

Hong Kong & Mainland China News – December-2019

HK to develop e-commerce

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Wednesday, December 4, 2019

Financial Secretary Paul Chan

Hong Kong remains favourably positioned to develop e-commerce and to serve as the region's e-commerce hub. We are blessed with world-class information and communications technology infrastructure. Our household broadband penetration rate is about 93%, while our mobile penetration rate has reached a remarkable 280%.

And we are committed to helping Hong Kong business, particularly SMEs (small and medium-sized enterprises), take full advantage of the digital transformation sweeping the world.

Our Technology Voucher Programme, for example, helps SMEs procure technological services and solutions to improve their productivity, transform their practices and enhance their online business, while upgrading cybersecurity measures.

We are also dedicated to getting the money into your hands, faster and more efficiently. Last year, the Monetary Authority launched the Faster Payment System, enabling individuals and businesses to transfer funds instantly, seven days a week, 24 hours a day. The system has now recorded more than 3.6 million registrations. Transaction volume has also jumped by nearly 10% every month, with the average number of daily transactions exceeding 150,000 with a total amount of around \$2.2 billion a day. The Hong Kong Special Administrative Region Government now accepts payments of taxes, rates and water charges through the Faster Payment System.

At the same time, we established a common QR code. This standard is to help promote mobile retail payments, while providing a consistent user experience for merchants and consumers.

We are also working to create a smart city, focusing on the more than 70 measures recommended in the Smart City Blueprint for Hong Kong. Together with our pro-innovation government procurement policy, this should expand opportunities for local SMEs and startups.

There is much more in the smart works. For the moment, however, there is nothing more important than healing the divide in our society. Let me assure you, we are working hard to respond to the dissension. Through continuing dialogues, active communication, community initiatives and other means, we are hopeful of moving ahead, in harmony, in peace and in good faith.

Financial Secretary Paul Chan gave these remarks at the Joint Opening of SmartBiz Expo & Asian E-tailing Summit on December 4.

HK financial system lauded

by www.news.gov.hk

Wednesday, December 4, 2019

Financial Secretary Paul Chan today welcomed an International Monetary Fund (IMF) report which commended Hong Kong's financial system and the Government's various policies to support the economy and safeguard financial stability.

In the IMF Mission's concluding statement on its recent visit to Hong Kong, it said that despite a slowing economy, the city's long-standing prudent macroeconomic policies have left it with significant buffers to navigate through cyclical and structural challenges.

The statement also noted that Hong Kong's economic activity weakened significantly this year and fell into a technical recession in the third quarter, adding that its real Gross Domestic Product is expected to contract by 1.2% for the whole year and return to positive growth of 1% in 2020, led by a recovery of private consumption.

Near and medium-term risks to the growth outlook are tilted to the downside against the backdrop of US-China trade tensions and the sociopolitical situation in Hong Kong, but the Guangdong-Hong Kong-Macao Greater Bay Area development is expected to improve growth prospects in the medium term.

The IMF reaffirmed its support for the Linked Exchange Rate System, noting that it has continued to function well amid increased global financial market volatility and remains an appropriate arrangement that anchors the stability of Hong Kong's highly open economy and globally integrated monetary and financial system.

It also welcomed the Government's recent fiscal stimuli to support the economy, which include support for small and medium-sized enterprises, further tax relief, extra social security payments and subsidies for households, adding that expansionary fiscal policy is needed to support the slowing economy in the near term.

On housing, the IMF backed the Government for increasing housing supply, implementing countercyclical macroprudential measures and demand-management stamp duties to contain housing market risks and increase housing affordability, saying the current macroprudential stance should be maintained.

In response to the IMF assessment, Mr Chan welcomed its recognition of Hong Kong's robust policy framework and significant buffers built up over the years that cushion possible shocks to the economy and financial system amid weakened economic activity and mounting headwinds on the outlook.

"I am glad that the IMF supports the relief measures we formulated earlier to cope with the economic challenges. We will stay vigilant and monitor the economic situation closely. We are prepared to roll out further relief measures if necessary.

"I also welcome the IMF's recognition of our ongoing work to enhance Hong Kong's long-term competitiveness. We will step up efforts to capitalise on the emerging opportunities from green finance, fintech and the development of the Guangdong-Hong Kong-Macao Greater Bay Area."

HK, Mainland tax pact takes effect

by www.news.gov.hk

Wednesday, December 11, 2019

The Fifth Protocol to the Comprehensive Avoidance of Double Taxation Arrangement between the Mainland & Hong Kong has come into force, the Government announced today.

The fifth protocol to the arrangement was signed in July.

It incorporates into the arrangement a new article to provide tax relief to eligible Hong Kong and Mainland teachers and researchers working on the other side, as well as measures to prevent tax treaty abuse to ensure the arrangement follows the latest international tax standard.

The protocol came into effect on December 6 after the completion of approval procedures on both sides.

It will apply in Hong Kong to income derived in the years of assessment from April 1 next year.

Fitch says HK's role as global financial hub intact despite unrest

by www.thestanadard.com.hk

Thursday, December 12, 2019

There is little evidence so far that the social unrest in Hong Kong has adversely affected its role as a global financial center, even amid severe short-term economic pressures, according to Fitch Ratings.

But the credit rating agency said continued turmoil is undermining perceptions of the city as a stable international business hub as well as the effectiveness of its governance, trends consistent with its negative outlook on Hong Kong's 'AA' rating.

It expects the economy to shrink by 1.5 percent this year, with tourism, retail, hotels and catering, and air transport among the sectors most severely hit, adding that growth could improve slightly next year, supported by the government's HK\$25 billion fiscal relief measures.

Some indicators continue to paint a positive picture of Hong Kong's medium-term prospects, Fitch said.

"Alibaba's recent listing on the Hong Kong stock exchange underscores the territory's role as the flagship off-shore financing center for Chinese firms, a status that we believe will be further solidified by rising US-China geopolitical tensions and the enduring widespread deployment of capital-account restrictions on the mainland."

Patent waits set to be shorter for inventors

by www.thestandard.com.hk

Friday, December 13, 2019

A new scheme aimed at simplifying the application acceptance procedure for standard patents from local inventors, which could reduce applications to other patent jurisdictions, will be launched on Thursday.

The existing patent endorsement system in Hong Kong requires applicants to have secured at least one patent issued by mainland, British or European institutions and on average, takes 46 months to be processed by the department.

Thomas Tsang Chi-sham, assistant director of intellectual property (patents and designs), expected the new endorsing system would shorten patent issuing times to two to three years upon application.

"The range of endorsement varies from 10 to 220 months, depending on the nature of the invention," he said. "The process does not entirely depend on the department. It is the strategy of some applicants to lengthen the application as they do not wish to get the patent quickly so they can buy time to perfect their product, explore market opportunities and look for investors."

"But the new system will provide a more convenient path for local enterprises to get patent for their products, especially for SMEs and start-ups that would like to develop in the local market."

Having secured a patent in Hong Kong, the inventor would have the sole right to exclude others from making, using or selling the product during a maximum period of 20 years.

The IP department has also hired a team of six engineering specialists to scrutinize patent applications based on their level of uniqueness and innovation.

Tsang said the department has no experience in endorsing patent applications and had consulted foreign experts to learn about their endorsement systems and practices.

"We have also hired experienced talents from local private institutions to be our patent examiners," he said.

Taking reference from the mainland's National Intellectual Property Administration, Tsang said the department hoped to attract 100 to 200 applications from local SMEs and start-ups every year.

HK gives trade deal a cautious welcome

by news.rthk.hk

Saturday, December 14, 2019

Hong Kong officials and lawmakers have given a cautious welcome to a Sino-US trade deal, saying it could help turn the SAR's recession-hit economy around if implemented fully.

Beijing and Washington confirmed on Friday that a limited trade deal had been agreed, with a signing ceremony expected in early January. The deal will see the US call off a new round of tariffs that had been due to kick in on Sunday, while tariffs introduced in September will be reduced by half.

Chief Secretary Matthew Cheung said the deal was welcome given Hong Kong's many trade links with the US, though he remained cautious on how the deal would be implemented.

Meanwhile, Liberal Party leader Felix Chung said he believes local companies which would have struggled to survive if the US imposed further tariffs on Chinese goods would enjoy a boost from the deal.

The pro-government lawmaker said local companies should see their exports stabilise and sales improve.

Hong Kong's economy fell into recession for the three months to September, with an economic contraction of 3.2 per cent in the first quarter.

Besides the trade war, continuing social unrest which has seen shops in many areas forced to close early and tourists stay away has also been cited as a reason for the SAR's economic decline.

HK-Aus pacts to take effect

by www.news.gov.hk

Wednesday, December 18, 2019

A free trade agreement and an investment agreement signed between Hong Kong and Australia in March this year will enter into force on January 17.

It will provide Hong Kong traders and investors with legal certainty and more favourable access to the Australian market, while creating more business opportunities and enhancing trade and investment flows between Hong Kong and Australia.

Secretary for Commerce & Economic Development Edward Yau today said: "The agreements which cover trade in goods, trade in services, investment, government procurement, intellectual property, competition and other related areas are comprehensive, modern and of high standard. The commitments we made to each other far exceed our World Trade Organization commitments, thereby enabling our goods, services and investments to enter each other's markets under more preferential terms."

Against the prevailing uncertainties in the global economic environment, these agreements provide high transparency and predictability for trade and investment, he added.

"The fact that the agreements were signed and will come into force within a short span of two and a half years since the negotiations commenced demonstrates that both sides attach great importance to the bilateral relations.

"We have completed respective internal procedures and set out a date for implementation. This will send a positive signal to both places and our trading partners that it is the shared goal of Hong Kong and Australia to pursue free and open trade and investment, and support the rules-based trading system. The agreements also open up bigger and more extensive market opportunities for business in both places," Mr Yau said.

On trade in goods, all Hong Kong-originating goods can enter Australia tariff-free and via simplified procedures immediately upon the entry into force of the free trade agreement.

For trade in services, commitments made by Australia cover some 140 service sectors. Hong Kong service providers are able to enjoy market access and treatment no less favourable than Australia's local service providers under like circumstances. Australia's commitments encompass sectors where Hong Kong has traditional strengths or has potential for development.

These include professional services including arbitration, conciliation and mediation, business, transport, financial, and telecommunications services.

Regarding investment, Hong Kong investors can enjoy more favourable access to the Australian market under the free trade agreement. In particular, the monetary thresholds for investment screening in a number of sectors have been raised. Investors from both places will also benefit from the modern provisions on treatment and protection under the new investment agreement which, upon its entry into force, will replace the one signed in 1993.

Other benefits of the free trade deal include facilitative arrangements for business travel as well as provisions to facilitate access to each other's government procurement markets, effective protection of intellectual property rights and promotion of competition.

Mr Yau also noted the free trade agreement is a high quality and representative one and that Hong Kong will continue to explore free trade opportunities with like-minded economic and trading partners.

He added that the current term of the Hong Kong Special Administrative Region Government has signed and implemented four free trade agreements and thanked the industry for making this possible with their valuable advice and support to government-to-government economic and trade collaboration.

2 tax pacts take effect

by www.news.gov.hk

Friday, December 27, 2019

The Comprehensive Avoidance of Double Taxation Agreements with Cambodia and Estonia came into force on December 27 and 18, the Government announced today.

The agreements will have effect in respect of Hong Kong tax from April 1 next year, it said.

Cambodia and Estonia were Hong Kong's 38th and 75th largest trading partners in 2018.

The agreements will bring a greater degree of certainty of tax liabilities for people engaged in cross-border business activities and help promote bilateral trade and investment activities, the Government added.