As deposit money flows to the third-party payment account, it will increase pressure on banks lending capacity due to less net interest income, leading them to seek funding alternative.

Fixed-asset investment is growing at the slowest pace on record, while non-performing loans surged in the second quarter and default climbed. China's central bank said on Tuesday that it will keep liquidity reasonably ample but will not resort to strong policy stimulus.

Policies will also be made more forward-looking, flexible and effective, PBOC said in a statement issued at a news conference in Beijing, adding that it will improve the transmission of monetary policy.

HK, Shanghai to boost financial ties

By www.news.gov.hk

Thursday, August 23, 2018

Secretary for Financial Services & the Treasury James Lau attended the 8th Working Meeting of Hong Kong-Shanghai Financial Co-operation in Hong Kong today.

He co-hosted the meeting with Director-General of the Shanghai Municipal Government Financial Services Office Zheng Yang.

They gave an account of the latest market situation and financial services developments in Hong Kong and Shanghai.

Mr Lau said the country had entered a new phase of reform and opening up, and was dedicated to enhancing the competitiveness of its financial sector and the sustainable and sound development of the capital markets.

The daily quotas under the Shanghai-Hong Kong Stock Connect were quadrupled in May this year, providing further facilitation to international and Mainland investors.

Mr Lau added that he looked forward to closer financial co-operation on various fronts and to seeing Hong Kong and Shanghai play more significant roles in the two-way opening-up of the Mainland.

Representatives of the governments, financial regulators and exchanges of both places discussed the progress made in financial services in the Mainland (Shanghai) Pilot Free Trade Zone and the co-operation in cross-boundary renminbi business.

They also discussed developments in securities, futures and insurance sectors, green finance, and initiatives on the exchange of financial talent.