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## ELEMENTS FUNDAMENTAL TO HONG KONG'S SUCCESS

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The American Chamber of Commerce in Hong Kong (AmCham) believes that certain unique attributes have enabled the territory to become the phenomenal success story it is today. These attributes are **fundamental** to Hong Kong's continued success. In broad terms, they include: a stable and reliable legal system, a social environment secure from corruption and coercion, safety, security, education opportunities, clean environment, sound infrastructure, clear and convenient immigration policies, and favorable fiscal policies.

These crucial factors are repeatedly mentioned as the reasons international businesses operate and invest in Hong Kong. AmCham has compiled a list of 47 elements that are critical to maintaining Hong Kong's position as a regional center for international business and finance.

### Rights and Privileges of Residents

It is essential to Hong Kong's continued attractiveness to foreign companies that elements of current Hong Kong practice be maintained; particularly that:

1. Entry and departure from Hong Kong for business travel or tourism is unrestricted or minimally restricted for local as well as international travelers.
2. Visas allowing residence and local employment for nationals and their family members of other countries are granted on the basis of procedures which are simple, comprehensible, managed efficiently, processed in a timely manner, not characterized by onerous restrictions, and compatible with the interests of Hong Kong's employers, whether domestically based or foreign companies.
3. Individual expatriates seeking to own or operate small businesses are eligible for, and generally gain permission for, local residence and employment status.
4. Assignments for expatriate staff to work in Hong Kong are generally free from restriction, subject only to their meeting certain minimal terms of employment.
5. Continuity of residence permission for expatriates, once granted, is not subject to any quota system, onerous review, or limited duration, subject only to the continuation of employment and in the absence of legal wrongdoing by the applicant.
6. Permission for residence and employment is not based on requirements for on-going "guarantees" such as cash deposits, bonds, etc.
7. Permission for residence employment is based wholly on factors other than racial or national classifications.

## Business/Legal Environment

Hong Kong has benefited from:

1. Government policy which consistently and traditionally places primacy on market forces as the principal economic determinant.
2. Minimal use of centrally directed incentives and disincentives, entitlements or restrictions as a means of channeling the economy according to a central development plan.
3. The lack of governmental bureaucratic or administrative approval requirements restricting foreign investments.
4. The simplicity of the taxation system, including filing documentation, standardization of rates and procedures, minimalization of complexity or formulas, and equality of application of tax law, procedure and rates without distinction between domestic and foreign entities.
5. The Hong Kong government's traditional view of tax policy and rates as a principal incentive for foreign trade and investment -- which has ensured that tax rates remain competitive with, or favorable to, other countries in the region.
6. An extensive body of commercial law, based on the familiar British system, which provides effective enforcement of contracts and protection of rights.
7. Consistent and assured access to an impartial "final arbiter" in cases of law or dispute.
8. The existence of a comprehensive body of company law, which facilitates a wide range of trading and investment activities and which draws no distinction between foreign and domestically owned firms.
9. The fact that foreign and domestically owned companies are allowed to set up offices, incorporate, register branches, etc, without strict government guidelines defining the future scope of their activities or mandating levels of performance.
10. The fact that companies may be structured without onerous conditions regarding ownership, management, composition of the board of directors, etc. (such as conformity with quota systems or residency requirements).
11. A well-managed government civil service which operates efficiently.

## Communications/Transportation

Hong Kong benefits from:

1. Hong Kong's participation essentially as an autonomous entity of all world communication links, based on Hong Kong's consumer-oriented telecommunications services, which are freely available to all.
2. The fact that Hong Kong's telecommunications are not monitored or censored.
3. The fact that data flow from Hong Kong is generally unrestricted, whether transmitted electronically, by post, or by other means.
4. The fact that communications technology and equipment are available to all on a commercial basis, not subject to government monopoly or restrictions.
5. The fact that telecommunications essentially are managed by private companies on a commercial basis according to practices that assure users of high quality service at reasonable cost.
6. Hong Kong's widely available, efficiently managed, privately owned freight handling, forwarding, transportation and passenger services, which are a major stimulus to trade, investment, manufacturing and tourism.

## Banking & Financial Services

Hong Kong's success as a trading and financial center is based on its continuing to have:

1. A large number of local and international financial institutions providing a full range of commercial and personal banking services, including savings, checking, leasing, hire purchase, and loan financing, to all without national restrictions.
2. Assurances that funds are freely convertible, and transferable into and out of Hong Kong by companies and individuals through commercial mechanisms.
3. A banking system which accommodates the operations of a large number and wide range of banks, both domestic and international, which are licensed to provide a full range of banking services.
4. Assurances that individuals and businesses enjoy unrestricted ability to borrow and lend, subject only to normal commercial constraints.

## Human Resources

Hong Kong benefits from:

1. A large pool of skilled management, technical, office, and factory staff with a history of high productivity.

2. The historical development of a pool of management and technical professionals, which have received advanced education abroad or training with multinational corporations.
3. The direct access to labor by companies, and the freedom to employ labor without the intercession of any intermediary organization.
4. Labor relations which can be conducted without onerous restrictions on companies' right to hire and fire without reference to quota systems.

### Education

Hong Kong readily enjoys:

1. Readily available public and private education at the primary and secondary levels in accordance with internationally recognized standards and curricula.
2. Freedom for private groups or individuals to establish, and have recognized, institutions serving the special requirements of certain sectors (such as the Hong Kong International School, and Swiss-German School, etc.)
3. The absence in private and public education of censorship of materials, use of quota systems, outside interference with the hiring of staff, or restrictions based on national, ideological, or religious grounds.
4. The maintenance of universities of international standard offering internationally recognized degrees.

### Social Environment

Hong Kong residents enjoy:

1. Equality before the law, not dependent on race, residential status, or other distortion.
2. No restriction on residential location or freedom of movement within the territory on the basis of classification of residents.
3. The widespread, free and generally unrestricted activities of English language press, television, radio, other published media, and their free access to international news agencies, entertainment, and information sources.
4. The wealth of cultural activities reflecting and supporting Hong Kong's status as an international center of culture, media, and the arts.
5. The wealth, variety and accessibility of shopping and distribution centers for all manner of goods, products and services, marketed in an unrestricted commercial environment.
6. The existence of a deeply rooted and long standing spirit of tolerance and cooperation which characterizes Hong Kong's constituent racial and national communities.

7. The large and readily available supply of various types of accommodations suitable for expatriate use, which can be leased or purchased commercially without restrictions.
8. The existence of a wide variety of facilities for, and freedom to exercise, personal religious beliefs, and the freedom of religious bodies to engage in propagational and educational activities.
9. That residence in Hong Kong is accompanied by a unique freedom to participate in the life of the community as a whole, including equal access to participation in recreational, social, civic and other organizations.
10. The maintenance of the English language as a principal language of business and government.
11. The maintenance of high quality public and private medical facilities.

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*The American Chamber of Commerce in Hong Kong is a non-partisan, non-profit business organization. AmCham advocates the principles of free trade, private enterprise, the unrestricted flow of information, and ethical business practices. AmCham's mission is to foster the development of commerce between the United States, Hong Kong and the Asia-Pacific region.*