Hong Kong & Mainland China News – June-2016

Mainland manufacturing may be stabilising

By news.rthk.hk
Wednesday, June 1, 2016

Manufacturing on the mainland is showing further signs of stabilisation, according to government data released on Wednesday.

The official gauge of factory activity in May showed improving conditions for the third month in row.

The Manufacturing Purchasing Managers Index came in at 50.1, the same figure as for April.

A figure above 50 indicates expansion, and a figure below 50 contraction.

But the signs were less positive from the private Caixin Purchasing Managers' Index which puts a greater emphasis on smaller firms. That figure came in at 49.2, meeting economists' expectations of a fractional decline from 49.4 in April, the mainland financial magazine said in a joint statement with data compiler Markit.

Manufacturers continued to shed jobs as weak demand and a drop in new orders weighed on the figures, it said.

"Overall, China's economy has not been able to sustain the recovery it had in the first quarter and is in the process of bottoming out", Zhao Zhengsheng, director of Macro economic Analysis at CEBM Group said.

"The government still needs to make full use of proactive fiscal policy measures accompanied by a prudent monetary policy to prevent the economy from slowing further".

China still attractive investment destination: Li

By news.rthk.hk
Thursday, June 9, 2016

The mainland remains an attractive destination for foreign investment, Premier Li Keqiang told chief executives on Tuesday.

China still has great development space and market potential despite facing challenges, Xinhua quoted Li as telling the fourth round-table summit of the Global CEO Council.

He promised a fair and transparent market for both domestic and foreign companies.

China will open wider to the world, "to share opportunities with foreign investors to reach win-win results," Li said.

In the process of economic transformation and upgrading, the mainland would provide new opportunities for investors in communication, medical treatment, sports and other emerging consumer markets, the official news agency reported, quoting the premier.

Cool inflation to help maintain policy

By www.thestandard.com.hk
Friday, June 10, 2016

Deflationary pressures in China eased further in May, relieving some pressure on cash-strapped companies, but consumer inflation was cooler than expected. This suggests the central bank will keep policy supportive in the coming months, but be in no hurry to cut interest rates further.

Consumer inflation rose less than forecast as pressure from high food prices eased, while producer prices recovered more than forecast, the statistics bureau said yesterday.

The consumer price index rose 2.0 percent year-on-year in May, compared with a 2.3 percent increase in April. Food prices were up 5.9 percent year-on-year in May after rising 7.4 percent in April.

Prices of China's staple meat pork rose 33.6 percent last month and hit record levels last week.

Non-food prices rose 1.1 percent, flat from April and continuing to show a lack of price pressures that would indicate activity in the broader economy was gaining steam.

Analysts polled by Reuters had expected consumer inflation to come in at 2.3 percent, the same pace as in each of the previous three months.

"On a month-on-month basis, China's CPI has been dropping for three consecutive months, clearly pointing to an easing bias in monetary policy for the time being," said Zhou Hao, senior Asia emerging market economist at Commerzbank in Singapore.

Improvements in producer prices will not change China's overall soft inflation outlook, Hao added.

In a sign that strains on Chinese companies are easing, producer prices fell at their slowest rate since November 2014, supported by a government investment spree and higher commodity prices.

The producer price index fell 2.8 percent in May, up from a 3.4 percent drop in April. On a monthly basis, producer prices rose 0.5 percent, the third increase in a row.

Analysts had expected PPI to fall 3.3 percent, extending a more-than-four- year decline which has eroded profit margins.

China's consumer inflation rate remains well below the official 3 percent target, and despite strengthening producer prices analysts do not see inflation at these levels impacting policy decisions.

"At these levels, inflation dynamics are not an important factor in this year's monetary policy decisions," said Zhu Haibin, chief China economist at JPMorgan.

Zhu says May and June economic data will continue to show a recovery, but expected growth will slow again in the second half, which should lead to further support from the government.

"We still see one interest rate cut this year. It's a close call, but we see that it is still likely to happen."

Seminar on IP rights held

By news.gov.hk
Friday, June 17, 2016

The 2016 Guangdong/Hong Kong Seminar on Intellectual Property & the Development of Small & Medium Enterprises was held in Shenzhen today.

The seminar, bringing together 200 SME representatives and government officials from Guangdong and Hong Kong, was to help enterprises make use of intellectual property to enhance their innovation capabilities and develop overseas markets.

Speaking at the seminar, Director of Intellectual Property Ada Leung called on Mainland and Hong Kong enterprises to develop effective IP management and make the best use of related professional services of the two places to further expand businesses.

The seminar, a key programme of Guangdong/Hong Kong IP co-operation this year, was jointly organised by the Intellectual Property Department, the Trade Development Council and government units of Guangdong and Shenzhen.

Since 2004 Guangdong and Hong Kong have been working together to hold similar seminars in cities such as Dongguan, Shaoguan, Shunde and Huizhou.

HK to help fight BEPS

By news.gov.hk
Monday, June 20, 2016

Hong Kong will join the Organisation for Economic Co-operation & Development as an Associate in the inclusive framework for implementation of the package of measures against base erosion and profit shifting (BEPS).

Secretary for Financial Services & the Treasury Prof KC Chan made the announcement today, saying the Government accepted the organisation's invitation to join under the name of "Hong Kong, China".

Prof Chan noted that as an Associate, Hong Kong will become a member of the BEPS Project and work on an equal footing with the organisation, the Group of Twenty, as well as other countries and jurisdictions to implement the BEPS Package and to develop standards.

"Noting that the timing of implementation may vary to reflect the level of development of countries and jurisdictions, Hong Kong's commitment to implement the BEPS package is subject to timely passage of the necessary legislative amendments. In coming up with the timelines for implementation, we will take into account factors such as the characteristics of the domestic tax regime, the envisaged magnitude of legislative changes involved and the practical need to prioritise amongst the BEPS measures," he said.

The Government is conducting analysis on the BEPS Package, with a view to mapping out work priorities. It will consult the industry on the strategy for implementing the proposals at an appropriate juncture and prepare for taking forward the necessary legislative amendments.

Last November the G20 endorsed a package of measures proposed by the organisation to tackle BEPS, which covers 15 areas and seeks to ensure that multinational corporations pay a fair share of taxes in respect of their profits, and to plug the loophole of "double non-taxation" among jurisdictions.

HK 2nd in attracting investment

By news.gov.hk
Wednesday, June 22, 2016

Hong Kong retained second place in global foreign direct investment inflows last year in the United Nations Conference on Trade & Development's World Investment Report.

Hong Kong received US$175 billion in investments last year, a year-on-year increase of 53.5%, placing it second only to the US (US$380 billion) and ahead of the Mainland (US$136 billion).

Globally, foreign direct investment also reached its highest level since 2008, jumping 38% to US$1.762 trillion last year.

Acting Director-General of Investment Promotion Francis Ho welcomed the report, saying Hong Kong continues to be an important business city among foreign and Mainland companies despite ongoing global uncertainties.

"We will continue to strive to assist foreign and Mainland companies who plan to set up presence in our city," he said.

HK prepared for Brexit

By news.gov.hk
Friday, June 24, 2016

Financial regulators have been preparing for the possibility of Brexit and have conducted stringent stress tests in recent weeks.

Financial Secretary John Tsang made the statement today telling reporters financial institutions were reminded of the importance of prudent risk management.

He said the market operated in a smooth and orderly manner today after the UK referendum said yes to Brexit, and Hong Kong dollar exchange rates and interest rates remain stable.

"Brexit will no doubt cause disruptions to international trade and financial markets, and that will further weaken the global economy, which is already facing strong headwinds. These volatilities and uncertainties will have an impact on Hong Kong's trade, as well as on financial markets.

"But that said, with our sound economic fundamentals, our robust regulatory regime, strong banking sector and healthy fiscal position, I am confident that we have the experience, we have the determination and we have the will, as well as capability, to tackle the challenges ahead."

The Government will monitor the situation closely, he added.

Li Keqiang pledges stability for mainland markets

By news.rthk.hk
Tuesday, June 28, 2016

Britain's vote to leave the European Union has sent jitters through global markets, but it is important to work together to strengthen confidence, prevent the spread of panic and maintain stability in capital markets, Premier Li Keqiang said on Tuesday.

"It's hard to avoid short-term volatility in China's capital markets, but we won't allow roller-coaster rides and drastic changes in the capital markets", said Li, speaking at the World Economic Forum (WEF) in the city of Tianjin.

China will prevent systemic and regional risks when developing its capital markets, Li said.

In an earlier speech on Monday, Li said the mainland hopes for a united and stable EU as well as a prosperous United Kingdom, but added, "against the backdrop of globalisation, it's impossible for each country to talk about its own development discarding the world economic environment".