



# The American Chamber of Commerce in Hong Kong Submission on the Chief Executive Policy Address 2021

September 2021

*Hong Kong in the “New Normal”  
Lead for a Sustainable Future*

## Key Points

- 1 Hong Kong – which champions its international outlook and global connectivity– must remain resilient and forward thinking despite the challenges brought by COVID-19. A slow re-opening to international travel and related opaque strategies could damage the prestige of Hong Kong as a global financial hub. AmCham believes it should be the highest priority for the Hong Kong Government to openly chart a roadmap for re-opening its global connectivity to support its own citizens and expatriate talent across industries. Without a roadmap, Hong Kong will continue to impede a business recovery in key sectors including but not limited to the financial services, education, and aviation sectors.
- 2 AmCham welcomes the National People Congress Standing Committee’s decision to postpone the addition of the national Anti-Foreign Sanction Law to the Basic Law. As US-China relations remain fractious, consultation with the international business community on how the law will be developed would be immensely helpful and beneficial to avoid roadblocks and misconceptions.
- 3 The Central Government has laid out policies under the 14<sup>th</sup> Five Year Plan in which Hong Kong should play a substantial role. The Hong Kong Government leadership and action is crucial to place the city at the heart of development of China’s Greater Bay Area (GBA), which in turn is crucial to Hong Kong’s future economic competitiveness.
- 4 A commitment to the rule of law remains a crucial factor for the prosperity of Hong Kong. Judicial independence and the common law system are the cornerstones that ensure equal treatment and fair competition – the very qualities that attract global businesses to confidently maintain a presence in the city.
- 5 The Hong Kong Government should also take leadership and action to improve environment sustainability. As an established financial services center, Hong Kong could, and should, be a leader in green finance. As an advanced economy it should also enact on key goals such as improved recycling, setting an aggressive timeline for becoming carbon neutral, and introducing electric vehicles for public transportation and private cars.
- 6 Hong Kong’s aggressive COVID-19 quarantine policies which lack transparent KPIs have had a major impact on attracting and retaining experienced foreign talent to work and live in Hong Kong. A continuation of these policies could have a severe long-term impact on Hong Kong’s competitiveness. In the short-term, international companies are facing a severe talent crunch as new talent refuses to take up positions in the city.
- 7 Below are industry-specific recommendations from AmCham’s business committees (please refer to the Appendix for in-depth details):

### ***Financial Services***

- Support the significant contribution made by US financial services companies to the growth and prosperity of Hong Kong
- Foster and develop local talent through education of skills which are competitive and up-to-date
- Acknowledge and support the need for foreign professionals to visit their place of origin
- Encourage further growth of the Wealth Management Connect Scheme, and continue to develop the Stock Connect, Bond Connect, and Mutual Recognition of Funds programs
- Develop opportunities in the GBA by establishing greater coordination channels with the Mainland
- Promote green and sustainable finance and formulate an overall plan on strengthening Hong Kong's role as a leading green financial hub, as well as strategies to attract foreign investment in Hong Kong
- Develop a robust and innovative digital payment and fintech sector

### ***Insurance***

- Enhance tax incentives to encourage Hong Kong residents to take up sufficient health and protection insurance
- Provide more details on a dedicated Insurance Connect scheme
- Support all Hong Kong insurance companies and intermediaries to have full market access, equivalent licensing, and regulatory status throughout the GBA
- Extend a level playing field for the mainland China reinsurance business to all insurance companies operating in Hong Kong

### ***Energy, Environment & Sustainability***

- Achieve carbon neutrality by 2050
- Increase the use of electric vehicles on Hong Kong's roads to improve roadside air quality
- Improve marine air quality
- Reduce municipal solid waste

### ***Real Estate & Infrastructure***

- Promote sustainable building and infrastructure
- Bring Silicon Valley proptech (property technology) solutions to Hong Kong
- Address Hong Kong's crippling expensive housing issues

### ***Trade & Investment***

- Continue to promote Hong Kong as a regional trade hub by pursuing a voice in trade negotiations including on RCEP negotiations and accession to the CPTPP
- Legislate on modern slavery/ forced labor, and work with organizations to provide more education programs for business to identify transit migrant workers

### ***Transportation & Logistics***

- Facilitate the movement of essential cargo flights, flight crew, and aviation workers to maintain Hong Kong's all-important role as an international aviation hub
- Encourage and support policies that will bolster the recovery of the city's aviation sector which has been battered due to COVID-19
- Continue to develop Hong Kong's competitiveness as an international maritime center and regional hub for logistics services

- Provide active support and encourage innovation in the transportation and logistics industry with actual financial funding of ideas to digitalize manual processes and improve the competitiveness of the industry
- Continue to support the container port's modernization drive which will integrate road, rail, tunnel, and airport infrastructure – as part of a wider regional integration plan
- Take a leading role and preserve Hong Kong's unique competitive advantages in its discussions with counterparts from Mainland China
- Leverage on the opportunities and develop GBA-related initiatives to consolidate its leadership in the region
- Decarbonize the industry by supporting new fuel type initiatives with supporting policies and funding

### ***Innovation & Technology***

- Expand research and development to all education and innovation sectors
- Develop Innovation & Tech talent
- Further promote innovation at all levels
- Address and tackle data and cybersecurity risks

### ***Healthcare & Pharmaceutical***

- Accelerate Hong Kong-GBA collaboration in healthcare, including accepting Hong Kong medical studies in China's regulatory pathways
- Ease pressure on the public healthcare and encourage greater public-private partnership, including providing tax exemptions for private health insurance premiums
- Establish an open system that utilizes remote solutions that allow patients and their records to move seamlessly between hospitals as well as for clinicians to provide support across hospital clusters. Provide incentive schemes to introduce innovative digital solutions.
- Address mental health issues in the workplace and community
- Enhance renal treatment policy

### ***Talent and Future of Work***

- Internationalize the GBA and increase geographical mobility of labor which includes 1) exploring new immigration policies to increase mobility and facilitate an easier flow of labor between Hong Kong and the GBA for non-Chinese permanent residents, 2) taxation policies and tax incentives, and 3) schemes that will foster cross-border start-up successes
- Maintain Hong Kong's long-term competitiveness in attracting talent by providing protections against discrimination for workers in line with global trends
- Support the integration of innovative computational thinking into education. Train and re-skill at all levels to be future ready with digital skills
- Strengthen the hybrid working through policy implementation
- Initiate policies for the construction of office buildings that incorporate sustainable and technological infrastructure
- Analyze the need for protection of short-term and gig economy workers

### ***Sports***

- Provide clear KPIs and guidance for the return of high level amateur and professional sport post-COVID. Actively support large professional sporting events such as Rugby 7s and the Gay Games, which have a large positive impact on Hong Kong's economy and global reputation
- Increase youth participation in sports
- Promote corporate participation and financial support for sports
- Facilitate integration of the GBA sports ecosystem

- Promote local esports development
- Increase support for the long-term development of overall sports industry at all ages and skill levels
- Increase investment and funding specifically for women's and girls' sports to increase their participation in physical activity

### ***Arts & Creativity***

- Encourage the opening of more digital fashion-related programs in universities
- Support the development of gig economy to relieve the impact of unemployment
- Attract more global talent into the industry
- Restore and relaunch Hong Kong's premier art events post-COVID such as Clockenflap and Art Basel.

### ***Gender Diversity & Female Empowerment***

- Develop and promote STEM education for girls and young women in schools and in government
- Increase gender diversity in corporate leadership
- Implement more generous maternity and paternity benefits, and family friendly policies in the workplace
- Take tangible steps towards reducing the gender pay gap

## Appendix (Detailed Recommendations)

### Financial Services

#### ***Supporting Hong Kong's economy and significant contribution by US firms' to Hong Kong's financial market development***

- 8 AmCham emphasizes the importance of the rule of law, a fair and independent judiciary, transparent and predictable regulations to Hong Kong's capital markets and financial services sector.
- 9 Financial services will play a critical role in leading Hong Kong's economy out of its current difficulties and into the future, given the city's continued prominence as a global financial center, its essential role in delivering programs like the SME Loan Guarantee Scheme during the crisis and as a major employer.
- 10 Hong Kong remains a world-class choice for initial public offerings (IPOs) through the Hong Kong Stock Exchange (HKEX), the largest Private Equity hub in Asia and has a growing wealth management industry along with thriving capital markets. These competitive positions underline Hong Kong's continued role as a global financial center.
- 11 At the same time, Hong Kong should ensure that it builds on its advantages as there is intense competition from other global and regional financial centers. It is imperative for Hong Kong to reinforce its unique role as the conduit between overseas investors and the Mainland's market, and enterprises.
- 12 US financial institutions are positioned to increase their already significant contribution to Hong Kong's economy. AmCham has identified five areas of development for financial services in 2021:
- Talent development for the financial services industry
  - Connect schemes and wealth management
  - Opportunities in the Greater Bay Area
  - Green and sustainable finance
  - Innovation and technology / Financial technology ("fintech")

#### ***Talent development for the financial services industry***

- 13 AmCham recognizes the efforts expended by the Government in fostering and developing local talent through engagement with education institutions, as well as focused talent development initiatives. We encourage the Government to **continue promoting continuous education and lifelong learning to ensure skills are competitive, up-to-date, as well as to promote mobility within and across industries** to fully capture the potential of the Hong Kong people.
- 14 Skills including English language (written and oral) communication, cultural awareness, critical thinking, and financial literacy have declined among job candidates. Education in specialized skills that provide high-quality foundational skills, which are indispensable for advancing the financial services industry should be a priority of the wider government effort in at skills development.
- 15 In addition to a rich local talent pool, Hong Kong has also been able to attract and retain highly skilled foreign specialists. These professionals not only ensure that firms in Hong Kong are among the most competitive globally, but also play a crucial role in sharing expertise within the local market. While foreign professionals can enjoy the benefits of the Hong Kong high standard of living, it is important to **acknowledge and support their need to remain connected to their place of origin**. This includes visas, access to quality international education, housing, social and professional interest groups – including the American Chamber of Commerce – as well as the ability to travel between their home country and Hong Kong are critical to that attraction.

#### ***Connect schemes and wealth management***

- 16 The Connect schemes between Hong Kong, Shenzhen and Shanghai have strengthened the financial interconnectedness between Hong Kong and the Mainland and enhanced the territory's competitive advantage over other financial centers. In 2020, Hong Kong accounted for nearly two-thirds of the Mainland's net outward direct investment flows, while half of the

Mainland's inward direct investment came from Hong Kong.<sup>1</sup> AmCham believes that Hong Kong's **increasing integration with the GBA should continue to reinforce Hong Kong's role in global finance for the foreseeable future.**

17 AmCham welcomes the Government's continued commitment to the Wealth Management Connect scheme and the recent collaboration with the Mainland and Macao authorities in supervisory, liaison and enforcement arrangements.<sup>2</sup> We hope to encourage further growth of the scheme with the following recommendations:

- Allow Wealth Management Connect investors to spread Hong Kong-based assets across multiple banks, and permit the minimum 1 million RMB requirement to apply across multiple banks;
- Align product risk rating rules for Wealth Management Connect Investors with those for Hong Kong investors;
- Ensure policies, regulations, and infrastructure linked to the GBA Wealth Management Connect allow investors based in Guangdong can transfer funds from a Mainland entity to all Hong Kong-based financial institutions;
- Allow both Hong Kong Monetary Authority (HKMA)-regulated authorized institutions and Securities and Futures Commission (SFC)-regulated licensed corporations to participate in Wealth Management Connect;
- Explore future phases of the Wealth Management Connect Scheme to include Alternatives for Mainland investors to diversify among asset classes and geographies, while growing the asset management industry in Hong Kong.

18 AmCham supports continued efforts to develop the Stock Connect, Bond Connect, and Mutual Recognition of Funds programs, with the following suggestions:

- Stock Connect should grow to include exchange-traded funds (ETFs) and IPOs in both the northbound and southbound Stock Connect, to allow Mainland investors to buy Hong Kong ETFs and IPOs (and vice versa); allow block trading via northbound Stock Connect similar to the southbound channel to allow institutional investors to privately buy/sell large sums of securities via intermediaries; expand the northbound Stock Connect investable universe to include more Shanghai Stock Exchange-listed and STAR Market-listed companies; allow China A-shares held under Stock Connect to be fully fungible with its domestic underlying; and allow Hong Kong investors to trade via Stock Connect when Chinese stock markets are open for business, even during Hong Kong typhoon closures and public holidays.
- Add additional risk management tools such as expanded derivative offerings and futures and options products.
- Bond Connect could increase the number of counterparties and include exchange traded bonds.
- Accelerated approval for ADR dual listing names to be included in the connect schemes.
- Inclusion of foreign domiciled financial institutions in the Southbound trading of the Bond Connect given their strong market position in the global fixed income markets, have significant access to global bond liquidity pools and experience in trading CNH / CNY. This would further enhance the attractiveness of the Bond Connect schemes as the preferred channel for Chinese investors to access global capital through Hong Kong and enhance the city's status as an international financial center.

### ***Opportunities in the Greater Bay Area***

19 Pursuant to the GBA's priorities to leverage Hong Kong's strengths as an international financial center that links global investors to onshore markets, AmCham encourages the Government to

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<sup>1</sup> <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/hong-kong-as-an-international-financial-centre/dominant-gateway-to-china/>

<sup>2</sup> <https://fundselectorasia.com/wealth-connect-mou-signed/>

**establish greater coordination channels with the Mainland** to enable broader capital markets access for firms in Hong Kong.

20 The Government should **seek Mainland authorities' recognition for a bank license passporting regime in the GBA** as a way to expedite the process for banks in Hong Kong to expand onshore in the GBA and equal treatment with Mainland counterparts in terms of business scope. Hong Kong-based banks, including foreign financial institutions' Hong Kong branches, would be able to directly provide more capital, given their access to deeper international liquidity pools, to clients in the GBA. These firms typically have the global know-how and skills which can be leveraged onshore to attract talent and facilitate the development of China's banking sector through enhanced financial connectivity within the GBA.

21 **Establishing a framework for cooperation**, such as a Memorandum of Understanding (MOU), **would enable relevant institutions to provide assistance and support** in the management of cross-border supervision, including but not limited to information exchange and regulatory enforcement.

22 Include Hong Kong-regulated banks in the technical pilot testing of the e-CNY, particularly in trials in the GBA for digital cross-border payments and transactions. Banks based in Hong Kong, including foreign financial institutions' branches, are well placed to participate given their international know-how and experience with trading CNH and CNY. Increasing the opportunities for firms to participate in future pilots is also aligned with priorities for GBA development, as outlined by China's Ministry of Commerce and Guangdong Province in August 2020 to expand digital currency trials to the GBA, Hong Kong and Macau.

23 Explore ways to **build further innovation opportunities** in the financial services sector across the GBA. Digital banking services rely on data to improve customer services, meeting regulatory obligations and fight financial crime. One way to pursue that goal would be a **"data connect" that could allow for some data to be shared throughout the region within a specific legal and regulatory framework**. We would encourage the Government to explore that possibility and work with the private sector to accomplish it.

### ***Green & sustainable finance***

24 AmCham applauds the Government's effort in developing green and sustainable finance, in particular the establishment of the Green and Sustainable Finance Cross-Agency Steering Group to step up the effort to **support and coordinate international initiatives with different financial agencies in Hong Kong** with a collective goal of carbon neutrality before 2050 under the Paris Agreement.

25 AmCham welcomes the signing of an MOU between HKEX and Guangzhou Futures Exchange (GFEX) to cooperate in promoting sustainability and establishing a unified green and low-carbon market in the GBA. With Hong Kong's access to the two regional carbon trading markets, i.e., the Guangzhou and Shenzhen emission trading schemes (ETS), Hong Kong has the opportunity to be a leading market in facilitating trades and contributing to the development of China's carbon trading market. AmCham therefore recommends the Hong Kong Green and Sustainable Finance Cross Agency Steering Group to work with the industry in **formulating an overall plan on Hong Kong's role as an international financial center, as well as the strategies in attracting foreign investment in Hong Kong**, for example increasing the variety of green and sustainable products such as carbon and electricity futures, and "green-linked" commodities.

26 To further accelerate Hong Kong's development of a greener and more sustainable future and to strengthen the city's financial ecosystem in this aspect, the Steering Group could **work closely with relevant stakeholders including the private sector in the consolidation of opinion and resources to realize the international goal of decarbonization**. With Hong Kong's sophistication in the financial market and deep bench of talent in the industry, Hong Kong is in every position to be a regional leader in green finance.

27 AmCham encourages the government to explore increasing exposure to green and sustainable financial assets for retail investors, including adding options to the Mandatory Provident Fund (MPF).

28 To **promote ESG principles amongst all local and international companies** operating in Hong Kong, drawing on the expertise in the local and international markets, thus making the Hong Kong financial markets more attractive and responsible to investors.

### ***Innovation & technology / financial technology (“Fintech”)***

29 Hong Kong must accelerate its drive to be a fully enabled digital economy and expedite the digitization of the government departments supporting the financial industry including the SFC, HKMA and the tax authorities. Specifically, AmCham recommends the Government push for **swifter adoption of digitization of and electronic solutions** by administrative and regulatory authorities to enhance market resilience and efficiency.

30 AmCham applauds the Government’s increasing use of digital payments for channeling government assistance to facilitate economic recovery and growth. We urge the Government to continue to **collaborate with industry in the area of customer data protection, digital identity and privacy** in order to develop a robust and innovative digital payment and fintech sector.

31 AmCham recognizes the Government’s commitment to the financial technology industry and the HKMA’s “Fintech 2025” strategy.<sup>3</sup> Recognizing that schemes importance we would encourage greater financial commitment to **facilitate the development of Hong Kong’s financial technology ecosystem** similar to the Monetary Authority of Singapore’s enhanced Financial Sector Technology and Innovation Scheme (FSTI 2.0), which commits over HKD 1.4 billion over three years.

32 AmCham encourages the **development of a coherent regime across regulated spaces** – banking, insurance, capital markets, and legal – that fosters innovation and promotes fair competition for both incumbent and emergent players.

33 Financial regulators should revisit establishing a more broad-based and well-regulated environment for trading and investing in cryptocurrencies, security tokens and NTFs in due course. A healthy financial market ecosystem inclusive of robustly regulated digital assets continues to be attractive to institutional investors who are already adding these asset classes to their global investment portfolios. Coupled with enhanced financial literacy initiatives these assets might also prove attractive to qualified retail investors. A competitive digital asset marketplace could be a key differentiator with other regional financial centers as well as those on mainland China.

## **Insurance**

### ***Promote health and protection insurance in Hong Kong***

34 AmCham recommends the Government to consider **enhancing tax incentives to encourage Hong Kong residents to take up sufficient health and protection insurance**, in addition to the Voluntary Health Insurance Products (VHIS). Amid the anxiety and disruption caused by the COVID-19 pandemic, people have become more aware and conscious of their physical health and mental well-being, resulting in a wider health protection gap to be closed.

### ***Develop Hong Kong as an insurance hub in the GBA***

35 The insurance sector is a booming industry in Hong Kong. In the first half of 2021, the sector saw a slight decrease of 2.2% in total gross premiums, however saw a marked increase in areas like individual life and annuity (non-linked) business (+10.3%) and linked business (+192.2%).<sup>4</sup> The sector accounted for 3.9% of Hong Kong’s GDP and 1.9% of the total employment.<sup>5</sup> The Chamber welcomes the supporting policies by the Government in the past few years, such as the promotion of marine insurance and the development of the insurance-linked securities (ILS) market. We appreciate the provision of tax relief for marine insurance, specialty risk underwriting, grant schemes and new legislation for ILS.

36 On the other hand, the Chamber urges the Insurance Authority (IA) to provide more support for the insurance sector’s development in the GBA (GBA). While the Government announced plans to set up after-sales service centers in GBA cities in the 2020 Policy Address, no policy or

<sup>3</sup> <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2021/06/20210608-4/>

<sup>4</sup> [https://www.ia.org.hk/en/infocenter/press\\_releases/20210831.html](https://www.ia.org.hk/en/infocenter/press_releases/20210831.html)

<sup>5</sup> [https://www.censtatd.gov.hk/en/web\\_table.html?id=188](https://www.censtatd.gov.hk/en/web_table.html?id=188)

legislative proposal has been made thereafter. AmCham looks forward to **understanding the details of the dedicated Insurance Connect scheme** and to the inclusion of insurance products under Wealth Management Connect.

37 AmCham advocates for all Hong Kong insurance companies and intermediaries to have full market access, equivalent licensing, and regulatory status throughout the GBA. The GBA should adopt a “Freedom of Service” model for all financial services across the region. This includes all policies underwritten in Hong Kong to have “portability,” akin to existing rules for cross-border motor insurance policies.

38 Furthermore, AmCham recommends the Government **extend the level playing field for mainland China reinsurance business to all insurance companies in Hong Kong**. Currently, under the “equivalence mutual recognition” principle, only qualified Hong Kong professional reinsurers can offer the benefit of reduced capital and solvency requirements to their mainland Chinese reinsurance customers’ (cedants). Widening the scope of insurers benefitting from the scheme will lead to increased growth for the local industry and further solidify Hong Kong as the regional gateway to the mainland insurance market.

## Energy, Environment & Sustainability

### *Achieve carbon neutrality by 2050*

39 AmCham very much welcomes the positive steps taken by the Administration during the last 12 months to move forward the environmental and sustainability goals for our city. In particular, we support the commitment by the Chief Executive in the 2020 Policy Address to strive to reach carbon neutrality for Hong Kong by 2050. We also welcome the publication of the Roadmap on the Popularization of Electric Vehicles in March<sup>6</sup> and the Clean Air Plan for Hong Kong to 2035,<sup>7</sup> both of which will help move forward environmental and sustainability objectives in a logical and planned manner.

40 Dealing with climate change is a challenge for all countries and cities, worldwide and as a first priority for Hong Kong, AmCham strongly endorse the Government’s announcement of our city’s ambition to achieve carbon neutrality by 2050 and recommend that **clear and ambitious sector-by-sector plans to reduce carbon emissions by 2050 are included in the new version of the Climate Action Plan to be published** later this year.

41 We urge the Administration to work with and support the two power companies, who are responsible for around 60% of Hong Kong’s carbon emissions, to further **decarbonize the electricity supply with the objective of reducing their carbon emissions by around 80%** (over the 2005 baseline Hong Kong has adopted) in the 2030s and **to achieve carbon neutrality by 2050**. This early reduction would facilitate the decarbonization of other parts of the economy using low-carbon electricity, including transportation, construction and other sectors. In addition to supporting the **development of practical local renewable energy resources** where they exist, such as offshore wind farms, we would suggest that **regional cooperation, including the importation of zero carbon energy sources from the Mainland such as nuclear and renewable energy including in the medium term**. In addition, **new technologies** showing promise such as the importation of green hydrogen to support local power generation to underpin electricity supply reliability, should be considered.

42 Such decarbonization will no doubt carry costs for consumers. In making the necessary changes, the Government should consider whether the additional support for ratepayers previously provided by the Administration in making the transition from coal to gas-based electricity generation should be repeated for future transitions to lower carbon fuels, especially for the most vulnerable in society.

43 In parallel, the Government and the Administration should continue to **develop proposals for improving the energy efficiency with which all fuels are used in both new and existing buildings**, especially those which carry a higher carbon content. To receive GFA concessions, higher standards for energy and waste management should be required (best in class energy efficiency, life cycle carbon assessment, zero waste building design and facilitating better waste

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<sup>6</sup> [EVRoadmapEng17\\_3.indd \(enb.gov.hk\)](#)

<sup>7</sup> [CAP2035Eng29\\_6.indd \(enb.gov.hk\)](#)

separation and sorting in buildings) and there should be more flexibility in the building regulations to allow the use of innovative/ sustainable materials.

### ***Use of electric vehicles to improve roadside air quality***

44 The transport sector is responsible for almost 20% of carbon emissions in Hong Kong. For land-based transport, electric vehicle technology is already mature for many categories of vehicles. Whilst we welcome the production of the Roadmap earlier this year, we believe the Government should **be more ambitious in the setting of for the use of fossil fuels vehicles on Hong Kong's roads.**

45 It is encouraging to see that the Government endeavors to improve air quality in Hong Kong are beginning to bear fruit, as the publication of the Clean Air Plan to 2035 earlier this year makes clear. However, ozone remains a key issue, alongside the levels of nitrogen oxides at the roadside. For the former, further research and regional cooperation is critical; for the latter, electrification of those more polluting vehicles for which zero emissions technologies are already available is a clear and compelling priority. Shenzhen already runs extensive electric bus and taxi fleets – there is no reason why our city should not do the same. The Government must be more proactive in **making financial assistance available to transport operators, beyond the level envisaged in the Green Transport Fund, to ensure that suitable commercial electric vehicle models can be introduced in substantial numbers in Hong Kong and charging facilities can be put in place quickly and efficiently.** This will also need to include the provision of land in the design for existing and new public transport interchanges, so that suitable charging infrastructure can be installed which could service a number of different operators.

### ***Marine air quality***

46 Air pollution from the marine transport sector can also be significantly reduced with the **introduction of liquefied natural gas as a fuel for international marine traffic.** The chamber welcomes the commitment by the Government in the new Clean Air Plan to consider this but suggests that immediate progress needs to be made to put in place a **supportive regulatory and legislative framework** to ensure that this can be done speedily and effectively in Hong Kong, to match the initiatives which are already being put in place by Singapore and other competing ports in the Mainland, without which they may draw marine traffic away from our city.

### ***Municipal solid waste reduction***

47 Back in 2014, the Chamber strongly supported the Government's longer-term plans to both reduce waste and for the extension of landfills and to develop Hong Kong's first waste incinerator. Whilst these latter two developments can help buy time for other measures to work, we do feel it is now time to **ramp up efforts to increase the recycling of key 'waste' items and strengthen the circular economy in Hong Kong.** We have therefore supported the proposed Producer Responsibility Scheme on plastic bottles amongst other initiatives and hope that the Government will continue to **bring forward additional measures to facilitate both recycling and a reduction** in the overall level of municipal solid waste.

### ***Green & sustainable finance***

48 The Chamber welcomes the policy measures introduced by the Administration to support the issuance of green bonds and other forms of green finance. We believe that considerable potential exists for Hong Kong to play a leading role in both public and private financing of the necessary investments to meet climate change goals about our city and the Mainland as a whole.

49 AmCham also suggests that with the publication of the new Climate Action Plan this autumn, and building on the COP26 events in November this year, the Government should **mount a public education campaign to engage both business and the general community to better understand what they can do to reduce emissions.** Encouragement should also be given to building a stronger awareness of local and regional sustainability issues, in the business community as well as support for **recognizing best practice standards for ESG in the SME sector in Hong Kong.**

## Real Estate & Infrastructure

### *Sustainable building and infrastructure*

- 50 The Chamber anticipates the Government to bring forward a significant programme of land, building and infrastructure development in the next 10 to 15 years. It will be essential that this is **done in the most environmentally friendly and carbon efficient manner, with the introduction of building carbon life-cycle footprints into consideration in the building design and planning regulations as well as the use of more efficient building techniques**, such as modular building construction.
- 51 Notwithstanding the efforts which will be made to reduce carbon emissions over the next 30 years, climate change will represent a significant physical and infrastructural risk to our city from an increase in sea levels, stronger typhoons, as well as warmer temperatures and changes in rainfall patterns. We urge the Government to **publish detailed risk assessments and set out clear priorities for public and private investment to mitigate these risks**. Consideration should be given to providing financial assistance to ensure that key private infrastructure needed to keep our city functioning is prepared accordingly.
- 52 With a growing appetite for investment in sustainable buildings and that ESG has become the main value driver for real estate, there would be an increasing **need for green buildings standardization and clarity to achieve carbon neutrality**. To maintain Hong Kong's competitive edge, AmCham supports a more ambitious policy in developing sustainable buildings and infrastructure such as updating green and sustainable building standards in its building codes and establishing measurables, on top of its current approach of providing concessions.<sup>8</sup> As an example, Singapore has successfully forged ahead with the sustainability drive by launching the Green Building Masterplan.<sup>9</sup>

### *Bring Silicon Valley proptech solutions to Hong Kong*

- 53 With the Bay Area in US ranks no. 1 in real estate technology start ups, AmCham encourages the Government to bring Silicon Valley's proptech solutions to Hong Kong to further enhance the interconnectivity between Hong Kong and US.

### *Address housing issues in Hong Kong*

- 54 Hong Kong's long-term shortage in housing supply and high housing costs is one of the main drivers that culminated to a series of social tension. The waiting period – 5.8 years – for a permanent resident (or a general applicant) to rent a public flat has now reached its record high and the longest in 22 years; while many young people cannot afford their own home except for those who are funded by more affluent parents. On the other hand, the city's infrastructure-led approach has become questionable in view of various delays of infrastructure and transport project. Hong Kong's housing crisis is virtually a political issue which must be dealt with strong political will. AmCham recommends the Government collaborate with developers and encourage building pre-fabricated units using Modular Integrated Construction (MiC) to speed up waiting period of public housing.

## Trade & Investment

### *Trade Policy*

- 55 In general, AmCham would like to see the Government **continue to promote Hong Kong as a regional trade hub** in every available way including, but not limited to, signing more trade agreements. AmCham urges Hong Kong to be a beacon of support for global free trade and

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<sup>8</sup> Incorporation of sustainable design elements for building separation or enhancement of building permeability, setback and greenery in new buildings, together with provision of environmental and energy consumption information in new buildings are pre-requisites for obtaining concessions <https://www.gov.hk/tc/residents/environment/sustainable/buildings.htm>

<sup>9</sup> The Green Building Masterplan, introduced in 2016 and 2019 respectively, encourages developers to adopt green building standards in new developments and existing buildings through legislation and incentive schemes. The Green Mark Scheme was launched 2005 by Singapore's Building and Construction Authority to set parameters and indicators to guide the design, construction and operation of new and existing buildings towards increased energy efficiencies and enhanced environmental performance. Source: <https://www.jll.com.hk/en/trends-and-insights/research/singapore-riding-the-esg-investment-growth>

multilateralism. AmCham welcomes Hong Kong's recent signing of Free Trade Agreements with ASEAN, the Maldives, Georgia and Australia. AmCham believes that Hong Kong should now **pursue being included in the Regional Comprehensive Economic Partnership negotiations and explore acceding to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership**. Inclusion in both of these agreements would cement Hong Kong's position. AmCham would like to see Hong Kong become an even more vocal participant in global and regional discussions around trade in services and goods as well as related matters such as data governance.

### ***Legislate on modern slavery/ forced labor***

- 56 AmCham urges the Government to **continue to support the legislation of modern slavery**, that could be modelled on UK's Modern Slavery Act, to raise the awareness of private sector business to facilitate the identification of potential cases. The fact that Hong Kong has not fully met the minimum standards for the elimination of trafficking shows that more actions are required for Hong Kong to be on par with international standards. As Asia's premier business hub, such legislation could provide a viable model for its neighboring countries in the region to introduce new requirements for businesses and their supply chains.
- 57 As the scope of modern slavery could be expanded to different dynamics and avenues, AmCham feels that the Government can **work with organizations to provide more education programs for business to identify transit migrant workers**.

## **Transportation & Logistics**

### ***Port and Logistics Industry's importance to the local economy***

- 58 The port and logistics industry is a historic pillar of the Hong Kong economy. Prior to the devastating impact of COVID-19 on global supply chains, Hong Kong's port and logistics industry accounted for roughly 3% of the city's GDP and employed 176,200 people, or nearly 5% of the total employment in the city.<sup>10</sup>
- 59 Throughout the pandemic, the port of Hong Kong, Hong Kong International Airport, warehouses throughout the city, cross-boundary trucks and other critical transportation and logistics services have remained operational, providing our city with vital daily necessities and medical supplies in times of difficulty. AmCham wishes to express its profound gratitude to the frontline workers whose efforts are often taken for granted but remain critical to operating the vital entry and exit points for the city's supply chain. Similarly, we appreciate the Government's support for these workers, the port, the Airport and the transportation and logistics industry in general during this crisis. The pandemic has reminded all of us of the significance of a modern and well-functioning Port, Airport and transportation and logistics infrastructure, and the importance of supportive policies required to keep them running. In many economies around the world, the lack of sound supporting policies has resulted in transportation infrastructure sitting idle or otherwise facing wild swings in demand for their services. Despite the challenges in the past year, Hong Kong should be proud of maintaining efficient supply chains.

### ***Continued ambition to remain the world's leading air cargo hub***

- 60 The movement of critical and time-sensitive medical supplies and vaccines during the pandemic has demonstrated Hong Kong's vital role in air cargo. The Hong Kong Government must **facilitate the movement of essential cargo flights, flight crew, and aviation workers to maintain its role as an aviation hub**. AmCham applauds the leadership of Hong Kong International Airport (HKIA) in establishing a COVID-19 task force to anticipate and prepare for the successful shipment of vaccines and other essential supplies, not only to Hong Kong but for transshipment around the world.
- 61 Over the course of the COVID-19 crisis, AmCham's member companies learned how much easier it is to ensure air cargo crews are in an environment with a lower infection risk than their passenger counterparts. Emphasizing on the need for the crews to be able to adhere to flight schedules and get adequate rest time in order to maintain an operational air cargo network, AmCham **encourages the continued policy support that will bolster the recovery of the city's aviation sector**. This includes **continuing to facilitate the movement of pilots and**

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<sup>10</sup> [https://www.censtatd.gov.hk/en/web\\_table.html?id=188](https://www.censtatd.gov.hk/en/web_table.html?id=188)

**flight crew in accordance with the principles of the ICAO Public Health Corridor concept and other international guidelines.** In addition, AmCham recommends the Government to give proper notice time to help companies adapt to changing rules and flight restrictions, and comply with regulations as they are announced.

### ***Continued development of Hong Kong's competitiveness as an international maritime centre and regional hub for logistics services***

62 Development of Hong Kong's competitiveness as an international maritime center and a logistics hub in the global supply chain must continue to be a priority of the Government, now more than ever, as the global economy shifts toward recovery.

63 Hong Kong's free port status and strong rule of law are instrumental to its status as an international maritime and shipping center. Hong Kong's well established legal system and international financial center status are the cornerstones of a vibrant port and logistics sector and tremendously important for the further development of high-end maritime services, such as ship management and leasing, ship finance, marine insurance, as well as maritime law and dispute resolution services. The Hong Kong Government should continue to leverage Hong Kong's advantages under the "One Country Two Systems" regime, maintaining its attractiveness to customers worldwide.

64 Besides, the port of Hong Kong, the airport, local logistics services, connectivity to economic activities in Guangdong province and other provinces in Southern China, and a comprehensive portfolio of professional services are all important to the maintenance of Hong Kong's status as an international maritime center and contribute to the vibrancy of the Hong Kong economy. The Chamber also supports the shipping and logistics industry's proposal to **establish an independent statutory body overseeing the port and maritime businesses with dedicated and sufficient resources to provide long-term strategies** for this important sector. The Hong Kong Government should **assist the industry with establishing the statutory authority and strengthening ties with the Southern China market.**

65 With 230 weekly calls from international container ships and outstanding air connectivity through the HKIA, Hong Kong has always been a popular place for crew changes. It has been encouraging to watch the Government remain supportive of crew changes taking place in Hong Kong throughout the COVID-19 pandemic. 80% of world trade is transported by sea. Seafarers must be recognized as essential workers and saluted for their heroic efforts in keeping global supply chains operational during the pandemic. Hong Kong is home to several of the world's largest ship management companies. As we exit the pandemic and return to normal operations, the Government should **continue to facilitate crew changes in Hong Kong with supportive policies.**

### ***Smart city – smart port – smart logistics – smart transportation***

66 The Chamber acknowledges the Hong Kong Government's plan to build automated transportation systems around the HKIA and the Hong Kong Boundary Crossing Facilities (HKBCF) Island. We also appreciate the Government's efforts in the Smart City Blueprint, e.g. launching the HKeMobility App, installing electronic payment systems on public transports, and facilitating the use of automated vehicles. As an active proponent in driving innovation, AmCham hopes the Government would provide **support to encourage innovation in the transportation and logistics industry with actual financial funding of ideas to digitalize manual processes** and improve the competitiveness of the industry.

67 In terms of port development, AmCham is of the view that Hong Kong's overall port competitiveness should be further strengthened. The establishment of the Hong Kong Seaport Alliance in 2019 allows for cooperation of deploying shared facilities among terminal operators to enhance efficiency and to best capitalize berth and yard utilization, which substantially has helped set the foundation not only to innovate and modernize the port industry in Hong Kong, but also demonstrated its resilience and ability to respond to increased transshipment volumes as a result of stricter pandemic controls in southern China and Taiwan during the pandemic. In view of the success and innovation exemplified by the Seaport Alliance, AmCham encourages the Government to continue to **support the container port's modernization drive which could potentially be a new operating model** – that will integrate road, rail, tunnel and airport infrastructure – as part of the regional integration plan leveraging on Hong Kong's high efficiency and free port status.

## ***Maintain Hong Kong's ability to compete within the GBA***

68 As the GBA develops, and politicians on both sides of the boundary seek closer integration of the economies in Hong Kong and Southern China, AmCham encourages the Government to actively **take a leading role and preserve Hong Kong's unique competitive advantages in its discussions with counterparts from Mainland China.**

69 AmCham welcomes the Central Government's continuous support for Hong Kong to be an international transportation and aviation hub as announced in the 14<sup>th</sup> Five Year Plan. Such national support conveyed a strong message for the need to maintain its sound legal system and international financial status, which are the backbones of a thriving port and logistics sector. In addition, the Government should **leverage on the opportunities and develop GBA-related initiatives to consolidate its leadership in the region**, such as creating an "Aviation Metropolis" around the HKIA to facilitate transport within the Bay Area, collaborating with other aviation centers in the GBA, investigating the need of a cross-boundary transport authority, etc.

## ***Decarbonizing the shipping industry***

70 The Chamber supports the Hong Kong Government's ambition to achieve carbon neutrality by 2050. The International Maritime Organization (IMO) has published a strategic roadmap to decarbonize international shipping. The IMO guidelines require a 50% reduction in total annual Green House Gasses (GHG) emissions by 2050 (compared to 2008 levels) and encourage efforts to phase out GHG emissions completely as soon as possible. As the international shipping community pursue these targets, new fuel types will be required. LNG is emerging as an alternative fuel type with a number of large container shipping companies already committing to LNG-powered ships. Hong Kong energy provider China Light & Power (CLP) is exploring options to provide a floating LNG bunkering facility in Hong Kong waters. The international shipping industry is exploring other fuel types as well, such as Methanol and Ammonia. To strengthen Hong Kong's competitiveness and continue to attract large international containerships to call the port of Hong Kong, the Government should support new fuel type initiatives with supporting policies and funding.

## ***Innovation & Technology***

### ***Expand research & development to all education and innovation sectors***

71 AmCham recommends the Government **increase and accelerate their support in research and development of technology across all education and innovation sectors.** At present, Hong Kong's scientific research policy has a geared focus on universities and is mostly engaged in upstream research. This needs to be widened to the start-up ecosystem and innovation companies to help them foster new ideas and products. The Government has the potential to establish programs that could integrate innovative ideas with research such as digital accelerators for startups and technology companies to equip their workers with technological skills.

72 A study in 2019 found that Hong Kong's R&D expenditure (0.92% against its target of 1.5%) remains far weaker than its neighboring markets such as Singapore, mainland China and OECD countries, which has an average of 2.5%. On the corporate level, corporate R&D expenditure can be further strengthened to support industrial development. AmCham recommends the Government **offer tax breaks to encourage corporate R&D spending as incentives for transforming innovations into real commercial products in the market.**

73 Recognizing the geographical limitations of Hong Kong as an industrial ecosystem to support midstream transfer and downstream expansion, AmCham is of the view that integrating into the GBA is a window of opportunity for innovative industries to scale and expand its influence, leveraging its lower overall costs, larger market scale, manufacturing base and ample resources for further development.

### ***Talent***

74 AmCham strongly believes that training and opportunities should start in high school and recommends the Government **incorporate computer science into the K-12 core curriculum.** Courses such as introductions to computer science, coding and computational learning, with a particular emphasis on encouraging female participation, will be important for future generations.

75 AmCham is of the view that **corporate-led initiatives are crucial to shaping the innovation culture of the future**. To identify talented individuals, the Chamber encourages the business community to host local competitions or tech programs which are opportunities for hands-on-learning and be connected to company-sponsored projects and internships. Government could consider working with NGOs, educators and companies to provide training and opportunities starting in high school.

76 AmCham recommends the Government and the Education Bureau provide stronger support for teachers' professional development, and in turn, for high school students and their development. The Government could **incentivize or develop a platform and curriculum with a focus on innovation, technology and entrepreneurialism which could be applied to their educational learnings in class**. This would help teachers be cultivated with the same ideology as what students learn to help develop a more innovative school culture. This would equip students with a more innovative mindset, as well as to accelerate their understanding, comfort and use of technology, which enable them to use technology as a differentiating tool to achieve success in their field of choice.

77 AmCham encourages the Government to **further develop its adult education programs** by investing more in coaching and re-skilling programs for mid-career professionals from non-technology fields to pursue careers in the technology industry. (Details: refer to session "Future of Work")

### ***Innovation***

78 AmCham applauds and welcomes the launch of the "iAM Smart" app, which demonstrates the Government's commitment in digitizing its operations, interacting with the public and providing services in a smart and convenient way. In view of the success of the application, AmCham recommends the Government to **build an overarching co-investment platform which can connect the public sector, private venture capital investors, NGOs and startups**.

79 AmCham welcomed the Hong Kong Productivity Council's SME Reach Out initiative that is dedicated to helping small businesses in Hong Kong to identify funding schemes that suit them. The launch of the "iAM Smart" app also further illustrates the potential to **expand the application's capacity to allow for a one-stop shop of funding applications, through alignment of all funding schemes across all Government agencies**. This would improve the current situation of having too fragmented information with more standardized and seamless experience. The platform could also include financial literacy programs to raise awareness and capacity to access external financing and ultimately to improve the quality of financial pitches and loan applications.

80 AmCham recommends the Government to **step up in publicizing all available programs to raise awareness locally and internationally** by engaging trade associations, chambers of commerce, or corporations that are regularly in touch with startups and can help with promotion.

81 AmCham continues to encourage the Government to consider establishing **smart city-related project partnerships with the private sector**, especially small business and startups. This could raise public awareness of Hong Kong's current technology development and support the private sector to harness technology.

82 Specifically on the integration with the GBA, Hong Kong is strong at research capabilities, but should be cognizant of its small local market that could restrict innovators from scaling beyond Hong Kong. On the other hand, the case examples of DJI and SenseTime demonstrated that GBA is best positioned for business expansions due to its lower costs and larger market scales. For innovations to be successfully materialized in the market and for Hong Kong to maintain its competitive advantage as a R&D hub, AmCham recommends the Government **to actively collaborate with the GBA to develop and incentivize mechanisms for scientific researches to be able to enter the industrial ecosystem providing opportunities for midstream transfer and downstream expansion**.

83 AmCham acknowledges that the Government has invested in several programs through Cyberport and Hong Kong Science and Technology Park (HKSTP) supporting early-stage technology startups. AmCham recommends **reviewing eligibility requirements for these programs in an effort to attract more local and international startups to apply and grow**

**their business in Hong Kong.** Below are two specific recommendations on how the Government can change eligibility requirements for the HKSTP Incu-Tech Programme:

- Referencing the HKSTP Incu-Tech Programme, AmCham recommends the Government extend the date of incorporation requirement. The current requirement is **“from three years if the Applicant was incorporated outside Hong Kong”** and we recommend extending it to four years to increase the total number of companies eligible for this programme.
- Currently to be eligible for the Incu-Tech programme; “The team of full-time engineers and technologists of the Applicant must, individually or collectively, (legally and beneficially) own at least 10% of the company shares.” Our second recommendation is to remove this requirement to allow all local and international technology companies to be eligible for this programme regardless of ownership structure. AmCham understands technical representation as an important requirement for all applicants approved for this programme; however, we believe this is already sufficiently achieved through the requirement; “at least 51% of full-time staff must be engaged in R&D work and based in Hong Kong Science Park.” With these two amendments AmCham believes the Government will be in a stronger position to attract and land international startups eligible for the Incu-Tech programme to scale their R&D in Hong Kong.

### ***Other data and cybersecurity issues***

84 AmCham encourages the Government to maintain its championing infrastructure such as a **free and open internet**, which is essential for positioning Hong Kong as an international business hub as well as an innovation and technology center. The values of free data and internet that would bring to Hong Kong’s business and economy should be highlighted as one of Hong Kong’s value propositions to attenuate users’ concerns on the future of internet in Hong Kong.

85 AmCham also encourages the Government to ensure new data governance measures facilitate the free movement of data in a manner consistent with global standards for security and privacy. In particular, public data openness should be improved in terms of “bulk access/Application Programming Interface”, “open license” and “metadata”. This is important for entrepreneurs who need to obtain insights for product development.

86 AmCham hopes that the Government maintains its commitment to strengthening law enforcement agencies and regulators’ abilities to coordinate on **addressing key technology issues in areas of cybersecurity and cyber infrastructure**. The Government can do so by continuing to ensure that robust legislation, policies, and regulations are enforced within Hong Kong in accordance with best practices from other jurisdictions.

87 AmCham continues to encourage the Government to **collaborate with the private sector to share their data to the portal**. Input from the industries is essential to the success of the platform as business provides key intelligence that synergizes with public sector data. The portal should also be positioned as an **interactive public participation platform to facilitate a user-centric and demand-driven process and enhance data availability**. Citizens could request for data sets they need and provide opinions that will benefit the overall development of the city, taking reference to what the Taipei City Government has done.

## **Healthcare & Pharmaceutical**

### ***Accelerating Hong Kong-GBA collaboration in healthcare***

88 AmCham encourages the expansion and acceleration of Hong Kong-GBA collaboration in healthcare innovation by connecting more hospitals in Hong Kong and the Mainland and increasing the scope of products shared. Additionally, Hong Kong **medical studies should be accepted in China’s regulatory pathways for approval**. This will foster the dissemination of research, innovations and medications from Hong Kong to the Mainland and vice versa.

### ***Easing the pressure on the public healthcare system and encouraging greater public-private partnership***

89 AmCham recommends the Government to focus on developing the partnership between the private and public healthcare sector to better the distribution of resources. This could be achieved through **tax exemptions for private health insurance premiums**, which would

incentivize the adoption of private insurance by the population, thereby reducing the burden on public health infrastructure.

90 AmCham suggests that the Government establish an open system that utilizes remote solutions that allow patients and their records to move seamlessly between hospitals as well as for clinicians to provide support across hospital clusters. Greater adoption of AI and cloud-based solutions can enhance efficiencies and ease the burden on the healthcare system and the Government should provide incentive schemes to introduce innovative digital solutions.

### ***Addressing mental health issues in the workplace and community***

91 As a result of the COVID-19 pandemic, mental health has been negatively impacted, especially in the workforce. AmCham believes that the Government could **address the mental health crisis** by implementing a temporary three-year measure **to include mental health support through Government funding for a stipend at work or through a mental health support scheme** similar to the employment support scheme.

92 To safeguard the mental health of Hong Kong citizens, which has been negatively impacted as a result of the pandemic and economic downturn, AmCham hopes that the Government adopts measures to:

- Increase public awareness on mental health so individuals are able to recognise if they have issues with their mental wellbeing;
- Allocate additional resources to address the anticipated increase in mental illness cases to avoid lengthening the waiting time for medical consultation in the public sector;
- Subsidize the cost of private health insurance pertaining to mental illnesses to encourage the uptake of psychiatric or mental health assistance in the private sector
- Facilitate and encourage employers to provide health insurance that covers mental illnesses, thereby better utilizing resources in the private sector.

### ***Enhancing renal treatment policy***

93 AmCham recommends the Government to expand its chronic and renal treatment policy to establish additional funding pathways for home-based treatment and to establish a scheme for transitional care to home haemodialysis (HHD), which would enable patients failed on peritoneal dialysis (PD) to enjoy a better quality of life through tailored treatment.

## **Talent and Future of Work**

### ***Internationalizing the GBA and increasing geographical mobility of labor***

94 AmCham recognizes the current employment and immigration laws for Hong Kong Chinese nationals (e.g. the “Home Return Permit”) and other non-Chinese permanent residents who wish to work in the GBA. In view of the 14<sup>th</sup> FYP which supports increased exchange of talent between Hong Kong and the GBA, AmCham recommends the Government to **explore new immigration policies to increase mobility and possibly facilitate the free flow of labor** between Hong Kong and the GBA for non-Chinese permanent residents.

95 AmCham acknowledges the Individual Income Tax incentives to attract foreign talent in the GBA but hopes that the Government explores policies with fewer restrictions by, for example, reducing the minimum taxable income required to be eligible for the tax incentives.

96 AmCham supports the overall growth of multinational corporations in all sectors in the GBA through measures such as separate tax incentives i.e. lower corporation tax.<sup>11</sup>

97 AmCham recognizes existing schemes to facilitate the growth of technological start-ups and cross-border talent such as Cyberport’s Cross Boundary Programme and HKSTP’s GBA Express, but encourages further schemes and plans in fostering cross-border start-up success and attracting talent.

### ***Maintaining Hong Kong’s long-term competitiveness in attracting talent***

98 AmCham believes that it is important to maintain Hong Kong’s long-term competitiveness as an international business market for businesses to keep and increase their activity and investments

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<sup>11</sup> <https://www.hkstp.org/innovate-with-us/global-network/>

in Hong Kong. To do this, the Government should strive to attract and maintain talent and **provide protections against discrimination for workers in line with global trends**, through measures such as:

- 99 Protecting the workforce from age discrimination and discrimination based on sexual orientation and fostering an inclusive environment by supporting local diversity and inclusion initiatives such as the Gay Games.
- 100 Changing the quarantine requirements such that they are less stringent to facilitate the movement of foreign workers and businesspeople in and out of the city, as the COVID-19 pandemic will continue in the foreseeable future.

***Actively support the integration of computational thinking into education, training and re-skilling at all levels***

- 101 AmCham supports the Government's continued commitment to the provision of resources for schools (whether local, international, or private independent) on STEM education, to encourage these schools to adopt digital skills (e.g., computational thinking and coding) as part of their curricula.
- 102 Vocational and Professional Education and Training will continue to play a vital role in equipping the workforce with in-demand skills for high-growth industries. Specifically, AmCham believes the Government should invest more in IT education and training in its VPET programs. In particular, AmCham encourages Vocational Training Council to partner with corporations on programs that will equip students to be future ready with digital skills.
- 103 AmCham encourages the Government to further develop its adult education programs by investing more in coaching and re-skilling programs for mid-career professionals from non-technology fields to pursue careers in the technology industry. This could be achieved by introducing a program similar to that of Singapore, subsidizing up to 90% of fees of Government-approved courses for citizens in the middle of their career trajectory i.e., aged forty years and above, specifically targeting courses/training with the strongest outcomes in job placements/employment.

***Strengthening the hybrid working model and infrastructure***

- 104 Given the COVID-19 pandemic's long-term implications on in-person working and changing global trends in the workforce, AmCham believes that the Government should **lead the transition towards a flexible, hybrid working model by enabling people to work remotely through policy implementation**.
- 105 AmCham encourages the development of alternative workspaces which would allow for a more comprehensive framework for hybrid working as people can work partially in an office, at home or said alternative workspaces.
- 106 AmCham recommends the **construction of office buildings that incorporate sustainable and technological infrastructure**, through the introduction of new building codes and requirements. This will connect infrastructure where people are working with the Smart City Blueprint.

***Analysing the need for protection for short term and gig economy workers***

- 107 The changes in ways of working and long-lasting impact of the COVID-19 pandemic on sectors has changed the hiring landscape, with employers potentially relying more on casual or short-term workers, part-time workers, or project workers to meet or fill skills gaps. Without due protection, these workers often do not meet the definition of being 'continuously employed' and/or do not have the required length of service to fall within the remit of all protections under the Employment Ordinance.
- 108 AmCham believes that now is an opportune time to **explore whether there is a similar need in Hong Kong to support short term and gig economy workers**, through funding research to analyze the scope and type of measures that may need to be developed to address any identified gaps.

## Sports

109 AmCham congratulates the Government on its recent announcement to increase its support for the development and competitiveness of elite athletes including investing in facilities, career development and the sports industry. To help Hong Kong benefit from these initiatives and further support the growth of all levels of sports and the overall sports industry in Hong Kong and the GBA, AmCham recommends the following:

### ***Provide clear guidance for the return of amateur and professional sports***

110 The Chamber encourages the Government to set clear guidelines including the roadmap with specific steps and clear milestones to support the full return of amateur and professional sports and events in Hong Kong. For example, over the past year, several amateur and international sports events have been either cancelled or postponed multiple times due to the Government's changing of pandemic policies. With the significant decrease in positive COVID-19 cases, amateur and professional sports can return smoothly and successfully should the Government **offer more clarity and a specific roadmap including clear milestones and safety measures for all aspects of the return to sports** such as the number of participants and spectators allowed at to participate at sports events.

### ***Increase youth participation in sports***

111 For the past two years, children and young students have been adversely affected by a lack of exercise, restricted by little or no school sports and recreational programs due to the COVID-19 pandemic. A World Health Organization study conducted by the Chinese University in Hong Kong has found that more than 10% of children in Hong Kong reported feelings of depression and that Hong Kong children who do not exercise at all are five times higher than the international average. Lack of exercise has also created mental health concerns.<sup>12</sup> AmCham recommends **a comprehensive approach to restarting youth participation and protocols to restart youth sports**. To bolster youth participation in sports, the Chamber suggests **developing a promotional campaign aimed at parents to encourage children to become more active and to provide more access to facilities and youth coaching**, alongside promoting the importance of sports among the whole community.

112 Higher participation in sports can also effectively bridge social differences across different social groups and can increase the utilization rate of existing sports facilities.

### ***Promote corporate participation and financial support in sports***

113 Hong Kong recently ranked 45<sup>th</sup> out of 50 Countries for work life balance which has led to increased mental wellness problems that cost the Hong Kong economy in lost productivity in the range of HK\$5-12.5 billion a year and 71% of Hong Kong adults suffer from poor mental wellness according to a Mind HK Study. To promote a healthier workforce in Hong Kong and to build mental and physical wellbeing and resilience, AmCham strongly encourages the Government to **grant tax exemptions to Hong Kong companies that promote corporate wellness programs for its employees**.

114 Increasing the number of parents participating in corporate wellness programs will help encourage more participation amongst youth.

115 To promote more local sports, AmCham encourages the Government to **provide tax incentives for companies that support sports activities and events**, as they are more effectively supported by commercial sponsorship through corresponding associations.

### ***Facilitate integration of the GBA sports ecosystem***

116 The GBA initiative included suggestions to take forward the development of sports in the GBA by jointly organizing international and regional sports events. The Chamber encourages the Government to **proactively coordinate with its counterparts and include the private sector to play a more active role in establishing Sports Leagues and Institutions across the GBA**, by promoting exchanges between federations and athletes and co-hosting regional sporting events. These activities should also help to leverage the investment in the Kai Tak Sports Park.

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<sup>12</sup> <https://www.scmp.com/news/hong-kong/health-environment/article/3136390/hong-kongs-children-unhappier-less-healthy-peers>

### **Promote local esports development**

117 A survey by HKBU Social Sciences Faculty showed that 72% of Hong Kong respondents supported the development of the local esports industry. The Government should accelerate its support and development of the esports industry including all areas of the esports ecosystem. As well, the Hong Kong Government should leverage its position as a global financial center that could promote significant interest in investing in the esports industry. To support the positioning of esports, AmCham encourages the Government to support attracting global esports events and world championships to Hong Kong.

### **Increased support for the long-term development of overall sports industry for all**

118 There have been several challenging years for the Hong Kong sports industry. With Hong Kong's success in the 2020 Tokyo Olympics, the building of the Kai Tak Sports Park and increased interest in sports and wellbeing in the overall Hong Kong population, AmCham encourages the Government to **increase its support for the long-term development of the Hong Kong's sports industry for all.**

119 Currently the Government concentrates its funding on our most outstanding sports, such as table tennis and track cycling. Sports that are less popular or less successful receive only small support and face the shortage of funding, equipment, and venues. The Government should **identify criteria to support these less funded and supported sports and encourage ways for them to receive greater funding and support.** To accelerate the development of the sports industry, AmCham recommends a **greater emphasis on the development of educational programs around the business of sports.**

120 To help the overall sports development, AmCham encourages the Government to **provide strong support and a roadmap for the return of major sporting events** to be prepared to attract Hong Kong residents and tourists back to Hong Kong sporting events as the global pandemic is brought under control and the to prepare for the launch of the Kai Tak Sports Park.

### **Increase investment and funding specifically for women's and girls' sports in Hong Kong as a way to increase their participation in physical activity**

121 The challenges that women and girls face such as fewer women in leadership positions and there being a "penalty" on motherhood for career advancement, the sports industry faces similar challenges.<sup>13</sup> A 2020 study by InspiringHK Sports Foundation showed that the average sports participation hours of girls is three times lower than that of boys on weekdays (girls: 2.7% versus boys: 8.5%).<sup>14</sup> In a questionnaire that WISE HK sent out in 2018, almost 4 in 5 of under 18 year old respondents indicated they felt women and girls face more challenges than men and boys when it comes to playing sports, for reasons such as physical differences and sexism.

122 The motherhood penalty is significant. A research study in 2018 indicated that when employers in Hong Kong were asked about their ideal job candidates, less than 50% of those surveyed said they would hire women with children. Housework is gendered, resulting in women shouldering a higher proportion of unpaid work.<sup>15</sup> In fact, domestic work is a significant factor in determining women's professional decisions. Approximately 40% of women who decide not to work indicate so due to "household duties".<sup>16</sup>

123 Furthermore, a 2018 report from University of Hong Kong indicated that women are more susceptible to stress than men, especially when there is pressure from health and family-related events such as illness. Recent research undertaken during COVID-19 has shown major setbacks for women, and there have been higher reported rates of domestic violence.<sup>17</sup>

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<sup>13</sup> 13.7% of directors on Hang Sang Index listed companies are women and only 55% of women in Hong Kong are in the workforce. In many professional sports organisations at the top level, such as at the Hong Kong Sports Institute, 4 of 17 board positions are held by women. There is less visibility of women and girls engaging in sport publicly.

<sup>14</sup>

<https://inspiringhk.org/?fbclid=IwAR1cjszbxVWQGqi7o1ETtkV1gFpREzVzR8Q4kU1kADEVUwIUd8gRW9V4ml#/inspiringHK/press-release>

<sup>15</sup> <https://www.eoc.org.hk/eoc/upload/ResearchReport/20188211629521937156.pdf>

<sup>16</sup> <https://twfhk.org/blog/valuing-mothers>

<sup>17</sup> <https://www.scmp.com/news/hong-kong/health-environment/article/3079338/stuck-home-monster-more-reports-violence-against>

124 Sports participation is one productive and cost-effective way to enhance physical and mental wellbeing while also empowering women. There are plenty of research globally that support how sports increase women and girls' self-confidence, while C-Suite executives acknowledge sports participation can help boost women's career development.

125 There needs to be more opportunities for women and girls supported by resources and appropriate facilities to increase participation, which would support physical and mental wellbeing. Examples would be more families-oriented sports days where mothers and children can participate in sports together, and/or classes for mothers and caregivers that are held concurrently to children's sports classes.

### ***Publicly support and promote the Gay Games Hong Kong 2023***

126 For the first time in the history of the Gay Games, a worldwide sport and cultural event that promotes acceptance of sexual diversity, featuring lesbian, gay, bisexual, and transgender (LGBT) individuals, the games will be in Hong Kong in 2023. It is expected that the Gay Games Hong Kong 2022 can generate HK\$1 billion in revenue from tourism and hospitality and can be an important way to showcase Hong Kong's branding and positioning as "Asia's World City" - a city that is diverse, tolerant and inclusive of all individuals.

127 There needs to be **more public venues open to support the Gay Games Hong Kong 2023**, including to fit out some temporary purpose-build spaces that can be transitioned after into permanent sports venues. Already Hong Kong faces a dearth of sports infrastructure, and with the increased focus on sports after successes from the 2020 Tokyo Olympics and Paralympics that have increased Hong Kong people's interest in sports, the venue needs for the Gay Games Hong Kong 2023 would be a catalyst to build out more multi-purpose sports venues.

## **Arts & Creativity**

### ***Encourage the opening of more digital fashion-related programs in universities***

128 AmCham encourages the Government to facilitate the development of digital fashion-related education. Digital fashion is one of the most significant trends in the fashion industry. A digitalized manufacturing process benefits from a shortened production time, machine learning, and reduced wastes. AI and VR technology allows online customers to find their best fit through virtual fitting rooms and realistic displays, reducing the wastes resulted by returned orders. Key players in the fashion industry have been including digital elements into their productions and services. The Chamber appreciates the recent creation of the Digital Fashion Undergraduate Program offered by the Hong Kong Polytechnic University and the Higher Diploma Program offered by the Open University of Hong Kong. More programs that foster the development of design and creativity industry in Hong Kong could be further explored and offered.

### ***Support the development of gig economy to relieve the impact of unemployment***

129 The art and creative industry has been hugely impacted by the COVID-19 pandemic. According to the Census and Statistics Department, from April to June 2021, the arts entertainment and recreation sector had 52,700 employed workers, 15% less than the figure in Q2 2019, however the unemployment rate of the sector for April to June remained high at 10.8%, one of the highest among all industries.<sup>18</sup>

130 Gig economy has emerged both from the pandemic and as a social trend, especially within the art and creativity sector. Employers are less inclined to hire full-time employees while more workers pursue a flexible, diverse career with job autonomy. AmCham recommends the Government to **consider the trend in the market and facilitate the development of gig economy to match up workers and potential gig employers**, for example setting up a database where information of available workers and gig hirers are accessible. Such database would allow gig workers contribute to the economy with better access to potential hirers.

### ***Attracting more talent to the industry***

131 To better utilize the opportunities offered by the 14<sup>th</sup> Five Year Plan in developing Hong Kong into an art and cultural hub, the Chamber hopes that Hong Kong can bring in new blood to the

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<sup>18</sup> <https://www.info.gov.hk/gia/general/202106/17/P2021061700438.htm>

sector by promoting the career prospect of the industry and encouraging training opportunities for new talents.

## Gender Diversity & Empowerment

### *Increasing Gender Diversity in Corporate Leadership*

132 The Chamber strongly encourages that greater action be taken to address issues of gender equity in the corporate sector, particularly in corporate leadership and board levels. According to MSCI's annual report "Women on Boards", Hong Kong is not only slipping relative to global financial hubs like London but also against financial hubs in Asia like China and Singapore. Over the past five years Hong Kong's total number of director seats held by women has remained around 12%, while Singapore has increased theirs from 11.2% in 2016 to 19.5%.<sup>19</sup>.

133 To maintain Hong Kong's competitiveness in talent attraction and cultivation, AmCham encourages the Government to **commit to greater diversity & inclusion through regulation and working with other regulatory bodies**. AmCham, in June 2021, advocated in the HKEX consultation on Review of Corporate Governance Code and Related Listing Rules the urgency to update the code in ensuring Hong Kong is a leader and champion of gender diversity. Important governance-related metrics to facilitate corporate accountability could include the following:

- Establish targets for board level representation;
- As one of only few jurisdictions where the number of all male boards rose in 2020 according to research from MSCI, Hong Kong should shorten the transition period for existing issuers with single gender boards to appoint director(s) of the absent gender on their boards from three to two years through a phased approach;
- Encourage issuers to set measurable objectives in implementing their diversity policy by introducing a new Mandatory Disclosure Requirements (MDR) to require listed issuers to set and disclose numerical targets and timelines for achieving gender diversity at both board level and across the workforce;
- Establish a public database to include data that reviews the implementation and effectiveness of the board diversity policy of each listed company.

### *Develop and promote STEM education for girls and young women*

134 Creating equity in technology education carries both opportunities for women as well as for society as a whole and remains an important need to research and implement effective, targeted policies that encourage women to pursue traditionally male-dominated technical fields. The Government should harness synergistic partnerships where possible to enable more girls and young women have greater technology access, schools to develop targeted new courses for the underprivileged, and incentivize businesses provide more opportunities for students upon graduation. Cross-sector, public-private support for groups such as First Code Academy and Women Who Code can help them reach wider audiences, while making the Government's dedication to STEM education more robust.

### *Implement more generous maternity and paternity benefits as well as family-friendly policies*

135 Following the implementation of the Employment (Amendment) Bill in 2019 that increases statutory maternity leave to fourteen weeks, AmCham recommends the Government to harness the momentum behind the amendment to make a further step forward to complement much-needed family-friendly policies, for example extending the existing five-day statutory paternity leave, or developing paid parental leave (which is distinct from maternity/paternity leaves).

136 It is now a global trend to give new parents more time to be with the newborn,<sup>20</sup> in view of the documented health benefits for a child who is breastfed, and also enabling parents build

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<sup>19</sup> MSCI – Women On boards – 2020 report – Released November 2020: [Women on Boards \(icdm.com.my\)](https://www.icdm.com.my/Women-on-Boards)

<sup>20</sup> UK: 39 weeks of leave at 90% pay; Sweden: 68 weeks of leave at 80% pay; Finland: 23 weeks (all parents); Denmark: 18 weeks at full pay and 32 extra weeks to be split between two parents; India: 26 weeks at full pay; Estonia: 20 weeks at full pay; Spain: 16 weeks at full pay;

stronger family bonding if they take time off to care for dependent family members, thereby increasing the resilience of the workforce in the long term.

137 Extending paternity leave would promote greater gender equity at home as new fathers take greater initiative in child-care tasks. It was also shown that fathers who are able to take longer paternity leave benefit from markedly improved mental and physical health.

138 AmCham continues to encourage employers to nurture a welcoming work environment for women returning from maternity leave.

***Take tangible steps towards reducing the gender pay gap***

139 The Chamber continues to urge the Government to reduce the gender pay gap. The reality remains that numerous senior positions in Government institutions and firms in the private sector lack the presence of women, which continues to contribute to the issue of the gender pay gap. Given this, AmCham strongly advocates that the Government implements active and direct policies to remedy this issue, ranging from the transparent publication of diversity and gender pay data, along with the implementation of gender-based affirmative action for employment in the public sector.