The American Chamber of Commerce in Hong Kong
Submission on the 2023 Chief Executive Policy Address
September 2023
Reasserting an International Hong Kong

EXECUTIVE SUMMARY

Positioned in the heart of Asia, Hong Kong is renowned as an international hub for trade, investments, financial services, commodities, and other commercial activities. Our strategic location and unique history have made Hong Kong a leading cosmopolitan and international city that is highly attractive to businesses. The Chamber appreciates the opportunity to present our members’ views to the Government on the Chief Executive's Policy Address. We seek a policy environment to strengthen Hong Kong’s competitiveness and secure its role as a commercial hub, a gateway to mainland China and the broader Asia-Pacific Region, and an international financial center. Below is a summary of AmCham’s recommendations in key areas:

1. Focus on “Two Systems” framework and its characteristics: AmCham members welcome the Government’s stated commitment to maintaining Hong Kong’s “One Country, Two Systems” governance framework. We encourage the administration to emphasize publicly the “Two Systems” – the city’s separate regulatory environment – with tangible examples of business-friendly regulation and increased governance transparency. The Government should seek to dispel lingering misperceptions and assuage remaining hesitancy among foreign investors about Hong Kong’s business environment. In particular, we suggest the Government set up a dedicated unit under the Financial Secretary’s Office to assess ramification of measures/policies that may potentially have an impact on the Two Systems, or international perceptions of the city.

2. Uncertainties surrounding application of the National Security Law: AmCham encourages the government to publish well-defined guidelines offering straightforward interpretations and applications of the National Security Law. The Government should seek to reassure the business community that laws related to Hong Kong’s national security will be applied narrowly and consistent with the principles of an independent judiciary. The business community needs clarity to operate and to preserve positive sentiment.

3. Talent attraction and increasing Hong Kong’s general competitiveness: AmCham members are concerned about challenges in attracting talent to Hong Kong. Members support policies and programs that stimulate workforce participation and attract new talents from overseas. Ongoing efforts such as the Office of Attracting Strategic Enterprises (OASES) should seek to attract a diverse and international business community to Hong Kong. To develop local talent, the Chamber advocates collaborations with the business community to promote career prospects, and any other efforts that would serve to retain and nurture local talents in various fields.

4. Trade & Investment: Hong Kong’s connectivity with Mainland China and regional trading blocs such as ASEAN are vital to the city’s economy. The Chamber advocates the pursuit of further trade liberalization policies to aid cementing Hong Kong’s role as a leading international trade transit hub, via expediting the entry to the Regional Comprehensive Economic Partnership (RCEP), acceding to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and explore opportunities to cooperate with or join the Digital Economy Partnership Agreement (DEPA).

5. Greater Bay Area (GBA): The Government should publish a White Paper on the Greater Bay Area, commenting on the following with specifics and clarity: structure of decision making and management of the GBA, immigration, mutual recognition of professional licenses and qualifications, financial flow, information flow, taxation, health care, education, transportation, assistance to SME and young people and foreign companies.
wanting to access GBA, and other details for people to take advantage of the GBA. These details are necessary to facilitate a business-friendly environment in the GBA and to attract investors and foreign businesses to Hong Kong looking to access the Mainland through Hong Kong.

7 **Education**: Education is paramount for effective talent attraction and retention. Aside from preparing and encouraging minorities residing in Hong Kong to participate in the workforce, AmCham highlights especially the importance and need for a strong and diverse independent, private, and international school market, and suggests several avenues for which the Government could improve the current international school system.

8 **Environment & Ecology**: With the Government more actively promoting a greener lifestyle, this submission suggests improvements to existing recycling schemes and measures. Apart from increased efforts to educate the public as well as improving electrical vehicle (EV) charging infrastructure, the Chamber believes that the Government could resolve, or at least alleviate, some pressing concerns on other issues such as recycling and its cost effectiveness in Hong Kong.

9 **Financial Services**: As Hong Kong returns to the international stage following its post-Covid reopening, the Chamber emphasizes the importance of maintaining and furthering our position as an international financial center. Particularly, to ensure that we stay ahead in the face of strong regional and international competition. AmCham proposes several areas that should be further developed and explored to support Hong Kong financial services, facilitated by bolstering ties with both the Mainland and the rest of the world. These would serve to demonstrate Hong Kong’s allure as an investment and financial hub, and a positive stride that would boost confidence in the city following a period of uncertainty.

10 **Innovation & Technology**: AmCham highlights the significance of focusing on the latest trends of technological advancements. As the world grows increasingly digitalized, we must keep pace to continue Hong Kong’s position as an international hub. Particularly, to fund and demonstrate sufficient interest and support for new startups and companies who seek to advance technology in Hong Kong. AmCham is thrilled to see what comes next for Hong Kong’s innovation and technology scene.

11 **Transport & Logistics**: Given its strategic location and its open port policy, Hong Kong has always been a prime location for transport and logistics, and a gateway between the East and the West. The industry has been slowly recovering from COVID-19 with aid from the Government, and there is still much to be done. This is equally an opportune moment wherein the Government could enact and introduce measures for the betterment of the sector to enhance it for the mutual benefits of both service providers and users alike.
# TABLE OF CONTENTS

I. GENERAL RECOMMENDATIONS ............................................................................................................. 5

II. COMMERCE AND ECONOMIC DEVELOPMENT .................................................................................. 7
   Hong Kong as a Regional Trade Hub ........................................................................................................ 7
   Support SMEs ........................................................................................................................................... 7
   Digitize Hong Kong's Supply Networks .................................................................................................. 8

III. CONSTITUTIONAL AND MAINLAND AFFAIRS ................................................................................ 9
   GREATER BAY AREA (GBA) ...................................................................................................................... 9
   Removing Impediments to the Free Flow of People, Goods, and Services Across the GBA ................. 9
   Create a More Transparent and Foreign Business Friendly Environment in the GBA .......................... 10
   Address Both the Interest In and Concern Over Data Connectivity within the GBA ............................ 11
   The GBA and Specific Sectors ................................................................................................................ 11

IV. CULTURE, SPORTS, AND TOURISM ................................................................................................... 12
   ARTS AND CREATIVITY ......................................................................................................................... 12
   Ticketing and Venues ............................................................................................................................... 12
   Government Subsidies ............................................................................................................................. 13
   East-West Convergence .......................................................................................................................... 13
   SPORTS .................................................................................................................................................... 14
   Promoting Sports in the Community ...................................................................................................... 14
   Supporting Elite Sports ........................................................................................................................... 15
   Maintaining Hong Kong as a Center for Major International Sports Events ....................................... 15
   Enhancing Professionalism in the Sports Sector ....................................................................................... 15
   Developing Sports as an Industry ........................................................................................................... 15
   Sports and the Sustainable Development Goals .................................................................................. 16

V. EDUCATION ............................................................................................................................................ 17
   Preparing and Encouraging Under-represented Minorities to Join Hong Kong’s Workforce .............. 17
   International Schools in Hong Kong ....................................................................................................... 17

VI. ENVIRONMENTAL AND ECOLOGY ............................................................................................... 20
   Recycling ................................................................................................................................................ 20
   Sustainability, Education, and Infrastructure .......................................................................................... 22

VII. FINANCIAL SERVICES AND THE TREASURY ............................................................................. 23
   FINANCIAL SERVICES .......................................................................................................................... 23
   Connectivity Between Hong Kong and the Mainland .......................................................................... 23
   Virtual Assets and Cryptocurrency ......................................................................................................... 24
   Data-Sharing and Cybersecurity ............................................................................................................. 25
   Sustainable/ Green Finance ..................................................................................................................... 25
   Hong Kong’s IPO Regime ....................................................................................................................... 26
   Improving Stock Market Liquidity .......................................................................................................... 27
   Family Offices ......................................................................................................................................... 27
INSURANCE .................................................................................................................. 28
Promote Health and other General Insurance in Hong Kong .......................................... 28
Support Talent Retention Policies in the Insurance Industry ........................................ 28
Reinforce Hong Kong as a Regional Insurance Hub ......................................................... 29

VIII. HEALTH ............................................................................................................... 30
Establishing Hong Kong as a Bio-Innovation Hub ............................................................. 30
Improving Access to Hong Kong’s Reliable Healthcare System ....................................... 31

IX. HOME AND YOUTH AFFAIRS .............................................................................. 32
WOMEN IN BUSINESS ................................................................................................. 32
Development and Promotion of STEM Female Education Programs ............................... 32
Betterment of Childcare Benefits and Arrangements ....................................................... 33
Proactive Protection of Women’s Mental Health ............................................................... 33
Reduction of the Gender Pay Gap .................................................................................... 34
Removal of Glass Ceilings ............................................................................................... 34
MINORITES IN HONG KONG ......................................................................................... 35
Incentives to Attract Domestic Helpers ........................................................................... 35
Advancing the Rights for the LGBTQ+ Communities ..................................................... 36

X. HOUSING AND DEVELOPMENT ............................................................................. 37
Review Hong Kong’s Land and Housing Supply Policies ................................................ 37
Stabilize the Residential Housing Market ...................................................................... 38
Improve Transparency in the Commercial Leasing Sector ............................................. 38
Guide Development in the Northern Metropolis ............................................................. 39
Address the Housing Needs for Incoming Talent ............................................................ 39
Pursue Sustainable Housing Development ................................................................... 40

XI. INNOVATION, TECHNOLOGY, AND INDUSTRY .................................................. 41
Adoption of e-HKD, and Regulating Crowdfunding ........................................................ 41
Growing Importance of Artificial Intelligence ............................................................... 42
Tech Ecosystem and Digital Trade .................................................................................. 42

XII. LAW ...................................................................................................................... 44
Arbitration ...................................................................................................................... 44
Artificial Intelligence ..................................................................................................... 44

XIII. TRANSPORT AND LOGISTICS ....................................................................... 47
Maintaining Competitiveness as an International Maritime Hub ..................................... 47
Ensure Continued Support for the Smart Port’s Development ........................................ 48
Develop Hong Kong into a Leading High-End Maritime and Logistics Services Market .... 48
Consolidating Hong Kong’s Position as an International Aviation Hub ............................ 48
Encourage Innovation Within Point-To-Point Transport Industry .................................. 49
I. GENERAL RECOMMENDATIONS

Following the political turmoil of the late 2010s and the COVID-19 pandemic, the city has seen a drastic change in the business landscape that the Chamber feels pertinent that the Government should comprehend. Below are some recurring themes and concerns this year echoing those of years past, and emerging topics this year, across various sectors as reflected by our members.

Recurring Themes & Concerns

Since our last submission, members have noted some continuing issues that the Government has yet to fully address. In particular, Hong Kong’s free movement of capital, information, and people, as well as a mass exodus within the city in favor for other countries has indeed called into question the viability of the city conducive for business growth and development, as well as long-term career growth and employment opportunities for local and international executives. A full restoration of Hong Kong’s reputation, therefore, is more than just about telling the “Hong Kong Story” – it is important that the Government start from within the city and simultaneously promote the city on the international stage.

International Perception of Hong Kong: AmCham urges the Government to place a heavier emphasis on the “Two Systems” as its attributes are what attracts people to Hong Kong, aside from its strategic location. We have seen many turbulences in Hong Kong society in recent years, many of which are no less publicized by foreign press. Such negative coverage, combined with the stringent COVID-19 restrictions, has left strong impressions that the Government prioritizes security above all else. Consequently, Hong Kong’s international outlook should be – and indeed must be – maintained so to retain businesses. Setting up business-friendly regulatory frameworks or real-life experiences, as well as increasing governance transparency, therefore, may prove to be key avenues in which the Government could demonstrate that Hong Kong has returned with force. Such tangible examples would also be crucial in reasserting Hong Kong’s stature as an international hub and reaffirming business confidence in operating and investing in the city.

Most importantly, AmCham believes that the Government must pay special attention to how measures and policies deemed necessary to preserve “One Country” may affect the “Two Systems”, such as the rule of law and freedom of expression. Indeed, the continuous focus and rhetoric in the name of national security and concerns on “foreign forces” have a negative knock-on effect on the overall presentation of a “welcoming image” for foreign businesses and tourism. We believe that to redress this, a new dedicated unit may need to be established directly under the Financial Secretary’s Office to review and examine government policies that might negatively impact the perception of the “Two Systems”. Particularly, the unit should focus on policies that would affect these attributes that foreign businesses and watchdogs hold to a high regard. This would avoid the predicament whereby the Government has to pull back any announced policies that perpetuate negative perceptions overseas.

AmCham recommends a careful balance between national and economic interests, by developing protocols to ease foreign operator apprehensions. Particularly, to curb attrition rate of experts and professionals stationed in Hong Kong to neighboring cities, the Government should provide clear incentives to retain them, starting with clear guidelines and how the Government interprets the law. Moreover, AmCham members reflected a wider governance issue, in particular, the lack of clarity and implementation guidelines in interesting and beneficial policy initiatives, making compliance increasingly complicated. This results in business anxiety that will likely to be reverberated not only within the city, but beyond, impacting foreign investors and their respective business decisions in Asia-Pacific, and potentially weakening Hong Kong’s competitiveness to neighboring cities, delivering an even bigger blow to the city’s recovering economy.

Talent Attraction and Hong Kong’s Regional and Global Competitiveness: To maintain our leading position in Asia in facilitating all manners of trade and the convergence between the East and West, Hong Kong must be constantly considering how to attract and retain talents and strategic enterprises. AmCham appreciates the Government’s efforts in this area with the establishment of the Office of Attracting Strategic Enterprises (OASES). However, noting that over 90% of the applicants approved through the Top Talent Pass Scheme were from mainland China, we firmly believe that the Government could devise more policies and programs to stimulate participation and attract a new and diverse pool of talent overseas such as South Asia, West Asia, South America, etc. in addition to North America, Europe and mainland China. In addition, considering that the latest results from OASES to attract enterprises seem to fall short of expectations, the Chamber recommends furthering partnerships...
with the business community such as trade associations and business chambers to strategize campaigns on presenting Hong Kong as an international business center, career prospects for local graduates and foreign talents alike, as well as amongst the youth, to nurture new talents.

With Hong Kong officially reopened, we would expect these challenges to be more apparent than ever, as reflected from, for instance, Hong Kong IPO listings dropping from 146 in 2020, to 97 in 2021, to 90 in 2022, and to 39 as of July 18, 2023. Nonetheless, the Chamber is highly confident in the Government’s abilities to resolve these obstacles, and we greatly encourage it to do so. By actively collaborating with all sectors to communicate and understand their points of views on what would work most effective to deliver results beneficial to all stakeholders, AmCham strongly believes that the Government would be able to maintain Hong Kong’s international competitiveness and redress our members’ concerns.

New Concerns

This year’s submission is written in a vastly different landscape owing to an increasingly digitalized world. While the Government encourages various research and development, it should also update policy imperatives that remain unclear, e.g., artificial intelligence. Members have expressed concerns that ambiguous regulations and stance causes anxieties that may otherwise turn investors and companies away from Hong Kong. AmCham encourages the Government to consider proactively their policy positions on emerging topics through consulting with the business sectors. Hong Kong must keep up with the latest advancements to ensure our competitiveness and reassure the wider business community of what Hong Kong has to offer. Please refer to “Innovation, Technology & Industry” and “Law” sections for detailed recommendations.
II. COMMERCE AND ECONOMIC DEVELOPMENT

AmCham is pleased to see the continued recovery of Hong Kong’s economy following the complete resumption of economic activities and cross-border travel. The Chamber urges the Government to capitalize on the current recovery momentum and pursue economic and commercial opportunities for Hong Kong in both the GBA and within the larger Asia Pacific region. AmCham looks forward to working together with the Commerce and Economic Development Bureau to further consolidate Hong Kong’s economic recovery, addressing the variety of issues faced by Hong Kong’s trading and commerce sector during this period.

This section will focus on some key specific areas:

- Consolidate Hong Kong as a regional trade hub
- Support SMEs
- Digitize Hong Kong’s supply networks

Hong Kong as a Regional Trade Hub

Hong Kong continues to be a regional trade hub of substantial importance, ranked by the WTO in 2021 as the world’s 6th largest economy in terms of merchant trade and 21st in terms of commercial services trade. However, the Chamber is concerned by the recent year-on-year decrease in the value of Hong Kong’s merchandise trade, with the value of total exports and imports of goods falling 11.4% and 12.3% respectively in July 2023.1

As one of the most externally oriented economies worldwide, Hong Kong’s external business networks with Mainland China and regional trading blocs such as ASEAN are a vital component of Hong Kong’s economic strategy. To ensure that Hong Kong retains a leading position on trade in goods and services, as well as on data governance, AmCham would like to see the Government pursue further trade liberalization policies. This would help consolidate Hong Kong’s role as a leading trade transit hub by further simplifying trade procedures such as customs clearance. To achieve this, the Government could consider the following policies:

- Expedite entry to the Regional Comprehensive Economic Partnership (RCEP): AmCham recognizes that the Government is closely monitoring relevant developments to join RCEP as soon as possible but would appreciate more urgency to secure Hong Kong’s entry into RCEP. ASEAN is Hong Kong’s largest trading partner behind China, entry to RCEP would facilitate greater economic recovery following the pandemic.
- Accede to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): With China’s formal application to join the CPTPP in 2022, Hong Kong should capitalize on this momentum and follow China’s lead. The CPTPP’s scope is uniquely suited to Hong Kong’s role as an international services hub, and accession would further remove impediments to the free flow trade.
- Explore opportunities to cooperate with or join the Digital Economy Partnership Agreement (DEPA).

Support SMEs

Although the Government has in the past clearly articulated their support for Small to Medium Enterprises (SMEs), AmCham would like to once again highlight the significance of SMEs to Hong Kong’s economy – accounting for 98% of enterprises and employing 46% of the private sector workforce.2

Government funding schemes for SMEs and SME information centers are certainly welcome policies, but AmCham believes that SMEs in Hong Kong continue to face serious challenges that deter greater growth rates – lack of access to financing and capital, high cost of doing business in Hong Kong, strong competition, and

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technology application. To create an even more welcoming business environment for SMEs, the Government could consider the following policies:

- Collaborate with regional economic partners to enhance regional support for SMEs: The Government could seek trade agreements which enhance trade and investment opportunities for SMEs across both parties.\(^3\)

- Promote gender equity in the business environment by supporting women-owned and led SMEs: Women are less likely to be employers than men by a 1:3.5 ratio, and women owned businesses tend to be smaller and have lower growth rates. The Government should explore financial schemes, such as tax incentives or subsidies, for women-owned businesses.

**Digitize Hong Kong's Supply Networks**

In light of the supply chain disruptions caused by the pandemic, AmCham members believe that the Government should promote efforts to effectively manage supply risks by digitizing Hong Kong’s supply networks. Digitization helps keep supply chains resilient and robust, allowing for a greater degree of business confidence. As Hong Kong looks to reaffirm its status as a regional trade hub, steps by the Government showing support for digitizing supply chains would serve to reinforce international optimism towards Hong Kong as a destination for firms.

In this regard, the Chamber encourages the Government to support the global initiative on digital labeling. Labeling has always played a fundamental role in the smooth functioning of modern-day supply chains – from inventory management to product details, shipping, and tracking. Beyond its importance in supply chain management, proper labeling also empowers consumers, more of whom are becoming increasingly conscious of the goods that they consume. As such, regulatory reform is greatly needed in this area to ensure that labeling practices remain up-to-date, efficient, and sustainable. AmCham believes The Government could consider the following:

- Review/Amend local regulation to allow for the full adoption of digital labeling solutions. This could involve QR codes or other digitally enabled tools, which would allow for greater traceability, transparency, and accountability.

- Provide financial or tax incentives for companies to reduce the excessive amounts of labeling tapes and tags currently used by the industry.

\(^3\) On this, the Government could consult sections detailing support for SMEs in the AIT-TERCO Trade Agreement.
III. CONSTITUTIONAL AND MAINLAND AFFAIRS

GREATER BAY AREA (GBA)

1 AmCham firmly believes that much of Hong Kong’s potential for future growth lies within the GBA. Hong Kong’s status as an international hub has cultivated a model of development based on the rule of law, free flow of capital and other international best practices, traits that make Hong Kong particularly well suited to take the lead in internationalizing the GBA. Across almost every sector – from logistics to wealth management, AmCham members continue to be deeply interested in the opportunities that the GBA offers to Hong Kong businesses.

2 However, AmCham’s 2023 Business Sentiment Survey has identified some concerning trends for growth prospects within the GBA over the next several years. Despite an increase in the number of businesses (within the membership) operating in the GBA, sentiment on business prospects within the GBA slightly worsened over the same period, with business optimism dropping by 7%. While not by an alarming margin, fewer companies plan to expand operations in the GBA, while a growing number have indicated a desire to scale back operations. AmCham has noticed several challenges emerge as particularly salient concerns for these companies: Licensing and permitting, shortage of talent, foreign exchange controls and data privacy laws all represent areas of worry for AmCham members, while apprehension over policy and regulatory uncertainty ranks consistently and considerably higher than every other issue.

3 AmCham recognizes and appreciates the Government’s responsiveness to business concerns on these matters, most notably with the complete removal of cross-border travel restrictions. The Chamber also welcomes the Government’s active engagement with other GBA administrations through various initiatives and schemes attempting to further integrate Hong Kong with the rest of the GBA’s financial, healthcare and data network. AmCham looks forward to closely collaborating with the Hong Kong Government to ensure the development of a world-class GBA, in line with the central Government’s national strategies.

4 This section will focus on some key specific areas:
- Removing impediments to the free flow of people, goods, and services across the GBA
- Creating a more transparent and foreign business friendly environment in the GBA
- Addressing both the interest in and concern over data connectivity within the GBA
- GBA and specific sectors

**Removing Impediments to the Free Flow of People, Goods, and Services Across the GBA**

5 To strengthen Hong Kong’s position within the GBA, AmCham urges the Government to more closely integrate Hong Kong into the GBA through easing the cross-border flows of the factors of production, involving everything from goods and services to professional talent. In this regard, the Chamber appreciates the Government’s recognition of the importance of further enhancing cross-border connectivity. Thanks to the Government’s decision to completely reopen the border in February of 2023, business travel and individual tourism have both begun to gradually recover, albeit slower than expected.

6 AmCham recognizes the success of past government policies in improving the efficiency of cross-border people flows for Chinese nationals. However, such measures have largely neglected the significant expat population residing in Hong Kong, many of whom have business interests in the GBA. Since 2018, Hong Kong residents who are Chinese nationals have been allowed to travel and work in the GBA without needing to apply for any work visas, needing only a Mainland travel permit (回鄉證). On the other hand, others, including non-Chinese permanent residents (“others”) in Hong Kong are ineligible for a Mainland travel permit despite being permanent residents and must apply for work visas to do business in the GBA.

7 Similarly, although cross-border travel for Chinese nationals has continually been made more efficient through technological advancements, the process remains slow and awkward for many of these others in Hong Kong, as they are unable to go through e-Channels and must travel through regular immigration clearance. To further internationalize the GBA and expedite the clearance process, AmCham recommends that the Government consider the following:
• Consult with GBA city administrations to enable visa-free travel and work within the GBA for non-Chinese nationals possessing permanent residents’ status: The Government could create ‘GBA travel cards’ for these permanent residents in Hong Kong, basing such a policy off the existing APEC Business Travel Card (ABTC) Scheme, which allows for visa-free stay of 2 to 3 months in member cities.

• Extend e-Channel services at HK-Mainland immigration control points to those holding the aforementioned ‘GBA travel cards’: Such e-Channels are currently available to certain foreigners – those who frequent the GBA and those who are Mainland permanent residents but remain unavailable to non-Chinese national permanent residents of Hong Kong.

Having ranked 9th on the 2019 World Economic Forum's Global Competitiveness Report in terms of the efficiency of the customs clearance process, Hong Kong has certainly proven its ability to efficiently facilitate cross-border flows of goods. Building upon well-established practices such as Hong Kong’s Authorized Economic Operator (AEO) Program and the Single E-lock scheme (SELS), AmCham strongly encourages the Government to continue pursuing innovative methods of improving custom clearance procedures. For example, the Government could:

• Explore the creation of a bonded zone between Shenzhen and Hong Kong to facilitate smoother cross-boundary land cargo flows. This would involve creating an international oversight center and eliminating customs checks from goods arriving from Hong Kong and the GBA within the bonded zone.

AmCham applauds the Government’s focus on easing cross-border flows of professional talent, with recent efforts in exploring innovative immigration clearance arrangements for I&T Talent within the San Tin Technopole. In addition, the Government may consider simplifying the process of emigrating for professional talents who move into the GBA. In this regard, the following could be considered:

• Allow for the mutual recognition of certain professional qualifications without any examinations to avoid challenges of dual licensing, where professionals need to attain additional licensing or certification to provide services across the border. Certainly, legal professional services would require an examination to ensure familiarity with Mainland laws given the differences with Hong Kong basic law. However, Hong Kong is well known for the high quality of its professional services based on international best practices, and as such services related to engineering, accounting or medicine could easily transfer to a GBA setting without the hassle of additional examinations.

• Expand the scope and number of vocational industries involved with the “one examination, three certifications” scheme. Currently the scheme only includes electrical repair works, beautification, and the hairdressing industry.

Create a More Transparent and Foreign Business Friendly Environment in the GBA

Despite the Central Government’s efforts to attract and retain Foreign Direct Investment (FDI), it has dropped 3.3% over the past year, indicating a shift among overseas investors who increasingly view Mainland environments such as the GBA less attractive to foreign investment than other destinations in Asia. Many of our members have recounted issues with setting up businesses in the GBA, citing among other difficulties such as the lack of linguistic support for non-Chinese speakers, as well as the lack of transparency in GBA policy and regulation.

These informational discrepancies severely hamper not just the ability of SMEs to tap into the GBA market, but also impacts the ability of talent to relocate into the GBA. Of the Hongkongers who took part in the Government’s 2021 Greater Bay Area employment scheme, nearly 70% have either resigned, are planning to quit or have received no return offers. Of these, several were deterred by unfamiliar tax and subsidy arrangements in the GBA, while many had inadequate information on expected salaries.

AmCham acknowledges policies such as the establishment of Greater Bay Area Development Promotion Centre in April 2023 as positive steps in the right direction and is hopeful that the Government will continue to address any informational concerns business and individuals may have. Creating a foreign-business friendly environment in the GBA is essential if the GBA is to fully internationalize. Policies to do so could include the following:
• Foster greater communication and cooperation with other GBA city administrations. Debottlenecking and homogenizing the bureaucratic processes of setting up in the GBA may reduce policy and regulatory uncertainty by providing a single direction for GBA policy.

• Improve the clarity of GBA information centers. Online information portals such as the GoGBA website either do not contain all the prerequisite information needed by SMEs to facilitate a smooth set-up in the GBA, or the information is not presented in a clear and concise manner. All information should be consolidated in one site and should be updated to include English translations for foreign companies, as well as expand the scope of its cross-border tools.

Address Both the Interest In and Concern Over Data Connectivity within the GBA

AmCham members are excited about the opportunities created by enhancing cross-border data connectivity and welcomes the Government’s recent signing of a memorandum with the Cyberspace Administration of China (CAC) making cross-border data transfer easier within the GBA. Improving cross-border data connectivity and easing data transfers could potentially allow Hong Kong to develop into not just a regional data hub linking Mainland China with the rest of the world, but also consolidate Hong Kong’s position as a leading financial, innovation & technology hub.

However, members also recognize the inherent difficulties and dangers of too closely integrating Hong Kong into the Mainland's data network. In light of a series of major data protection laws introduced by the Central Government in recent years, several think tank reports have labeled Mainland China as the most data restrictive country in the world. Given the negative views of the data environment in Mainland China, some have raised concerns that being folded into a data sharing agreement with the Mainland would alter perceptions of Hong Kong as a destination for foreign data companies.

The Chamber supports further efforts to further data connectivity between Hong Kong and the rest of the GBA, but also urges the Government to proceed with caution, continuing to provide clear information on further actions to businesses and deliberating closely with relevant stakeholders. For more specific recommendations concerning data connectivity, please refer to the Financial Services & the Treasury section of this submission.

The GBA and Specific Sectors

While the above three points touch upon concerns about the GBA widely held by the general business community in Hong Kong, AmCham also recognizes that specific business sectors may have diverse and specific needs concerning their unique operations in the GBA. Outlined below is a summary of each of the sector-specific policy recommendations with regards to the GBA:

• Healthcare: The GBA should be leveraged to establish Hong Kong as a bio-innovation hub, building upon Hong Kong’s strategic location and medical connection with the GBA to attract innovative healthcare companies to establish themselves in the city.

• Insurance: Promote greater integration of Hong Kong's insurance infrastructure and market with those of GBA cities, capitalizing upon the huge unmet demand for insurance cover in the GBA cities with lower insurance penetration.

For detailed policy recommendations regarding each of the sectors, please refer to the corresponding sections in this submission.
IV. CULTURE, SPORTS, AND TOURISM

ARTS AND CREATIVITY

Hong Kong has always been an international cultural hub in Asia. The inopportune arrival of the pandemic however might have changed this and impacted the local cultural scene. With pandemic measures lifted and Hong Kong reopened, the Chamber believes that the Government should put in increasing efforts to boost the city’s tourism to pre-Covid levels while supporting its own arts and cultural scene. In particular, it is hoped that there will be a concrete action plan to address the following areas:

- Ticketing and venues
- Government subsidies
- East-West convergence

Ticketing and Venues

It has been noted that it can often be very hard to purchase a concert ticket in Hong Kong. Very often, if the ticketing site is not crashed, scalpers would have robbed fans the opportunity to see an artist’s live performance. AmCham greatly appreciates the Government’s continued efforts in anti-touting and revamping the Urban Ticketing System (URBTIX) to enable speedier purchase and protect consumers. Further reform should take place as an improved ticketing system capable of handling increased internet traffic and stricter regulations can facilitate and host larger international events. To this end, the Government could:

- Reform URBTX comprehensively to accommodate the increased online ticketing traffic that comes with Hong Kong’s return to the international stage, as well as measures before queueing to deter scalpers.
- Amend current scalping regulations. Recent complications vis-à-vis ticket scalping in light of concerts by K-Pop artists whereby tickets are resold at over 22 times the original value meant that existing anti-touting regulations are simply insufficient to stop this phenomenon.
- Set up a hotline to report and an according database to record any proven scalping behavior. This would be a tangible first step to a firmer anti-tout attitude that would be best beneficial to the wider society.

AmCham congratulates the Government in opening the M+ Museum, the West Kowloon Cultural District, and the imminent opening of the Kai Tak Stadium. We believe that these developments are paramount in enhancing Hong Kong’s local art and cultural scene, as much as they will be attractions and venues for international events and exhibitions. As such, the Chamber believes the Government should:

- Develop Hong Kong into a renowned hosting city that international artists make pitstops at for their world tours. As Asia is not interconnected by rails or roads the same way Europe and America is, well-known touring artists generally makes fewer pit stops in Asia. If Hong Kong could be a pitstop for any Asian tours, it would draw tourists and fans specifically flying to the city to see the artist, thereby boosting local economy and tourism.
- Streamline the process of event organizations in Hong Kong stadiums to make Hong Kong a more appealing pitstop for touring artists. A survey could be sent out to organizers and touring artists on the top pain spots that turns them away from making a touring pitstop at a city and see if there are areas for improvements that are applicable to Hong Kong.
- Work with concert promoters and organizers to make Hong Kong more visible on the international stage as a touring host city for international artists. If there are active collaborations or even discounts on venue rentals for 2024 to 2025, it might be more attractive and appealing for artists to perform in Hong Kong.

Government Subsidies

AmCham greatly appreciates the Government’s investments in Hong Kong’s art development. We recognize the significance of having these policies in place to aid the development and perseverance of art groups in Hong Kong. The various provisions of subsidies to aid artists and companies are of great importance to help them further enhance and develop their own artistry. To better facilitate this process and maximize the impact of subsidies, the Chamber would like to suggest the following:

- Set up a tiered allocation system to enhance effectiveness and allow equity in funding and allocation of space. A research paper for the Legislative Council highlighted similar issues – in that with the funding system having been mostly unchanged in 2007, and that proportionate fund distribution to all groups regardless of their sizes – have demonstrated a need for reform to ensure that art groups are best monetarily and otherwise supported by the Government. This would create a much more conducive environment for arts to thrive in Hong Kong.

- Incorporate performance records, reviews etc. other key performance indicators (KPIs) into the existing requirements to set up benchmarks as guidance for subsidy allocation and as incentives for artists/performing company’s quality. This also encourages better management and performances from artists and companies so that their score would increase accordingly, thus attain better and longer periods of venue rental and a higher allowance for their subsidies. Such meritocratic method would promote a healthy competition and provide stronger incentives for art groups to do well, and thus become more respectable, or even breaking through to an international stage.

- Rename subsidies or amend subsidy purpose. The Chamber expresses excitement in the Government’s program to nurture new talent as we believe similar programs will be very beneficial in incentivizing artists develop their artistry and people to break into the field. However, AmCham believes that certain schemes and subsidies should be renamed to demonstrate that these functions as “seed money” to help artists and productions, rather than specifically allocating a price tag for their arts. Particularly, if wrongly interpreted, it may create a vicious cycle of reliance on government funds for art programs, and a lack of outside private capital into arts and culture to promote arts in similar ways (e.g., Broadway).

East-West Convergence

AmCham believes that there should be more efforts in inviting renowned artists to visit Hong Kong and host special exhibitions, especially in light of new and equipped venues like the M+ Museum that can provide the ideal venues for art exhibitions. Hong Kong should also seek to collaborate with not just the Mainland museums, but also international art museums to loan art pieces to further develop Hong Kong’s own cultural and arts scene. The Government should also continue to facilitate the local art scene by cultivating new talents and ensure that the arts scene in Hong Kong is sustainable. Cantonese Opera, for instance, would be a defining character of Hong Kong history, culture, and tradition, can Hong Kong truly stand out amongst other Asian and Euro-American cities. To truly export the Hong Kong Story to a wider audience, the Chamber believes that there needs to be first a focus on emphasizing the native cultures within the city – from its architecture, language, food, and to the

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5 Charlie Lam, Legislative Council Secretariat, Funding support for arts groups, June 12, 2020, https://www.legco.gov.hk/research-publications/english/essentials-1920iss09-funding-support-for-arts-groups.htm


various written, visual, and performing arts – that really reflects the change from pre-colonial, colonial, post-colonial, and post-Establishment Day periods.

Simultaneously, the Chamber also suggests promoting the Hong Kong Story by increasing the exposure of the different artists, and to launch more global campaigns to maximize the reach of Hong Kong’s art scene. We believe the Government could:

- Provide financial incentives and encourage corporate sponsorships to promote arts and culture in Hong Kong. This addresses some members’ concerns on how an artist company may not have the necessary resources to facilitate strong and international campaigns to promote artists and new pieces.
- Annually select several artists to be promoted with government subsidies overseas. This could be done so by first selecting artists based on merit and the uniqueness of their arts in Hong Kong to ensure that they would be fit to represent Hong Kong’s culture and character. The selection committee should be made up by those who have deep understanding of art in Hong Kong, and those who are prominent members of Hong Kong’s art community across various art forms.

As Hong Kong reopens, the Chamber believes it also to be in our best interest to repair relationship with big filming studios who might have been deterred to shoot on-location in the city as a result of the public backlash in 2021 in Nicole Kidman’s visit to Hong Kong. More importantly, the Government should also seek to promote Hong Kong as a filming location for upcoming blockbusters.

**SPORTS**

AmCham applauds efforts in recent years to develop Hong Kong as a host city for international events. With the relaxation of COVID-19 policies, the Chamber is excited by the potential of the Government’s new Culture, Sports and Tourism Bureau to develop more relevant and coherent policies to boost the sports and events sectors.

This section will focus on some key specific areas:

- Promoting sports in the community
- Supporting elite sports
- Maintaining Hong Kong as a center for major international sports events
- Enhanced professionalism in the sports sector
- Development of sports as an industry
- Sports and the sustainable development goals

**Promoting Sports in the Community**

Building upon the impactful efforts of the Culture, Sports, and Tourism Bureau (CSTB), fostering cross-bureau collaboration holds immense potential in creating a robust sports ecosystem within the community, especially to tackle the issue of lack of sports facilities. To realize this vision, the Government can consider the following actions:

- Collaborate with the Home and Youth Affairs Bureau to make active use and facilitate coordination between LCSD and the District Councils to kickstart this ecosystem. The Chamber advocates for the launch of a pilot scheme that would allow sports organizations to use specific facilities as their "home base", namely District Sports Centre program. This would help attract youths and their families to start participating in sports from a young age and develop new social circles while honing their sporting skills. This could help resolve other bureaucratic/ logistics issues. We suggest that the District Sports Centre program be piloted in 2 to 3 districts to measure success and progress.
• Collaborate with the Health Bureau to implement Primary Health initiatives, utilizing the District Health Centre approach to establish community hubs dedicated to exercise and sports programs. By working together, we can create accessible and inclusive spaces where individuals can engage in physical activities, promoting both physical and mental well-being within the community.

**Supporting Elite Sports**

12. With an ecosystem in place, young talents will have more flexibility to realize their sporting potential instead of having to bounce back and forth between their extracurricular and academic obligations. AmCham suggests the Government to:

- Set frameworks/guidelines for schools, including establishing dedicated specialist teachers, to allow more academic and educational flexibility for students with potential to be professional athletes. This helps schools to grant students more leeway in how they could balance overseas competitions, training, and schooling, without necessarily always having to sacrifice one thing for the other. This, combined with possible sports scholarships, might be most beneficial in encouraging more students joining sports academies or finding avenues to develop themselves as young talents.

- Adjust the sports-to-academic ratio in primary school or have one extracurricular activity as sports-related so that these activities are coached by local sport clubs or NGO mandatorily. This creates a healthy cycle of incorporating mandatory sports into the lives and habits of the younger generation, which feeds back to promoting sportsmanship and nurturing young talents.

**Maintaining Hong Kong as a Center for Major International Sports Events**

13. AmCham appreciates and supports the Government’s keenness to promote sports through hosting mega events. There is, however, a concern in the execution of such programs as current world events is usually staged over a 4-year cycle, with planning taking place usually 2 years ahead of time. To address this, the Chamber suggests the Government to actively assess the structures and policies for staging various world-level competitions and use those as a timetable to plan for Hong Kong to bid as a host city.

**Enhancing Professionalism in the Sports Sector**

14. The Chamber welcomes the SF&OC’s support in providing the dashboard of governance standards and ICAC framework on Best Practice Reference. We believe that ensuring professionalism within NSAs on areas such as organizational standards are critical to facilitate and streamline collaboration between associations and the government and leads to better management. AmCham suggests the Government to:

- Provide sufficient funding to NSAs. The varying sizes and scopes of NSAs means that, for some, funding may not be enough to evolve and grow. This can create a vicious cycle of limited funding leading to poor management and stagnation.

- Incentivize organizations to pursue better management and governance in accordance with the Better Practice Reference for Governance. This would also help standardize the structure of NSAs and make them more streamlined.

**Developing Sports as an Industry**

15. Research has found that about 1 in every 7 people in Hong Kong develop a common mental disorder in their lifetime.⁹ With clear links between improved mental health and physical activities,¹⁰ active promotion of and

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¹⁰ Felipe Barreto Schuch, and Davy Vancampfort, “Physical Activities, exercise, and mental disorders: it is time to move on,” *Trends Psychiatry Psychother* 43, no. 3: 177-184, [https://doi.org/10.47626/2237-6089-2021-0237](https://doi.org/10.47626/2237-6089-2021-0237).
involvement in sports is very important for the betterment of the general wellbeing of Hong Kong citizens. The Chamber advocates to:

- Grow sports as an industry. With sports participation levels boosted under the policy recommendations outlined above, there will be a higher city-wide demand for sport equipment, products, and services, particularly amongst youths and students. It therefore follows that the industry would benefit from an annual SportsExpo (akin to the Hong Kong Book Fair) to promote, sell, and introduce sportswear, sports products, services and companies to the public.

**Sports and the Sustainable Development Goals**

Presently, Hong Kong’s regulators are mostly focused on the “E” in ESG, and in the financial sector. While the Chamber welcomes these policies, it also feels that given ESG’s possible application beyond environmental issues, the current climate offers an opportune moment for the Government to find new avenues to encourage corporations to invest back into Hong Kong sports, or to increase social mobility and equality in sports. We suggest the Government to:

- Take advantage of the multiple access points for ESG in sports e.g., supply chain, internal governance structure, production of waste products, contributing to society by financing environmental improvements through green finance and/or by financing local efforts that promote inclusivity and equality in sports.

- Align proactive ESG strategies for corporate key performance indicators (KPIs). As many companies at the present are disincentivized to partake in ESG having believed that it is costly, financial incentives e.g., tax relief would be crucial in demonstrating to companies that partaking ESG is profitable.

- Provide a clear and new guideline for an ESG framework for the industry, like the current system in place for the financial sector. This encourages companies to internally review and devise their own ESG policies based on governmental instructions instead of having to rely on an external source.

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12 Peterdy, “ESG.”
V. EDUCATION

Hong Kong is open for business. Business and commerce in a world city rely on talent being attracted to and retained in all aspects of the business community, where a strong, diverse independent, private, and international school market is a key factor. For Hong Kong to take advantage of its well-positioned geographic and political position at the center of Asia, it must support its education sector at this critical juncture.

In addition to the enhancement of affective curriculum to encourage non-academic career paths such as sport, and encouraging the development of programs for girls in STEM and educational programs to enhance mental health (to be discussed later), this section will focus on some key specific areas:

- Preparing and encouraging minorities participation in workforce
- International school places in Hong Kong

Preparing and Encouraging Under-represented Minorities to Join Hong Kong’s Workforce

Currently, non-Chinese speaking Hong Kong students are streamed into separate Chinese language classes from their Chinese Hong Kong student classmates and often graduate with only an elementary knowledge of Cantonese and little or no knowledge of Mandarin. Less than 20% of job vacancies advertised online in the city do not require Chinese language skills. Without these language skills, non-Chinese speaking Hong Kong students do not meet one of the basic requirements for many jobs in Hong Kong. Given that non-Chinese speaking Hong Kongers (not including domestic workers) represent approximately 4% of the population of Hong Kong, in a jurisdiction suffering a shrinking labor force, Hong Kong simply cannot afford to have this segment of the Hong Kong population not prepared to enter all sectors of the workforce.

While AmCham appreciates the Hong Kong Government’s efforts in providing additional funding to enhance the Chinese-language teaching programs for ethnic minority students and introducing the “Chinese Language Curriculum Second-Language Learning Framework” (the “Framework”) in 2014 for non-Chinese speaking students to gradually join the mainstream Chinese language classes, we believe that more must be done as since the framework was developed, non-Chinese speaking students continue to graduate with a very limited knowledge of Chinese. AmCham recommends that the Government actively consider the following:

- Establish a target that all Hong Kong students in public schools should be fully fluent in both spoken Cantonese and Mandarin and professionally proficient in written Chinese upon graduation from secondary school, including second language learners.

- Early immersion in Chinese brings about high levels of language proficiency, allowing students to follow the mainstream curriculum along with other Chinese-speaking classmates as they progress through Hong Kong’s education system. Although the Hong Kong educational system has its own unique characteristics, we believe that Hong Kong can learn from the experience of second language learning programs in other jurisdictions that have been successful in mainstreaming students who arrived at school speaking only a foreign language.

- Provide additional support to current ethnic minority students in boosting their Chinese language capabilities. A full-fledged curriculum, and not merely a framework, should be immediately developed and rolled out to meet this new target. AmCham suggests that the Government provide summer school immersion training programs in Hong Kong to these students to enable them to increase their Chinese language ability and provide financial support for the best students to attend summer immersion programs in a Mandarin language environment in China.

International Schools in Hong Kong

The international school sector for students from early years through age 18 plays a vital role in supporting the business community and Hong Kong as an international city. However, the Hong Kong Government’s role in regulating the private school sector is decidedly unusual in that free markets allow school quality and services and thus demand to be determined by parents. This results in mismatches in supply and demand, has created an unlevel

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playing field subject to bureaucratic decision-making, and puts Hong Kong’s international schools at a disadvantage when compared to schools in competing cities. International school place shortages in the early 2000s led to strong reactions from Chamber members who were unable to relocate talent to Hong Kong along with their families. The Government responded to these shortages, as measured by the 2012 Survey of international school places, with School Allocation Exercises (SAEs) allocating vacant school and greenfield sites for development of international primary places. Despite the 2017 Survey of international school places showing the benefit of these allocations coming on stream, the need for continued forward planning did not drive needed action by the Government. International spaces for foreign students are extremely tight in the current and upcoming school year, and once again retention and attraction of business and professional talents is a significant challenge for Hong Kong as a world city.\footnote{By 2022/23, the projected total supply and the projected demand (i.e., sum of projections based on enrollment and waiting list) at secondary level would be in balance. The ratio of projected demand to projected supply will be around 100%, vis-à-vis the actual fill-up rate of secondary international school places as a whole at 88.5% in 2015/16. https://www.edb.gov.hk/attachment/en/aboutedb/publications/stat/research-report-abstracts/report_annex_201502.pdf}

Since the early 2000s, there have been changes in policies resulting in a reduction in flexibility towards and differences in regulatory approaches with international schools. While the latest change to establish the Infrastructure, International School, and Statistics Division (IISSD) as the day-to-day regulatory arm for all international schools is a huge step forward, and a clear positive response to requests from various Chambers, there remain a number of concerns around how to encourage further growth and retain the existing world-class institutions, and encourage innovative development:

- Impact of regulatory inflexibility in the international school sector on the Hong Kong business community.
- Lack of response to changing demands for international school places and indiscriminate decision-making when dealing with schools and their contractual obligations.
- Recurring negative media coverage about international school places.
- Policy position on the increasing number of local students in international schools and the importance of school choice to international business to a stable local workforce.

To redress the above listed challenges, the Chamber recommends the Government allow private schools to operate in a more market-driven and responsive environment to meet the fast-changing needs of Hong Kong’s international communities, in a similar manner to Hong Kong’s tertiary institutions. This would improve the efficiencies in the education sector in terms of quality and price, enhance the breadth of education offered, allow the government bureaucracy to shift the role of the Education Bureau (EDB) from regulator to partner with international schools; and better focus on the academic and mental health of the students in the public-school sector over which the EDB is the accreditor. AmCham believes the Government should adopt the explicit mandate of supporting a strong and vibrant international school ecosystem:

- Deregulate the education sector by exempting all private and international schools from the Education Ordinance, similar to the tertiary education sector in Hong Kong in the manner of other free markets. This would allow exempted schools to set operating plans based on institutions’ own risk assessment to open, close, run classes/exams, lunches, approach to learning activities, etc. based on its assessment of facilities and needs of its community, independent of EDB’s decisions for local schools’ operations and schedules. This would avoid the arbitrary regulation of international schools,\footnote{An example of which is the separation of international schools into “Kindergarten” and “Primary/Secondary” sections, with the Education Bureau’s Regional Education Offices retaining regulatory authority over the early years programs while other international schools have the entire school regulated by the new IISSD.} and enables international schools to set and charge market-based fees to meet the diverse needs of talent in Hong Kong, allowing exempted schools to determine strategic investment needs for the marketplace.
- Set a framework/guideline requiring the Government to initiate evaluation and forward planning to create needed additional international school places when the threshold of 80% occupancy rate of international places is forecasted to be reached industry-wide at any time in the following five years, with reference to supporting existing schools established under an SAE. This would ensure Hong Kong is ready to support professional talents making Hong Kong their long-term home, and would clarify the Government’s goal and direction for all departments to work together to avoid such situations as ignoring the clear projection of the secondary sector reaching 100% of capacity by 2022/23. AmCham encourages the Government to work with...
the international community to better understand and include all schools that international community parents consider “international,” regardless of EDB’s historical classification.

- Establish a framework for appeal to better support School Operators which are awarded by the School Allocation Committee (SAC) a premise in an SAE’s competitive bid process, or with a Service Agreement. This will ensure that:
  
  - School Operators which have been so vetted for quality have the ability to act more flexibly and responsively to changing market needs.
  
  - There is a mechanism to support the continued offering of quality international school places by the selected School Operators, should School Operators and the EDB disagree on interpretations of contractual obligations; or the EDB fail to respond to applications from the School Operator to modify the School Development plans upon which the Service Agreement is based in response to changing needs of parents.
VI. ENVIRONMENTAL AND ECOLOGY

Hong Kong has been making way to implement more environmentally friendly and inclusive policies. The Chamber welcomes the Government’s proactive and determined attitude in devising various schemes to ensure that Hong Kong becomes a “green” and inclusive society. There are however certain areas that we believe have room for improvement.

This section will focus on two key specific areas:

- Recycling
- Sustainability, education, and infrastructure

Recycling

AmCham supports the Government’s current efforts in encouraging citizens’ participation in recycling. We encourage further actions to be taken to ensure that recycling becomes increasingly integrated into Hong Kong citizens’ everyday life. There are thus several tangible and actionable proposals that we would like the Government to consider.

The Chamber encourages the Government to take a more active position in promoting, facilitating, and nurturing Hong Kong’s battery recycling scene. Currently, the lead acid battery recycling facilities in Hong Kong are underutilized. Hong Kong has a surging number of electrical vehicles (EVs) which will soon require battery replacement, yet lithium-ion battery recycling facilities do not exist in Hong Kong. To better the environment and to keep up with the milestones the city has made in becoming green, the Government should consider to:

- Update current battery recycling and disposal policies. As Hong Kong has more electric vehicles (EVs) in circulation, the Government should plan to deal with the disposal and recycling of EV batteries at an estimated 6,000 tons in 2026. China is currently dealing with this issue, and we believe the Government could preemptively deal with this before the first wave of EV batteries have to be replaced.

- Look for other avenues for exporting waste batteries. Currently, about 12,000 tons of waste batteries are exported from Hong Kong annually to overseas for disposal. However, with other countries continually strengthening their environmental requirements and the additional greenhouse emissions that come with shipping, this option is neither viable nor sustainable. The Chamber recommends the Government to either build a long-term facility to dismantle and crush batteries or collaborate with Mainland officials to relax their ban on battery imports so they could process the city’s waste batteries.

- Collaborate with Mainland to make full use of their growing recycling industry. With China accounting for 77% of EV battery-recycling capacities in Asia, AmCham believes that Hong Kong should seek cooperation and bilateral agreements to secure a direct pathway for EV battery-recycling in Mainland – and potentially in other areas of batteries as well – which would facilitate an expansion of the current Rechargeable Battery Recycling Program (RBRP) to other types of single-use batteries.

- Establish connections between battery suppliers, EV vendors, and recyclers. Similar approach in China have been adopted to ensure future supply of key battery materials. This will also facilitate and simplify the process of battery replacement and recycling which benefits potential EV buyers. Given the much higher cost to recycle EV batteries than exporting them overseas at the present, this incentivizes buyers to send their waste batteries to Mainland recycling facilities.

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21 Ng, “EV battery.”

22 The illegality of retired EV batteries import into Mainland China leaves the only resort to replace battery is to tow the vehicle across border to swap spent batteries with new ones. This drives up the cost than paying licensed firms to export them. See also Ng, “EV use on the rise.”
EVs for battery replacement instead of disposing of them. The lifecycle carbon footprint of EV could also be reduced with these recycling initiatives.

- Promote lead-acid battery recycling and make full-use of existing battery-recycling facilities in Hong Kong. About 95% of batteries by weight are lead-acid batteries in transport, and as backup batteries in EVs. As lead-acid batteries can be recycled without environmental damage, in some countries e.g., America, recycle rate of lead-acid batteries can be as high as 99%, making it the most sustainable battery chemistry on the planet. However, Hong Kong’s own Battery Recycling Center in Eco-Park is severely underused. The Chamber believes that the Government should educate the motor industry and enforce stricter regulations on battery recycling so that these facilities could be used to their full potential.

The Chamber welcomes the Government’s determination to push for local and bottom-up recycling efforts through programs such as GREEN@COMMUNITY. We believe that such a program should be allocated more support from the Government to expand it city-wide, and to increase its accessibility. To do so, AmCham recommends the following:

- Increase pop-up shop frequencies in areas where there are no large residential blocks and connected malls like the Mid-Levels, Sheung Wan, and other spots on Hong Kong Island, or Yuen Long 2 times per week, or at least to ensure that the population density matches with the frequencies of pop-up shops.

- Set up permanent shops in the MTR, or within larger residential blocks in e.g., newly developed towns like Tseung Kwan O, Shatin, Whampoa etc. whereby the residential population could easily access the Green Shops to deposit their recyclable items when necessary and with convenience. The Chamber suggests the distance between residents and their fixed Green Shops to be within a 5-minute walking distance.

- Conduct a survey on the optimal operating hours of pop-up shops and modify their schedules accordingly. Depending on the result, a timetable should also be mailed to residents in the area so they know when the pop-up shop will be available for them to drop-off recycling.

Food waste takes up about 30% of the city’s municipal solid waste (MSW). The Chamber applauds the Government’s current efforts in tackling this issue through GREEN@COMMUNITY shops and pilot schemes in public housing estates. However, there are areas AmCham believes the Government could improve on:

- Out of 15,000 licensed restaurants, only 247 participated in the food waste recycling scheme. Even with 50 shopping malls participating in the scheme, the Chamber believes that it is important for restaurants – being the main contributors to food waste – to take a more proactive role in food waste recycling. AmCham suggests the Government to mandate food waste separation from normal trash in restaurants to increase food waste collection.

- Amend pop-up shop truck schedules or add a dedicated food waste truck to drive by streetside restaurants alongside normal trash collection trucks. This incentivizes restaurants to separate their food waste from normal waste and in so, simplifies the process of trash collection while facilitating and encouraging active restaurant participation in the scheme.

- For household food waste, we encourage the Government to promote more actively the present food waste recycling scheme. The Chamber believes that the Government could increase promotions for food waste recycling so citizens know where they could posit their food waste in their respective residential areas.

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23 Stanley Pong Kit, quoted in Martin Williams, “Why recycling isn’t working in Hong Kong: battery recovery plant is idle most of the time – is apathy or smuggling to blame?” South China Morning Post, January 21, 2020, https://www.scmp.com/lifestyle/article/3046812/why-recycling-aint-working-hong-kong-battery-recycling-plant-idle-most.


Sustainability, Education, and Infrastructure

Hong Kong’s recycle bins designs have always been yellow, blue, and brown. With new schemes and programs in place that encourages more active civil participation in recycling, the Government should also accordingly put in more education efforts to raise the public’s awareness on how they could contribute.

- Move normal recycling bins to prominent locations that are impossible to miss e.g., MTR stations, shopping malls, and trash collection points.
- Educate the public about non-recyclable items. For instance, not all paper wastes and plastic wastes are recyclable, such as paper bag for drink, rubber, etc. Bringing non-recyclable items to the recycle bins would only unnecessarily consume valuable resources in the downstream waste transportation, sorting and disposal.
- Publish pamphlets recycling in various languages like Tagalog, Indonesian etc. Hong Kong has a large domestic helper population, and they are responsible for chores in many households. It would thus be important to not only educate the citizens themselves, but also the domestic helpers to understand this.

To help maintain sustainability on a broader scale, the Chamber also believes that the Government should put in effort in educating the next generation on the importance of recycling etc. to make them more conscious of the environmental consequences of their actions to create a “green Hong Kong”.

- Set up an environmental resource teams for Government-funded schools so schools do not have to outsource their own sustainability teams.
- Set out clear guidelines for schools on education programs related to environmental protections. This may include creating and allowing easy access to sustainable education resources e.g., teaching plans.
- Outline the guideline for schools to follow on procedures and steps that could help make schools more energy efficient.

In terms of infrastructure, AmCham sees an inadequacy of facilities supporting the growing trend of sustainability. As of the end of June 2023, Hong Kong has 6,142 EV chargers for public use, a charger to EV ratio at about 1:10. This implies that there is not enough infrastructure currently in place to support the rapid growth of EVs in Hong Kong. AmCham thus proposes the following:

- Extend the EV-charging at Home Subsidy Scheme (EHSS) for another year to speed up the process of equipping more parking spaces with EV-chargers.
- Maintain a healthy ratio of public EV chargers to EV, given that a sizable ratio of EVs would rely on public EV chargers. Relevant policy measures should be introduced to facilitate the installation of more public EV chargers, in line with the projected growth of EV for decarbonizing the transport sector.

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VII. FINANCIAL SERVICES AND THE TREASURY

FINANCIAL SERVICES

1 Hong Kong has long been an international financial center (IFC). This has given Hong Kong a unique advantage to be the bridge between the East and West, and this is also why it has attracted so much foreign businesses. It is therefore important that Hong Kong maintains her current proposition by continuing to foster and bolster ties to both Mainland and the world, particularly with ASEAN countries and the Middle East. We believe that these efforts will further promote Hong Kong and convey effective dialogues internationally, and would be important to attract more investment into Hong Kong. AmCham believes that this positive stride should continue and would like to see Hong Kong more involved in discussions amongst her peers in emerging topics such as sustainable finance.

2 AmCham applauds the efforts of the Hong Kong Government to showcase Hong Kong as the region’s premier IFC. The Global Financial Leaders’ Investment Summit in November 2022 was an excellent initiative which underscored Hong Kong’s financial services credentials. The Chamber welcomes the various policy initiatives and programs that the Government has implemented with respect to the financial services sector and supports further development of these initiatives.

3 This section will focus on some key specific areas:

- Connectivity between Hong Kong and the Mainland
- Virtual assets and cryptocurrency
- Data-sharing and cybersecurity
- Sustainable/ Green finance
- Hong Kong’s IPO regime
- Improving Stock Market Liquidity
- Family offices

Connectivity Between Hong Kong and the Mainland

4 AmCham is very supportive of the Government’s efforts to expand and increase access for investors in both the South and the North with the Connect Schemes. Considering their vitality in serving international investors both in Hong Kong and Mainland, we welcomed the launch of the Swap Connect for Northbound flows in May 2023. We strongly encourage the Government to continue this positive path by growing Hong Kong’s position as a gateway between the Mainland and international capital markets and promoting Hong Kong’s role as the most important offshore RMB clearing hub. The Chamber would also suggest some priorities that the Government could consider facilitating and upgrade existing schemes, in order to improve pricing and liquidity in the onshore markets and bolstering Hong Kong’s status as a hub to offshore market participants for accessing Chinese opportunities:

- Wealth Management Connect: (1) Increase product range to include higher-risk and equity products; (2) allow more banks to offer North-Bound remote account opening; (3) relax South-Bound customer eligibility criteria; (4) more flexibility on cross-border advisory; (5) increase individual quota.
- Stock Connect: (1) Include non-Hang Seng index stocks and IPO stocks in scope; (2) expand Northbound Stock Connect to include all China A-shares and block trading; (3) expand eligible participants in stock-borrow-lend which allows offshore investors to better hedge trades, manage trading costs, and execute more complex trading strategies.
- Swap Connect: (1) Open Southbound flow sooner rather than later.
- ETF Connect: (1) Allow trading of non-Hong Kong underlying ETFs.
• Bond Connect: (1) expand Northbound Bond Connect eligible investor scope to include corporates to meet demand from offshore corporates who are currently unable to access China’s bond market directly; (2) expand access to Southbound trading of Bond Connect for more financial institution to participate as market makers, especially foreign-domiciled/ SFC-regulated firms.

The Government’s efforts to expand Hong Kong’s centrality as a hub for foreign investors to gain access to China-related investments is supported. The development of further Connect schemes that might increase Hong Kong’s competitiveness would be welcomed. AmCham advocates an expansion access as market-makers. This allows firms to provide clients with more liquidity which adds on to Hong Kong’s current advantage of being the center of RMB bond trading, with Swap Connect seeing to over RMB 8,200 million interest rate swaps in notional value by 27 offshore investors.\(^{30}\)

AmCham supports longer-term growth drivers in technology and innovation. We are encouraged by the specific listing requirements announced by the HKEX in March. This lessens restrictions e.g., no profit requirements for specialist technology companies in certain fields, which we believe to be beneficial to make Hong Kong more competitive and attractive to investors and companies.

• Guangdong already has developed over 430 so-called “little giants”. These are small firms specialized in niche sectors. Guangdong’s high-tech industries now account for about 40% of the province’s economic growth, and its science and technology sectors are expected to contribute over 60% of regional GDP growth by 2035. When they raise funds to scale up, Hong Kong is their closest international financial center.

The Chamber welcomes the Memorandum of Understanding (MoU) with Macau and Guangzhou and the 30 measures for financial market opening and connectivity in Qianhai and Hengqin. As approximately 67% of our member companies are currently conducting business in GBA,\(^{31}\) AmCham is encouraged by these developments. Further, we welcome any outreach to the industry and specific subject matter expertise for feedback on any policy implementations and their implications.

In considering the value proposition of Hong Kong, the Government should focus on how to bring Hong Kong’s internationalism to the Mainland GBA cities. This means championing fair participation of international business in pilot schemes and breaking down regulatory barriers to cross-boundary services and people mobility, from bank account opening to talent recruitment. We suggest the Government to take on new policy initiatives which may help continue this momentum around the GBA opportunity:

• Special visas/ travelcards for expats in Hong Kong with permanent residency to travel to Mainland GBA cities with ease.\(^{32}\)

• Provide clarity on policies in GBA e.g., on the implementation of the MoU, as about 48% of our members believe that this will be the most important factor supporting their ventures.\(^{33}\)

### Virtual Assets and Cryptocurrency

AmCham has been closely following and strongly supporting the Government’s works to develop a vibrant ecosystem for virtual assets in Hong Kong. Such efforts serve to help attract new investors to Hong Kong and to maintain our competitiveness on both the regional and global arena.

Particularly, we welcome SFC’s efforts to introduce a comprehensive regime/ framework regulating a range of virtual-asset related activities and prioritize investor protection that recognizes the importance of virtual assets custody safety. We continue to encourage Hong Kong regulatory authorities to clarify Hong Kong’s policy direction on virtual assets. Members feel there is a need for the Government to continue their current engagements and explanations to the industry, akin to a similar exercise done by the Singaporean Government.

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\(^{32}\) For more details, please see p. 8-9 in the GBA section.

\(^{33}\) “Member Business Sentiment Survey,” 14.
We encourage the Government to develop policies and regulations that are premised on the principle of same activity, same risk, same regulatory outcome, and be generally aligned with global digital asset policy and regulatory developments.

- Clarity in regulations and communications are key to effective regulation. We have noted that some banks are hesitant about opening accounts for virtual asset trading platform operations/ companies in Hong Kong, as opposed to other cities with clear regulations such as Singapore which has stricter regulations that cryptocurrency exchanges must comply e.g., KYC (Know Your Customer) policy, AML (Anti-Money Laundering) policy, and capital adequacy requirements. We suggest the Government to communicate openly with the sector to find out areas that would make Hong Kong a more conducive environment to nurture a virtual asset ecosystem.

The Chamber also notes the growth of both retail and institutional adoption of virtual assets. All of these should come with a set of comprehensive and appropriate regulations to ensure market integrity and investor protection. Recent crypto volatility and exchange failures have sent waves through wider markets and drawn attention to the need for such wider regulation. We therefore believe that the recently introduced regulatory frameworks for VASPs and VATPs are heading in the right direction, and also encourage the Government to continue working with local and global regulators, industry players, and academia on:

- Further development of a vibrant ecosystem in Hong Kong that would include CBCDs, stable coins, virtual assets, and tokenized asset solutions.
- Conflicts of law and bankruptcy law application to digital assets, noting the cross-border nature of digital assets, exchanges, and intermediaries.
- Hong Kong’s policy and regulatory approaches for DeFI and generative AI.

AmCham also encourages the development of blockchain assets. To further this, we recommend the Government to keep up the efforts in capacity building that would set Hong Kong apart from neighboring cities and reestablish her preeminent position as a leading global financial center.

**Data-Sharing and Cybersecurity**

With the launch of e-HKD pilot program and the increasing digitalization of Hong Kong, it is encouraging that a framework is being developed in our city to keep abreast of the constant and rapid technology changes that we are experiencing. Ease of data sharing is an important aspect of such development.

The advent of the Wealth Management Connect schemes and other arrangements formulated for the Greater Bay Area calls for the development of a robust and streamlined legislative, regulatory, and supervisory framework for better compliance and facilitation of cross-border/jurisdictional data-sharing.

AmCham encourages the Hong Kong Government to work with the Mainland authorities to develop clear and specific guidelines for data sharing between Hong Kong and the GBA, including a clear roadmap to allow for seamless data transfer as expressed in the recent “Memorandum of Understanding to Facilitating Cross-boundary Data Flow Within the Guangdong-Hong Kong-Macau Greater Bay Area” signed by the relevant Hong Kong and Mainland authorities.

- Provide clearer guidance on cybersecurity firms operating in the fintech and cryptocurrency sector. While guidelines for operations of virtual asset providers have been clear and ample, AmCham noted concerns from fintech firms having to balance compliance with Hong Kong regulations and any other jurisdiction with which they do business with.

**Sustainable/ Green Finance**

As the world turns to increasing sustainability in all manners of life, it is important to consider Hong Kong’s role and contribution to the global and regional sustainable finance eco-system. The Government’s efforts in
establishing Hong Kong as a green finance hub\textsuperscript{34} is an aspirational example of Hong Kong’s net zero ambitions. Marketing and implementing policies that demonstrates Hong Kong’s capabilities as a green finance hub will send a strong signal to the world and will attract more talent interested in this space to Hong Kong. The Chamber believes that Hong Kong’s position as a green finance hub would be even more advanced if the Government could also explore areas such as blended finance.\textsuperscript{35}

We encourage the Hong Kong Government and its regulatory authorities to continue to align its sustainability ecosystem with international and regional standards. It is pleasing to see the recent Securities and Futures Commission (SFC) lauding of International Organization of Securities Commissions (IOSCO) endorsement of the Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB).

Other areas of sustainable finance could also include utilizing and participating in the carbon market. The Chamber congratulates the Government on their work and excellent ambition in facilitating a global convergence between green taxonomies issued by the EU and China with the common ground taxonomy (CGT)\textsuperscript{36} that would render Hong Kong the first jurisdiction to achieve this. AmCham also believes that there are mainly three ways to consider how Hong Kong could contribute to this development. We greatly encourage the Government to:

- Connect to Mainland’s carbon market. China is potentially the largest market for carbon trading. With her experimental markets first beginning ten years ago with Shenzhen, and a national carbon market launching in 2021, there is a compelling need for China to interface globally with other areas that has similar regulatory frameworks for carbon finance. We look forward to hearing news from the Government on e.g., a Carbon Connect Scheme.

- Encourage interoperability between the EU and China standards in ESG. In particular, the HKMA’s CGT would positively contribute to the growing need for interoperability among standards not just between the EU and China, but also in the wider Asia Pacific region including ASEAN.\textsuperscript{37}

- Develop Hong Kong’s own carbon market to reduce emissions within the city. There are about 6,640 ha of inland wetlands in Hong Kong, mainly in northwestern New Territories.\textsuperscript{38} As wetland restoration and conservation allow for storm surge reduction, water quality improvement, and carbon sequestration in soils and plants,\textsuperscript{39} Hong Kong has a natural advantage of facilitating and developing a self-sustaining carbon market. With the latest development of the Northern Metropolis, AmCham suggests the Government to consolidate Hong Kong’s wetlands and collaborate with environmental groups and experts, as well as carbon polluters to work on solutions to facilitate carbon capturing in Hong Kong.

**Hong Kong’s IPO Regime**

Hong Kong has the opportunity to bolster its position as a listings hub amid the increasing interest of Mainland issuers in offshore/secondary listings and demand to raise growth capital to support business expansion. The easing of COVID restrictions will also see to the recovery of IPO market and regain momentum by the second

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\textsuperscript{35} Blended finance is one of OECD’s Sustainable Development Goals, defined as the “strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries.” From “Blended Finance,” OECD, accessed August 1, 2023, https://www.oecd.org/development/financing-sustainable-development/blended-finance-principles/.


\textsuperscript{38} Agriculture, Fisheries and Conservation Department, *General Information about Wetland*, last modified July 19, 2023, https://www.afcd.gov.hk/english/conservation/con_wet/con_wet_abt_gen/con_wet_abt_gen.html#text=There%20are%20around%206\textsubscript{,}640\textsuperscript{ ha%20of%20inland%20wetlands%20in%20Hong%20Kong%2C%20mainly%20in%20northwestern%20New%20Territories./

half of 2023. Recognizing that there is a new generation of international and regional issuers seeking to list in Hong Kong, it is important that the city is considered as an attractive venue for capital raising.

- AmCham welcomed HKEX’s proposal in 2021 to modernize Hong Kong’s IPO settlement process by introducing FINI a new IPO settlement platform that would shorten the current T+5 settlement cycle. However, more can be done to further enhance Hong Kong’s listing regime, as there are still areas that can be improved to stay competitive vis-à-vis other major global listing venues.

**Improving Stock Market Liquidity**

21 While AmCham recognizes that the stamp duty is an important source of government revenue, Hong Kong is one of the most expensive markets for trading in the world. At 13bps, Hong Kong has the third highest stamp duty for stock transactions behind Korea and Taiwan, levied on both Buy and Sell transactions while other markets, including Mainland China, only charge stamp on the Sell. We also note the recent fee changes by the Ministry of Finance and State Taxation Administration to lower the stamp duty for A-shares from 0.10% to 0.05% from August 28 to “invigorate the capital market and boost investor confidence.” Other global markets, such as Japan and Taiwan, have also been working to lower these costs and boost competitiveness.

22 In addition, HKEX’s settlement fee structure is advertised as 0.2bps of notional but charges a flat HK$2 minimum fee for any transactions under HK$100,000 notional. With the growth in algorithmic trading and the slicing of orders into small tranches for better pricing (i.e. best-execution), we estimate almost 90% of HKEX executions are smaller than HK$100,000, bringing the industry’s effective average settlement fee to 0.4bps+

23 Taken together, we urge the Government to consider lowering the costs for trading / stock transactions to boost Hong Kong’s market competitiveness and activity levels:

- Adjust stamp duty downwards towards pre-2021 levels, and/or apply it only to Sell transactions, lowering the cost of stock transactions / transfers and boosting transactions volume.
- Remove the HK$2 minimum settlement fee and adopt a purely bps-based fee structure which would increase transparency for the buy-side which is focused on pricing and cost-efficiency as well as for brokers in terms of exchange costs.

**Family Offices**

24 AmCham is encouraged by the Government’s efforts to develop family offices, including the introduction of the amendment bill into LegCo to provide tax concessions for eligible family-owned investment holding vehicles managed by single family offices in Hong Kong. Such efforts that make full use of Hong Kong’s strategic position and experienced workforce would be pertinent in accelerating Hong Kong’s economic recovery from COVID. To speed up the process of meeting the goal of attracting 250 family offices by 2025, the Chamber suggests the Government to continue to engage the industry and enhance family office services.

- Provide office space/ co-working spaces to attract more family offices to consider locating in Hong Kong. This would address the issue of high rents for prime locations in Hong Kong and help to attract the establishment of more family offices and bring additional capital to Hong Kong.
- Enhance local talent development/ recruitment from local universities, including providing training programs for industry with a view to develop the talent pool for family offices sector in Hong Kong.

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INSURANCE

AmCham has immense confidence in the future of Hong Kong’s insurance industry. Despite the challenges brought on by the COVID-19 pandemic, Hong Kong continues to have one of the most mature insurance markets globally, ranked 6th in Asia and 15th worldwide. In terms of funds accessed, the market remains robust, and insurance penetration in Hong Kong overall ranks among the highest in the world. Even with such a strong position, Hong Kong should not be complacent, as emerging trends within the market are projected to pose a challenge to the insurance industry’s continued well-being. AmCham believes that the Government should actively collaborate with private business to tackle such issues, so that Hong Kong remains at the leading edge among other regional markets.

AmCham would like to highlight some key specific areas:

- Promote health and other general insurance in Hong Kong
- Support talent retention policies in the insurance industry
- Reinforce Hong Kong as a regional insurance hub

Promote Health and other General Insurance in Hong Kong

Despite the overall health of Hong Kong’s insurance market, AmCham members are worried by the imbalanced market share between life and general (non-life) insurance. While general insurance has benefited somewhat from the normalization of economic activities and cross-border travel, the underwriting profit for the first quarter of 2023 still sagged by 51.7%, dropping from $1,063 million during the corresponding period in 2022 to $513 million. This is emblematic of a larger problem concerning the vast shrinkage in the general insurance market, reportedly dropping from 20% to 10% of the overall insurance market vis-à-vis life insurance. Such a growing reliance on life insurance as the sole business stream is neither reliable nor sustainable. To address the worsening structural imbalance in the market, AmCham suggests that the Government consider the following policies to promote health and other general insurance:

- Further increase the affordability of health insurance through strengthening tax incentives. At present, tax deductions apply to both the Voluntary Health Insurance Scheme (VHIS) and Qualified Deferred Annuity Policy (QDAP). To avoid yearly adjustments, the Government could increase the threshold through installing automatic mechanisms linking deductions to inflations; include additional health insurance e.g., critical illness insurance in the scope for tax deduction.
- Consider revisions to the Government’s Chronic Disease Co-Care Scheme (CDCC) to ensure increased accessibility. Currently, over 90% of insurance plans are inapplicable to the new CDCC scheme, which warrants discussing the creation of a new primary healthcare grouping so that these plans are covered.
- Devise and implement mechanisms improving healthcare data accessibility. The insurance industry has seen increasing interest in data connectivity, and the Government could capitalize on this momentum to ensure a smooth and efficient process for data sharing between the public and private sectors.

Support Talent Retention Policies in the Insurance Industry

Talent shortage has emerged as a common problem among a multitude of sectors in Hong Kong over the past few years, with the insurance industry being among those that were hit the hardest. Many AmCham members have remarked upon the increasingly fierce and intensive competition for talent within the industry, with both the public and private sectors competing over the same small pool of talent, leading to unsustainable levels of attrition.

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Exacerbated by strict travel regulations during the pandemic and growing competitiveness from other regional markets such as Singapore, insurers are struggling to fill the sudden shortage of talent as demand for insurance products rebounds following the re-opening of the border and the return of Mainland consumers, with 91% of insurers reporting that their ability to retain and attract talent was worse than pre-pandemic levels.43 This further reveals a deeper and more significant issue within Hong Kong’s insurance industry. Talent follows where the industry is, and during the pandemic, nearly 30% of all international insurers were considering scaling back their operations in Hong Kong and relocating instead to more insurer-friendly markets in Singapore and elsewhere, threatening Hong Kong’s insurance industry.

AmCham welcomes the Government’s various efforts thus far in addressing these issues, as announced in the 2023-24 budget speech. Extending the “Pilot Program to Enhance Talent Training for the Insurance Sector” and “Pilot ILS Grant Scheme” are sure to help immensely in addressing the talent shortage, albeit in the medium to long-term. However, more can be done. The Chamber believes that the talent needs of the insurance industry aligns closely with those of other sectors similarly struggling with such issues, and that policies can at once address Hong Kong’s talent needs, as a whole. As such for specific policy suggestions, please kindly refer to the overall recommendations section of this submission.

**Reinforce Hong Kong as a Regional Insurance Hub**

Given Hong Kong’s robust insurance market and strategic location, there continues to be significant interest in developing Hong Kong into a regional insurance hub. To this end, AmCham believes that it is essential for the Government to capitalize upon Hong Kong’s locational advantage as a part of the GBA. Significantly lower insurance penetration in the nine major Mainland GBA cities suggests an enormous potential for Hong Kong’s insurance industry to meet the huge unmet demand for insurance cover within the GBA. Consolidating Hong Kong’s position as the GBA’s pre-eminent insurance market will reinforce the city’s position as a leading regional insurance hub, dovetailing with the Central Government’s various national strategies. To accomplish this, the Government could draw from the following suggestions:

- Promote greater connectivity within the GBA. Role-delineation between the different GBA cities creates a roadblock for greater integration, hindering the implementation of after-sales service centers. By collaborating with other GBA city administrations to create a set of common standards and common requirements, service center delays could be reduced, incentivizing a greater number of ‘top-ups’.

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VIII. HEALTH

AmCham is bullish about the opportunities at present and would recommend the administration apply its efforts along two pillars of activity to drive meaningful gains for Hong Kong’s role in pioneering healthcare and for improving the healthcare system of Hong Kong. The following ideas suggest areas to focus the Government’s limited resources, leveraging existing environmental momentum, such as the administration’s stated intent to establish Hong Kong as a bio-innovation hub, as well as existing infrastructure investments, for example the network of District Health Centers and recent growth in tele-medicine.

AmCham would like to highlight some specific areas with proposals:

• Establishing Hong Kong as a bio-innovation hub
• Improving access to Hong Kong’s reliable healthcare system

Establishing Hong Kong as a Bio-Innovation Hub

To become a bio-innovation hub, Hong Kong must establish the reputation of encouraging biotech companies and other innovative small-to-medium sized healthcare enterprises (SMEs) to setup in Hong Kong. AmCham recommends two pathways for solidifying this position by embracing Hong Kong’s strengths while supporting the central Government’s intent for the Greater Bay Area (GBA) and accelerating both the registration and reimbursement timelines for medicines.

In recent months, the evolution of the central Government’s healthcare policies for GBA have unveiled an opportunity which Hong Kong could leverage in establishing its reputation as a bio-innovation hub. As a result of the increased integration of Hong Kong and the GBA’s healthcare institutions, Biotech companies and other healthcare SMEs from around the world now have a pathway to begin accessing the Mainland market through Hong Kong. This GBA-oriented opportunity needs to be conveyed and should be part of Hong Kong’s global communication strategy for attracting innovative healthcare companies to establish a presence in the city. Stronger ties should be made, and greater collaboration should be expected between clinical experts based in Hong Kong and those based in the rest of the GBA. As the list of therapies approved by Guangdong Medical Products Administration (GD-MPA) grows, a corresponding expansion should follow for learning from the experience of those therapies in Hong Kong. For example, clinical exchange platforms between healthcare providers across Hong Kong and other GBA cities could be hosted in order to expedite learning and adoption of innovative treatment practices at designated GBA healthcare facilities.

Coupled with the ability of Hong Kong approved medicines to reach GBA healthcare facilities is the expanding interest in generation of real-world evidence (RWE) data. Hong Kong is well situated to contribute to this aspect of GBA policies given its sophisticated electronic health record system and reputable research capabilities. In considering examples such as the United Kingdom’s National Health Service (NHS), there is an opportunity for Hospital Authority to emulate it by investing in capabilities that allow for data to be properly and securely accessed for RWE research. Doing so would further Hong Kong’s ambition of becoming a bio-innovation hub. The Government should:

• Encourage the utilization of the electronic health record sharing system (eHRSS).
• Invest resources into the formation of an oversight board, which would consist of experts well-versed in evaluating requests for access from both public and private sectors. This would enable the broadest research and analyses of a rich dataset while developing critical capabilities in oversight of appropriate use of the data.

With regards to new therapy registration, in recent years, it has become evident that neighboring markets have made significant strides in accelerating their regulatory approval timelines. Hong Kong needs to identify opportunities for accelerating these processes, without sacrificing quality and diligence of approach. AmCham believes that examples from around the world could be emulated by Hong Kong, such as:

• Expedite the drug registration process by establishing primary review capacity and by taking part in the international regulatory harmonization network.
• Accelerating the timelines under existing review protocols, with the corresponding resources to enable such measures.

On the reimbursement front, in order to better inform governmental resource planning, the practice of horizon scanning could be introduced to specific disease areas (e.g., conditions with acute time sensitivity, like cancer), thereby hastening the awareness of the latest therapies, diagnostics, and other technologies. This would enable both strategic budgetary planning for innovation and accelerate the availability for that innovation in the reimbursed healthcare system. Such horizon scanning should be paired with simpler, more direct discussions between companies and the Hospital Authority to negotiate pricing and to introduce innovation into the market.

**Improving Access to Hong Kong’s Reliable Healthcare System**

AmCham encourages any steps that would improve access across the local healthcare system, namely, to introduce care to those who need it sooner by providing earlier diagnoses and to reduce strain on the existing resources of the Hospital Authority. Given recent investments into improving the city’s healthcare infrastructure, AmCham strongly believes that the Government should build momentum behind three initiatives by empowering District Health Centers (DHCs) to become centers for both screening of diseases and triaging into the healthcare ecosystem, improving healthcare affordability by encouraging proliferation of private insurance schemes and its subsequent enrolment, and promoting the growth of tele-medicine.

The mission for DHCs should be firmly clarified and coupled with resources to truly equip and empower the network that exists to fulfil its role of accelerating access to healthcare – how soon a citizen is diagnosed and then how quickly care could be provided. To this end, it is recommended that the Government:

• Focus DHCs remit to the early detection of lung and breast cancers, diabetes, and hypertension (for high-risk groups), and as an accelerator for community vaccination schemes.

• Drive flow of citizens through a comprehensive community outreach campaign. Use educational advertising to inform residents of the scope, quality, and speed (shorter wait times) of DHCs’ services. Additionally, apply incentives to attract foot traffic into DHCs. Incentives could include discounts on DHC services, availability of the latest diagnostic tools, or redemption vouchers to reduce costs when seeking follow-up care in the private sector.

• Set performance metrics around volume of foot traffic into DHCs, volume of follow-up appointments, volume of basic screenings reduced from HA hospitals.

• To implement the above, consider running pilots through select DHCs.

Beyond improving the efficiency of Hong Kong’s healthcare system, it is also important to expand healthcare coverage by ensuring it remains affordable. To do so, the Health Bureau should work together with Financial Services and the Treasury to boost demand for healthcare insurance among the public. This could make private healthcare more affordable, reducing the burden on public healthcare providers. The Government could refine and elaborate upon details of the Primary Healthcare Blueprint, devising a solution so that the mass screening for diseases in the first phase does not increase the barriers for those with pre-existing conditions to acquire insurance.

Globally, the use of tele-medicine has gained momentum as a result of the pandemic. The efficiency gains presented by this technology benefits patients, physicians, and the overall healthcare infrastructure, with access to physicians less restricted by location and the possibility for physicians who have the capacity to becoming accessible, thereby reducing overload in classical settings. To this end, it is recommended that the Government revisit the existing legal framework to update telemedicine regulations and encourage proliferation of this channel.

Lastly, AmCham welcomes more opportunities for exchange with the healthcare community, such that innovative ideas and co-created solutions could be more efficiently debated and more effectively introduced.
IX. HOME AND YOUTH AFFAIRS

WOMEN IN BUSINESS

The Hong Kong female workforce has shrunk by 6.2% in the past three years, partly due to a net outflow of the population during the pandemic.45 Within those who remained, many chose to leave the workforce to better balance responsibilities at home and work. This left only 54% of women in the workforce, a stark contrast to 76.2% in Australia and 62% in Singapore.46

The decline in fertility rate from 32.0 births per 1,000 females aged 15-49 in 2019 to 23.4 in 2021,47 in conjunction with the decrease in the population for the third straight year,48 demonstrated a need to reevaluate existing policies and adopt new ones to better incentivize women to enter and remain in the workforce. Particularly, this is of an absolute necessity for a continued healthy development of the city’s economy.

This section will focus on some key specific areas:

- Development and promotion of STEM female education programs
- Betterment of childcare benefits and arrangements
- Proactive protection of women’s mental health
- Reduction of gender pay gap
- Removal of glass ceilings

Development and Promotion of STEM Female Education Programs

AmCham recognizes the Hong Kong Government’s continuous efforts in developing STEM education49 as Hong Kong does not have enough people trained in STEM to satisfy her aspirations to be a major science and technology hub.50 However, these initiatives are gender-neutral and do not address the issue of low female participation rate in STEM-related sectors. Such is an issue reflected in female workforce presence in male-dominated industries in Hong Kong: women make up less than 10% of the IT departments in over half of the companies participating in one The Economist survey.51 To prepare Hong Kong’s population for the city’s potential growth as a technology center, it is simply not an option for STEM education efforts to ignore the particular needs of over 50% of the population.

In contrast, the private sector acknowledges the systemic inequities in STEM-related industries. To empower girls and women in their pursuit of STEM-related careers, Morgan Stanley has collaborated with The Women’s Foundation in the launch of the Institute for Inclusion’s (IFI) Step into STEM Scholarship Scheme, which provides female students with financial assistance and skill-building opportunities. This therefore demonstrates the need to

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amend current policy initiatives to better ensure that similar programs could be implemented to boost also female participation in STEM.

To do so, AmCham encourages the Government to actively introduce STEM education programs aimed at girls and women. A focus on STEM education for girls should be started as early as possible in their school careers in order to get girls interested in such fields before society has had a chance to tell them that STEM is “not for girls.” The Government should also create STEM-focused scholarship opportunities targeted to girls and women to encourage them to build a career in STEM.

**Betterment of Childcare Benefits and Arrangements**

AmCham appreciates the Government’s initiatives like extending the statutory maternity leave to 14 weeks and providing Government-funded child-care services as the birth of a child is often the point at which women leave the workforce. According to an HSBC global survey, up to 26% of the Hong Kong women surveyed were willing to sacrifice their career for their family, a stark contrast to 5% in China. Further, 30% of Hong Kong women leave the workforce due to difficulties balancing work and home responsibilities. More efforts are needed to ameliorate such difficulties are paramount in incentivizing women to remain in the workforce.

Even so, Hong Kong’s family policies still lag behind her competitors. On average, parents in OECD are entitled to 18.6 weeks of paid maternity leave, 2.1 weeks of paid paternity leave and 39.3 weeks of paid parental leave. By comparison, Hong Kong parents are only given 14 weeks of paid maternity leave and 5 days of paid paternity leave. AmCham urges the following:

- Extend maternity leave to at least 2 weeks and introduce paid parental leave to be shared between parents.
- Introduce policies relating to promoting flexible working arrangement, which enables and attracts more women to stay in an organization, and remove potential stigma associated with the use of flexible working arrangements.
- Consider mandating the disclosure by publicly listed companies of steps they have taken to implement flexible working arrangement practises and family-friendly policies to facilitate the sharing of different company practices across industries.
- Provide tax credits or other subsidies for people who have children below a certain age, elderly relatives above a specified age or relatives requiring care because of medical conditions who are living with them so that they can afford to hire domestic workers.

**Proactive Protection of Women’s Mental Health**

Generally, women in Hong Kong are more susceptible to mental health diseases than men, with 3.5% of women suffering from depression as compared to 2.2% of men. This is likely attributable to the immense pressure imposed on women to meet expectations in both the household and the workplace. Additionally, pregnant and postpartum women are at an elevated risk of experiencing mental distress, with studies showing that approximately 10% of pregnant women and 13% of women who have recently given birth experience a diagnosable mental health problem. The long battle against COVID-19 exacerbated Hong Kong women’s

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52 “Hong Kong women are most willing to sacrifice career for family in Asia,” *HRM Asia Newsroom*, November 27, 2018, [https://hrmasia.com/hong-kong-women-most-willing-sacrifice-career-family/](https://hrmasia.com/hong-kong-women-most-willing-sacrifice-career-family/)


56 Linda Chiu-Wa Lam et. al., “Prevalence, psychosocial correlates and service utilization of depressive and anxiety disorders in Hong Kong: the Hong Kong Mental Morbidity Survey (HKMMS),” *Psychiatry Psychiatri Epidemiol* 50, no. 9 (September 2015): 1379-88, [https://doi.org/10.1007/s00127-015-1014-5](https://doi.org/10.1007/s00127-015-1014-5)

emotional distress as working mothers juggled household responsibilities and remote work. A recent study from Deloitte revealed that mental health concern is one of the top five factors driving women to quit their jobs.  

While AmCham commends the Government’s efforts in raising awareness of the importance of mental health through launching successful educational programs such as the “Shall We Talk” Campaign in 2020, it recommends that the Government take further steps to ensure that the mental health of Hong Kong’s women workforce is well protected. Not only can the Government provide incentives for companies to implement mental health support programs such as on-site counselling, but the Government may also extend its support to working mothers returning to the office by mandating time off and the adoption of a flexible working hours policy.

Reduction of the Gender Pay Gap

If women feel that they are not being fairly compensated compared to men, they are more likely to quit the workforce or leave it at a relatively young age. Although the overall gender pay gap in Hong Kong has narrowed from 22.2% in 2016 to 12.5% in 2021, the pay disparity between men and women in managerial positions increased from 9.3% in 2016 to 12.2% in 2021.

AmCham continues to urge the Government to reduce the gender pay gap by first considering a mandate to disclose gender pay gaps by companies that employ a certain number of employees. Currently, Hong Kong has one of the lowest gender pay gap publication rates in the world (6%) as compared to other Asia-Pacific countries such as Singapore (22%) and Australia (23%). Increasing transparency in gender pay gap not only gives employees the tool to claim their right to equal pay, but also promotes gender equality in the long-run.

Removal of Glass Ceilings

Women are more likely to enter and remain in the workforce if they believe there is a route for them to be promoted and there are no glass ceilings that prevent them from moving up the ranks in their company. According to the Hong Kong Female Talent Pipeline Study, nine out of every ten Hong Kong women report barriers to reaching their career aspirations, ranging from family commitments to a lack of promotional opportunities in their companies and/or industries.

Hong Kong has been making steady progress towards enhancing gender diversity in senior leadership. After the HKEX instituted rules in 2021 that would ban single-gender boards, Hong Kong has seen a marked improvement in female representation at the board level. The ratio of HKSE-listed companies with no women on their boards has declined from 28.4% in 2021 to 17.0% in 2022. However, Hong Kong still trails regional peers with respect to female corporate leadership. For the past five years, the number of director seats held by females in listed companies that are MSCI ACWI constituents has increased from 11.0% to 16.0% in Hong Kong while Singapore saw a relatively quicker improvement from 13.7% to 21.6%. For women’s representation in senior executive roles in the MSCI ACWI constituents, Singapore stands out in the Asia-Pacific region, with 13.6% female CEOs and 31.8% female CFOs in 2022. China also had up to 6.3% female CEOs and 26.8% female CFOs in the past year. By contrast, Hong Kong’s women representation in CEO and CFO roles remain at 4.3% and 14.3%, respectively.


Matanda, Wang, and Emelianova, “Women on Boards.”
AmCham appreciates the Hong Kong Government’s proposals in the 2018 Chief Executive’s Policy Address to support women’s work potential, which include extending the statutory maternity leave and strengthening child-care services. But Hong Kong’s slow development in building a pipeline of future female leaders possibly being a result of insufficient efforts to attract women into taking up senior roles and retain them in the workplace, in fact reflects that the Government’s efforts are too modest to incentivize women’s workforce participation. Thus, while we commend the HKEX’s efforts in driving boardroom gender diversity and increasing transparency on gender ratios through revising regulatory regimes, AmCham further encourages the following:

- Provide boards with guidelines and training materials to facilitate succession planning and the design of leadership programs to prepare female candidates for board and senior management roles.
- Introduce policies related to gender-neutral flexible working arrangements and encourage corporations to develop better return rates and training programs for women who would like to rejoin the workforce.
- Establish target ratios for women on boards of publicly listed companies and in senior management positions that would increase over time.

MINORITES IN HONG KONG

The decline in fertility rate from 32.0 births per 1,000 females aged 15-49 in 2019 to 23.4 in 2021,66 in conjunction with the decrease in the population for the third straight year,67 demonstrated a need for to reevaluate existing policies and adopt new ones to better incentivize women to enter and remain in the workforce. Particularly, this is of an absolute necessity for a continued healthy development of the city’s economy.

This section will focus on some key specific areas:

- Incentives to attract domestic helpers
- Advancing the rights for the LGBTQ+ community

Incentives to Attract Domestic Helpers

Hong Kong is currently facing domestic labor shortage and a brain drain, losing some 210,000 workers between early 2019 and the end of 2022. Particularly, there has been 60,000 fewer domestic helpers at the end of 2021 than January 2020, which possibly kept thousands of mothers out of the workforce.68 Simultaneously, the South Korean Government is also planning to import domestic helpers from Indonesia etc. wherein their expected monthly salary would be roughly 2 million won, three times the amount offered in Hong Kong and Singapore, and the helpers being provided separate accommodation from their employers.69

- The Chamber therefore recommends the Government to set up more incentives for current domestic helpers to stay in Hong Kong to redress the labor shortage and domestic helper shortage that worsen the former issue. We believe that from a business perspective it drives a point that more systems should be in place to keep Hong Kong competitive so that domestic helpers would not be lost to South Korea or Singapore like a potential pathway for permanent residency.70

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70 The Chamber is not advocating for an open-door policy. But we do believe that if Hong Kong wishes to retain our current domestic helper supply, there should be new incentives to attract more helpers.
Advancing the Rights for the LGBTQ+ Communities

Hong Kong is a diverse society. In the past year, Hong Kong continues to witness progressive developments in support of the LGBTQIA+ community. To fully embrace our diversity and promote inclusiveness, however, Hong Kong should not lag behind others in areas like marriage equality and ensuring basic rights for the LGBTQ+ community.

- Singapore has recently outlawed to decriminalize gay sex but upheld the definition of marriage as one between a man and a woman. This gives Hong Kong a clear opportunity to stand apart from Singapore in embracing marital rights of LGBTQ+ people in Hong Kong, as both a reason to live and work here instead of other cities that do not offer such rights. This continues Hong Kong’s momentum on advancing LGBTQ+ rights, following the rulings on same-sex partnerships in spousal visa applications, and on gender recognition of transgender people.

- Though we should celebrate Hong Kong’s steps in attaining equality for the LGBTQ+ community, AmCham believes that the Government should set out clear outlines to implement landmark rulings on these topics. Despite the landmark ruling on gender recognition 5 months ago, there is still no efforts made to implement changing gender marker on the HKID card for the transgender people who have not undergone surgery. Further, a plaintiff was granted permission to appeal to the Court of Final Appeal over the constitutionality of not recognizing same-sex marriage right in early 2023. This failure to provide legal recognition to same-sex partners and the denial of recognition of overseas same-sex marriages is another setback.

- With over 60% of Hong Kong citizens now agreeing with same-sex marriage – an increase from 38% in 2013 and 50.4% in 2017 – and 71% of people supporting laws against sexual orientation discrimination, Hong Kong is also in a unique position to set itself apart and lead in Asia by advancing LGBTQ+ rights. Beyond marriage equality, access to healthcare at public facilities for transgender youth and non-discrimination policies in the workplace for LGBTQ+ staff, would be important additions to protect the community.

The legal victories signify the beginning of the city’s recognition of the LGBTQIA+ community. AmCham urges the executive and legislative branches to give effect to the trans population’s change in identity cards as soon as possible, outline inclusive policies with regard to the use of public facilities and enact anti-discrimination legislation based on sexual orientation and gender identity.

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74 Lau, “Transgender rights.”


X. HOUSING AND DEVELOPMENT

As Hong Kong looks to rebound from the COVID-19 pandemic, the Chamber believes that it is critical, now more than ever, that the Government takes resolute action in addressing the city’s chronic housing and real estate challenges. AmCham appreciates the current administration’s stated priority in tackling these issues and acknowledges the progress made through various policies introduced in the past year. However, much more can and should be done by the Government to fully alleviate the lack of affordable housing faced by millions of the city’s poorest citizens.

AmCham sees the issue of livability as a significant priority for the Chamber. It should also be stressed that beyond the needs of the public, the inadequate supply of land and housing has an immediate and tangible effect on the business environment in Hong Kong, with a shortage not only in residential real estate, but of other commercial types such as office, retail and industrial as well. Addressing these challenges are thus essential in ensuring Hong Kong retains its competitiveness regionally and a good standard of living domestically.

AmCham would like to focus on some key specific areas:

- Review Hong Kong’s land and housing supply policies
- Stabilize the residential housing market
- Improve transparency in the leasing sector
- Guide development in the Northern Metropolis
- Address the housing needs for incoming talent
- Pursue sustainable housing development

Review Hong Kong’s Land and Housing Supply Policies

Fundamentally, Hong Kong’s housing challenges all stem from the inadequate supply of land. Land supply in Hong Kong has historically been so tight that even during periods when demand for real estate softened, prices and rents did not fall by any significant amount. To better tackle Hong Kong’s housing challenges, efforts can be made at two levels – (1) the land supply via the Government’s land sale program; and (2) the long and short-term housing supply.

The Government’s annual land sale program not only underpins the supply of land available for the development of residential, commercial, retail and industrial real estate, proceeds from land sales also form a substantive source of Government revenue. AmCham appreciates the Government’s stated commitment to maintaining a continuous and steady land supply towards the market for development. However, the recent string of failed land sales in 2022 and 2023 remains a deep concern. Based on government figures, the total land sale revenue for the fiscal year 2022-23 only accounted for 60% of the HK$120 billion initial full year target, given the lower-than-expected transaction prices of some land sales and the cancellation of others. Market conditions following the pandemic have left a growing gap between the price expectations of landowners – who anticipated an economic rebound, and increasingly cautious developers. That only 9 of the 17 planned lots in the 2022-23 land

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sale program were sold may indicate an ongoing problem with the Government’s current methods of land evaluation and setting of bidding prices. AmCham recommends the Government to:

- Improve valuation accuracy based on the latest market conditions and increase the attractiveness of sites using all means necessary to prevent consecutive failed sales, which would slow down land supply and hurt the overall development of Hong Kong.

With regards to the supply of housing, AmCham applauds the Government’s policies in the Northern Metropolis, Kau Yi Chau artificial islands, and Tung Chung New Town Expansion, which all serve a critical role as medium-to-long-term sources of housing supply in Hong Kong. AmCham further agrees with the Government’s assessment that transitional housing units are necessary in the interim to address the need for short-term supply of housing and recognizes the value of the promised 30,000 units of light public housing within the next five years under the Government’s housing initiative. At the same time, the light public housing scheme has raised criticism over its high costs (with each unit costing about the same as permanent housing units) and uncertain timeline for the recovery of designated land. To address these concerns, the Government could:

- Provide greater clarity on the timeline and logistics of land recovery, reassuring concerned parties that arrangements are temporary and that areas designated for light public housing will be used for its intended commercial purpose after seven years.

- Look into other methods of reducing the waiting time for traditional public housing. The provision of light public housing will only last until 2027, which some have worried is not enough time for those residents to obtain traditional public housing spaces.

- Improve communication with the relevant stakeholders, such as the public and business interests in Kai Tak.

Stabilize the Residential Housing Market

Despite a strong initial recovery following the relaxation of pandemic restrictions and the full reopening of the Mainland border, the residential housing market has since cooled off drastically. Across all sectors, the real estate market has been weighed down by high interest rates, a bearish stock market, over supply in some sectors and other headwinds like “work-from-home”. This current depressed level of demand is forecasted to see housing prices drop sharply by up to 5% in 2023,68 hurting a considerable portion of the population and businesses who are property owners. This in conjunction with heightened interest rates has meant that many homeowners who took advantage of more affordable prices during the pandemic are finding it increasingly difficult to make payments, with the number of homeowners in negative equity in 2022 Q4 jumping to 22 times of that in 2022 Q3.69

AmCham acknowledges the measures the Government has taken thus far in stimulating consumer demand for residential housing but believes that more significant measures must be taken to avoid jeopardizing some HK$66.3 billion in loans currently held in negative equity. Policies implemented by the Government thus far, such as the easing of the mortgage caps and the value bands of the Ad V alorem Stamp Duty, will only have a limited impact on overall home demand, providing little incentive for new buyers to enter the market.80 In light of these new market conditions, the Chamber strongly urges the Government to:

- Remove the Special/ ‘spicy’ Stamp Duty (SSD), along with the Buyer’s Stamp Duty (BSD) and New Residential Stamp Duty (NRSD). Such prudential measures were initially launched to curb foreign buyers and short-term speculation, so as to restrain rising property prices. However, the market is now dominated by local self-use buyers. Lifting the SSD and other stamp duties will allow those in negative equity to stem their losses while incentivizing new buyers to enter the market.

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**Improve Transparency in the Commercial Leasing Sector**

Power in all sectors of the real estate market, from residential to commercial, has historically been slanted towards the landlords in Hong Kong, presenting a challenge for those seeking to lease properties in Hong Kong. Specifically, while leases of more than 3 years do need to be registered to have priority over later interests and bind third parties, there currently is no regulation compelling leases of under 3 years to be registered. In addition, there is also no current legislation requiring side-letters to be registered with the Government.

Such side-letters may contain changes to the contract or incentives like rent-frees that the landlord may wish to obscure from the public record. This creates a barrier to entry for foreign firms, with the opaque nature of the commercial leasing sector leaving prospective companies reluctant to set up offices in Hong Kong. To address this asymmetric information advantage that landlords have enjoyed for decades in Hong Kong, AmCham recommends the Government to:

- Implement and enforce regulation compelling “institutional” landlords to register all leases, irrespective of length, including all side letters to improve transparency.

**Guide Development in the Northern Metropolis**

The Northern Metropolis is crucial to the economic, social and innovation development goals laid out by the Government in the 2023-24 budget speech and AmCham recognizes the effort the Government has put into its promotion and growth. Among the steps taken by the Government towards the Northern Metropolis, the Chamber especially appreciates the establishment of the Northern Metropolis Coordination Office (NMCO), seeing this as an important step towards devising a coherent and forward-thinking policy plan for the area. Headed by the Chief Executive and involving all relevant bureau and department chiefs, AmCham looks forward to working with the NMCO in ensuring the community and businesses interests are met. AmCham would like to suggest that the Government and NMCO consider the following policies:

- Provide concrete plans for greater investor confidence. While plans such as the San Tin Technopole (STT) blueprint have been discussed, the Northern Metropolis still lacks an in-depth outline on developing transport and other crucial infrastructure. Once plans are finalized, private developers and investors will gain greater confidence.
- Follow a “Business Park” model of development, relaxing rezoning restrictions to allow for retail spaces to develop alongside industrial and residential plots.
- Adopt a flexible approach towards Maximum Gross floor areas (GFA) and plot ratios to accommodate campus like developments favored by tech companies.
- Ensure that land prices are kept low so as to be accessible for multinational corporations looking to base themselves in the Northern Metropolis. This can be done by shortening land leases to 30 years, granting the Government greater agility in dealing with a swiftly developing sector.
- Trial housing initiatives which have been successfully implemented in overseas markets in combating housing affordability issues, to ensure that it provides for residents at each rung of the housing ladder, such as inclusionary zoning, rent-to-own, build-to-rent, and government-assisted rental housing.

**Address the Housing Needs for Incoming Talent**

To fulfill the Government’s dual objective of attracting and retaining talent, AmCham believes that it is essential that Hong Kong first create a real estate environment that addresses the housing needs for both incoming and local talent. The shortage of affordable housing poses a significant barrier towards non-local talent – students and young professionals, who are unable to afford the notoriously expensive Hong Kong housing market. This has led to a shift towards alternative forms of housing, such as subsidized co-living/ multi-family arrangements, and youth hostels. While this sector remains small and under-supplied, the markets for student accommodation etc. are
beginning to gain momentum, as business rush to fill the housing needs for incoming talent, the number of which is projected to increase in the coming years. The Government can help facilitate this business with policies that:

- Set aside tracts of land for subsidized co-living, looking to the Mainland as an example under its R4 category with rental upper cap to benefit end users.

- Change land usage rights for non-residential land to residential use with restrictions that it can only be used for subsidized co-living accommodation, allowing for a greater supply of land for development.

- Allow existing local hotels and residential buildings to be converted into subsidized co-living, student housing or youth hostel developments.

- Consider tax incentives on the income generated from privately owned subsidized co-living/ student housing/ youth hostels to encourage the private sector’s involvement.

- Provide a standard conversion rate scheme for land-use conversion in this category.

- Ensure that developers and investors have easy access to relevant information. For example, they should be made aware that subsidized co-living can more easily be listed as REIT to encourage participation.

**Pursue Sustainable Housing Development**

As stated in both this and earlier submissions, climate change represents a significant physical and structural risk to Hong Kong, and tackling this challenge remains a top priority for this chamber. AmCham is heartened by the Government’s recognition of this issue's significance, with its pledge to devote HK$240 billion towards climate change mitigation and adaptation measures. AmCham also agrees with the Government’s attention towards strengthening the adaptation capability of public infrastructure as well as building livable and sustainable communities. To ensure that Hong Kong remains ready to face climate change, the Government should:

- Continue assessing the impact of climate change on the low-lying coastal regions of Hong Kong to ensure adaptation and mitigation measures are up-to-date and able to withstand the worsening climate conditions.

Sustainable housing does not just impact the environment and the public, but also the economy. Hong Kong already has well-established testing, inspection, and certification infrastructure with regards towards green building development, with the domestically devised BEAM+ Assessment Tool being one of the world’s first green building standards. The local industry has also vigorously embraced green techniques, with practices such as retro-commissioning and retrofitting increasingly common. AmCham recommends the Government to take advantage of the growing demand for sustainable housing development across the region with policies aiming to:

- Encourage greater leveraging of Hong Kong’s green capabilities in the real estate development and property management sector in economic collaborations with Regional Comprehensive Economic Partnership (RCEP) partners. Financial incentives such as subsidies should be considered in these field to ensure Hong Kong maintains its advantage over other RCEP members in the market.

- Fund research and innovation towards construction methods, such as digitalization and prefabrication. Their application in construction greatly contributes to increased sustainability through higher efficiency and lower production costs.

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XI. INNOVATION, TECHNOLOGY, AND INDUSTRY

Biotechnology, artificial intelligence (AI), smart city, and financial technologies have been identified as the four key areas for Hong Kong’s innovation and technology industry, with Hong Kong’s expected expenditure on R&D doubling in five years from 2017 as a percentage of GDP. The massive leaps in terms of technological advancements that has been witnessed over in the past decade, particularly, represents more importantly an area of great potential for Hong Kong.

Given the possibilities in this sector, AmCham believes that the Government should seize and maximize the ongoing momentum to create a conducive environment for these areas to thrive in Hong Kong. As such, this necessitates actions to ensure new or amended legislations are implemented in the best interest of all stakeholders to keep up with the rapidly changing landscape of technology.

This would prove pertinent in cultivating a transparent and attractive environment for private investors, while simultaneously encouraging the thriving startup ecosystem, which has grown by 12%.

AmCham focuses on three key specific areas:
- Adoption of e-HKD, and regulating crowdfunding
- Growing importance of artificial intelligence
- Tech ecosystem and digital trade

Adoption of e-HKD, and Regulating Crowdfunding

The Chamber welcomes the introduction of e-HKD by the HKMA. With 87 countries at present that are exploring CBDCs – representing more than 90% of global GDP – it is important that Hong Kong, as a global financial center, follows the footsteps of many central banks worldwide that have introduced, or are considering introducing, a digital currency. AmCham believes the very positive consultation results is a big win for the industry. Particularly, the Chamber believes that this will be essential in making Hong Kong more digitally accessible, which in turn encourages and leads to more investments. AmCham supports the Government in furthering consultation and cooperation with the retail industry to continue and expand the extent of the pilot program.

AmCham has previously highlighted its concerns about the potential negative impacts of the proposed regulations in crowdfunding, including the risk of overregulation that could discourage early-stage businesses from setting up in Hong Kong and divert funds to other markets, undermining Hong Kong’s position as a crowdfunding market. The letter also highlights the risk that the broad scope of the proposed regulations could create a high compliance burden for financial service providers, disincentive citizens from donating, and affect individuals outside of Hong Kong who are raising funds online. Ultimately, AmCham worries that the crowdfunding policy could contradict the Government’s efforts to cultivate Hong Kong’s start-up ecosystem and do more harm than good. AmCham members suggest that Hong Kong can address regulatory gaps by amending existing regulations appropriately while avoiding the abovementioned risks.

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92 Enoch Yiu, and Georgina Lee, “As Hong Kong explores how e-HKD can be used for shopping and dining in the city, here are some key facts on how digital currencies work,” South China Morning Post, October 14, 21, https://www.scmp.com/business/banking-finance/article/3152255/explainer-hong-kong-explores-how-e-hkd-can-be-used.
Growing Importance of Artificial Intelligence

Since the start of the decade, the use and growing prevalence of AI has been subject to much discussion within the society. There are both great opportunities and grave dangers with rapid AI advancements, depending on regulations and lack thereof. The Chamber strongly suggests the Government to formulate a committee to investigate into the possibilities and problems with AI advancements, as well as to look at what possible avenues of redress could be taken to ensure that there will be an ethical and nurturing environment for the growth of AI as a part of the I&T sector in Hong Kong.

- The Government has previously noted its plan to take forward legislative amendments in relation to privacy, copyright, cybersecurity, cybercrimes, and national security respectively in 2023 or 2024. AmCham would appreciate the opportunity to be consulted during the public consultation process of each legislative amendment so that industry feedback could be adequately incorporated.

Further, the Chamber also sees enormous potential to unlock opportunity by maximizing AI’s economic promise. Economies that embrace AI will see significant growth, outcompeting other economies that are slower on the uptake. AI also promises to give a boost to small businesses using AI-powered products and services to innovate and grow, and to workers who can focus on non-routine and more rewarding elements of their jobs. AmCham greatly encourages the Government to continue current efforts to facilitate and strengthen the growing I&T community into prosperity.

- To unlock the economic opportunity that AI offers, and minimize workforce disruptions, policymakers could further invest in innovation and competitiveness, promote policy frameworks that support responsible AI innovation, and prepare workforces for AI-driven job transition.

- Policymakers could prepare the workforce for an AI-driven job transition and promote opportunities to broadly share AI’s benefits. It will be important to have a strong pipeline of local STEM and computer science talent through various means, such as continuing to expand STEM and digital training program in K-12 education, funding research to promote AI and technology literacy, expanding computer science and AI curricula and program at universities, expanding scholarships and grants for students pursuing computer science and AI degrees. We would also suggest the Government promote interdisciplinary education, combining AI and related technologies with domain-specific knowledge, to prepare graduates for an increasingly AI-driven job market.

Tech Ecosystem and Digital Trade

Similar to that of Singapore’s Smart Nation and Digital Government Office (SNDGO), AmCham encourages the current Digital Economy Development Committee (DEDC) to be even more active in taking on I&T initiatives. The Chamber believes the SNDGO’s dedication to construct long-term capabilities for the public sector, and collectively building a more digital society are efforts worth following, especially with increasing advancements in the recent years. AmCham believes that by seizing the moment and having a stronger role in R&D and I&T, the Government could construct an even stronger startup ecosystem to continue the momentum of ranking second in the Top 100 Global Emerging Startup Ecosystem in 2023.956

Building on the success of existing policy measures in recent years, on-going support from policymakers across talent, financial, and technological pillars, help to further nurture the startups ecosystem in Hong Kong. In particular, there are opportunities to support the FinTech ecosystem Hong Kong given Hong Kong’s positioning as an international financial center and international innovation & tech hub. Recommendations include:

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95 Startup Genome, Emerging Ecosystems Ranking (Startup Genome, 2023), https://startupgenome.com/article/emerging-ecosystems-ranking.
96 In a recent press release, Hong Kong Science Park alone has built up a community of ~20,000 people, with about $780 million raised in funds this year and more than 430 startups from 21 economies completing incubation programs in 2023. Brand Hong Kong, Press Release, Hong Kong I&T Strives Ahead forum to mark anniversary of President Xi Jinping's visit to Hong Kong Science Park and celebrate the 26th anniversary of the establishment of the HKSAR concludes successfully (with photos), June 30, 2023, https://www.info.gov.hk/gia/general/202306/30/P2023063000447.htm.
• FinTech job portal: Create a FinTech job portal to better explain talent requirements and connect FinTechs with prospective and experienced candidates.

• Embedded work placements: Extend work placement program to include non-bank FinTech companies.

• Centralized private investment market: Create a centralized platform for FinTech companies and private market investors to discover and engage with each other.

• Vendor database: Create a centralized database of pre-approved FinTech companies to streamline vendor onboarding and even the playing field.

• Technology transfer: Establish more “FinTech Bridges” and enter technology transfer agreements with a wider set of markets.

Export is a competitive edge of the Hong Kong economy and has been one of the key elements supporting Hong Kong’s economic growth. The expansion of sales to include foreign markets can help in diversification of revenue streams for small and medium-sized businesses (SMBs). Policymakers could support exporters, many of which are SMBs, to succeed in global markets through digital trade initiatives.

• Key public and industry organizations could provide more guidance to exporters on how best to address foreign regulations. The compilation of accurate online resources on trade regulations and rules in foreign markets, such as from international organizations like the World Trade Organization, will help direct exporters to address regulatory requirements for trade and enable them to plan the resources required for export.

• The establishment of Hong Kong Government offices and/ or partnerships in additional key export markets may provide on-the-ground support for Hong Kong businesses looking to enter those markets and promote Hong Kong as a reliable source of goods and services.

• The expansion of Hong Kong’s network of free trade agreements will open up new market access opportunities and reduce non-tariff trade barriers.

• The establishment of digital economy partnership agreements with key trading partners will help exporters ensure that data can flow freely across borders in a secure and privacy-protective manner. Ongoing active negotiation of global digital trade rules at the World Trade Organization will also help ensure that Hong Kong businesses’ digital interests are promoted.
XII. LAW

Under the principle of “One Country, Two Systems”, Hong Kong has a strong and independent judicial system. The city’s robust judiciary has long been crucial in attracting and retaining foreign businesses and investments, facilitating the city’s growth and maintaining its position as an international financial center, and beyond.

This section will focus on two key specific areas:

- Arbitration
- Artificial intelligence

Arbitration

AmCham appreciates the Government’s continuous support for the arbitration sector and welcomes the amendments to Arbitration Ordinance and a new set of Arbitration (Outcome Related Fee Structures for Arbitration Rules). We believe that these efforts are pertinent to help Hong Kong maintain its competitiveness as a global center for international arbitration.

With a comprehensive and strong legal system, Hong Kong is an ideal place to practice arbitration. In 2022, Hong Kong has arbitrated 344 cases, a 24% increase from 277 in 2021 and 8% than in 2020. Hong Kong courts’ impartiality and neutrality towards arbitration therefore makes it highly attractive for arbitration, ranking third globally following London and Singapore. AmCham therefore suggests the Government to:

- Be more active in promoting Hong Kong’s viability as an arbitration center. Businesses are concerned that Hong Kong’s judiciary is compromised by 2019 demonstrations and the implementation of the National Security Law. The Government could highlight the fact that Hong Kong courts have always been pro-arbitration and there had been no evidence of shift in court attitude on the matter, further signifying minimal of impact on Hong Kong’s arbitration capabilities. Further, as the hosting city for the ICCA Conference 2024, the Government should be looking to reassert Hong Kong’s strengths and raise the city’s arbitration profile.

With a readily available arbitration infrastructure as well as policies promoting dispute resolution and arbitrations, AmCham believes that the Government should consider expanding the scope of arbitration overseas, namely through active international marketing and promotion. This puts Hong Kong under the spotlight for arbitration, and most particularly, aids in demonstrating that Hong Kong’s sound legal system is still strongly implemented and reinforcing the stature of “Two Systems” as a core value of the city. Indeed, ensuring that the international community continues to be involved with/ collaborates with the Government’s efforts has been the reason for the city’s historic success in many sectors, and it is an approach to promotion that can be extended for arbitration to maintain the international character of Hong Kong International Arbitration Center (HKIAC).

Artificial Intelligence

In the previous Innovation and Technology section, AmCham has stated its staunch support for the development and incorporation of AI in various aspects of life and in businesses. The Chamber however believes and agrees that while AI is an area worth investing and exploring, there are equally needs – and in the best interest of all stakeholders as well – that the Government employs clear policy framework/guidelines on AI, particularly given its emergence in all sectors. Anxieties may result in possible investor discomfort in their entry to Hong Kong’s market, which would not be ideal as the economy is just recovering from the COVID-19 pandemic. The increasing IPO registrations in Hong Kong from companies employing AI as developing tools or basis might also imply that new or amended regulations on relevant areas might need to be considered.

97 “HKIAC Releases Statistics for 2022,” Hong Kong International Arbitration Center (HKIAC), June 20, 2023, https://www.hkiac.org/news/hkiac-releases-statistics-2022?text=As%20we%20head%20into%20the&text=In%202022%2C%20there%20were%20..received%20over%20a%20decade...  
The Chamber suggests the Government to take a clear stance on AI, especially vis-à-vis its legal standing and jurisdictional status. Currently, the lack of AI regulations represents a massive gray area, compared to Mainland China’s ban on the use of private AIs, and EU’s horizontal AI regulation. Some members of the Chamber have also expressed concerns over the legality of AIs like ChatGPT that are available in Hong Kong. We thus seek clarity and reassurance that the legal status of AIs is ensured and allowed.

There are also several variations of AIs available on the market. AmCham suggests avoiding placing all AIs into the same category, but instead create a tiered system of regulation, akin to that of the EU Artificial Intelligence Act (AIA), or that of Singapore’s AI Verify. Other countries like the UK have also set out a white paper open to consultation until June 21, 2023.

Given that business leaders and workers believe certain cross-function partnerships would benefit Hong Kong’s AI journey, AmCham advocates for an active cooperation between the Government, AI experts/watchdogs, and developers to work on a comprehensive set of guidelines for sustainable, ethical, and safe AI development. Specifically, there are a few problem areas that are worth highlighting:

- Data privacy: a recent letter by the Privacy Commissioner for Personal Data (PCPD), who urged openness to advancing AI technology while cautioning the possible ramifications from data leakage.
- Copyright: with calls for attention dating back to earliest in 2020, the issue with checking on grey areas in the law vis-à-vis AI is not a novel event, rather an unresolved issue that has yet been addressed and clarified.
- Cybersecurity: there have been AI-related thefts, most notably the $35 million heist in Dubai through AI voice-cloning of the bank CEO. While we are fully confident that the HKMA has outlined clear countermeasures against e-HKD fraud and impersonations, cloning issues that AI presented might also be something that requires taking even stricter and stronger preventative steps.
- Scams: recent emergence of deepfake scams i.e., replacing, altering, or mimicking someone’s face in videos or voice in audios through AI programs.
- Pornographic materials: in some cases, AI-generated pornographic images were used to blackmail individuals. A study from Sensity – a company scrutinizing synthetic media – has revealed that “more than 96% of deepfakes then in existence were nonconsensual pornography of women.”
- Physical border security: recent research demonstrated the capability of a larger AI model to “autonomously ensure” physical border security.

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- Data privacy: a recent letter by the Privacy Commissioner for Personal Data (PCPD), who urged openness to advancing AI technology while cautioning the possible ramifications from data leakage.
- Copyright: with calls for attention dating back to earliest in 2020, there is a growing awareness of the issue with checking on grey areas in the law vis-à-vis AI is not a novel event, rather an unresolved issue that has yet been addressed and clarified.
- Cybersecurity: there have been AI-related thefts, most notably the $35 million heist in Dubai through AI voice-cloning of the bank CEO. While we are fully confident that the HKMA has outlined clear countermeasures against e-HKD fraud and impersonations, cloning issues that AI presented might also be something that requires taking even stricter and stronger preventative steps.
- Scams: recent emergence of deepfake scams i.e., replacing, altering, or mimicking someone’s face in videos or voice in audios through AI programs.
- Pornographic materials: in some cases, AI-generated pornographic images were used to blackmail individuals. A study from Sensity – a company scrutinizing synthetic media – has revealed that “more than 96% of deepfakes then in existence were nonconsensual pornography of women.”
- Physical border security: recent research demonstrated the capability of a larger AI model to “autonomously ensure proper data and privacy controls in the long run.”
Therefore, while corporations are encouraged to adopt “smarter” systems through the adoption of AIs into their system, the Government should also convey a message that AIs will be developed and used in accordance with laws and can be held legally accountable. AmCham therefore proposes some key principles that we believe would serve as a good guide to inform the formulation of AI regulations in Hong Kong:

- **Fairness:** (1) to encourage investment in diverse teams and capabilities to see fair and inclusive access to products; (2) to have zero tolerance for discrimination against customers; (3) to ensure scientific soundness of models used in AI systems.

- **Safety:** (1) to design automated systems to protect consumers and manage risks by testing sensitive models, mitigating discovered risks, robust testing of high impact models, and evaluating models for their risk impact; (2) to monitor AI systems and subject them to human oversight.

- **Privacy:** (1) to practice “Privacy by Design” and work to limit the collection, use, and retention of customer data to essential aspects of service delivery; (2) to make robust investments in data security personnel, procedures, and systems.

- **Explicability:** (1) to demonstrate the reason a particular outcome was reached e.g., in instances where machine learning capabilities are leveraged to design, train, and deploy models.

- **Transparency:** (1) to ensure that machine learning models are understandable and auditable to ensure proper human oversight; (2) to ensure a reasonable connection between AI model purposes to have to the basis for data collection.

AmCham is very supportive of AI development. We appreciate and advocate for more incentives and active participation by the Government in advancing further research and development. At the same time, we also believe that certain framework should be in place, in junction to possible legislative amendments that the Government has already planned for, to safeguard the interests of all stakeholders and businesses.

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XIII. TRANSPORT AND LOGISTICS

AmCham recognizes the immense importance of the transport and logistics industry to Hong Kong’s economy, with the logistics industry alone, which along with trading comprises one of the ‘four pillars’ of the economy, contributing 6.2% of the city’s GDP. As such, our members applaud the Government’s decision to completely remove all pandemic regulations on travel. By allowing for the full resumption of travel with the Mainland and the rest of the world, the Government has greatly aided in the gradual recovery of the transport and logistics industry. However, concerns still persist over a slower-than-expected recovery in cargo routing through Hong Kong and cross-border land transport capacity, as reported by the Q23 Hong Kong Export Index’s report. AmCham members thus believe there are still a number of improvements across a broad range of issues that require the Government’s further support.

AmCham would like to highlight some key specific areas:

- Maintaining competitiveness as an international maritime hub
- Ensure continued support for the Smart Port’s development
- Develop Hong Kong into a leading high-end maritime and logistics services market
- Consolidating Hong Kong’s position as an international aviation hub
- Encourage innovation within point-to-point transport industry

Maintaining Competitiveness as an International Maritime Hub

To ensure Hong Kong remains at the forefront of global container shipping, AmCham believes it is critical to immediately begin efforts at bolstering Hong Kong’s bunkering capabilities for alternative green fuel types, in particular LNG and methanol. Beyond meeting the International Maritime Organization (IMO)’s decarbonization goal of reducing the annual total of greenhouse gasses by at least 40% by 2030 as compared to 2008 levels, creating LNG and methanol bunkering capabilities has significant business implications for Hong Kong as an international maritime hub.

A growing number of large container vessels newbuilds are now LNG-fueled, for whom the availability of LNG, and soon methanol, for refueling will be one of the essential services they require at port. In the absence of such capabilities, Hong Kong will see its competitiveness as an international maritime hub rapidly diminish relative to other container ports in the region – Singapore, Japan, South Korea and Shenzhen all offer LNG bunkering in addition to financial incentives for LNG-fueled vessels. Hong Kong has recently acquired an LNG floating storage and re-gasification unit (FSRU) able to provide a direct supply of LNG to onshore power generation stations. However, Hong Kong currently lacks the LNG-bunkering vessels necessary for using the FSRU to carry out LNG bunkering operations. The Chamber strongly encourages the urgent implementation of policies to address these growing capabilities gap between Hong Kong and its regional competitors to prevent Hong Kong from falling further behind. Such measures could include:

- Adopt and update Marine policies, regulations and safety standards; specifically concerning ship-to-ship bunkering processes and Simultaneous Operations (SIMOPS)
- The Government should encourage and fund the relevant studies required for such a revision of the safety standards and regulatory framework, with priority given to two key studies – a Quantitative Risk Assessment (QRA) and a Marine Traffic Impact Assessment (MTIA).
- Develop LNG bunkering infrastructure, such as modifying FSRU and Jetty to equip them with small-scale reloading capabilities; or acquiring LNG bunkering vessels for ship-to-ship bunkering. Given the local

110 Legislative Council, Motion on “Reinforcing Hong Kong’s status as a regional logistics hub”, April 2023.
physical and operational constraints of Hong Kong’s limited terminal space, developing ship-to-ship bunkering capabilities offers a greater degree of flexibility compared to shore-to-ship or truck-to-ship bunkering, which would require building onshore infrastructure.

- Continue providing financial support and incentives to green-fuel type initiatives, for example implementing subsidies for LNG bunkering infrastructure projects or tax deductions for green-fuel type Ocean Going Vessels (OGV).

**Ensure Continued Support for the Smart Port’s Development**

Having affirmed the continued promotion and development of the ‘Smart Port’ project in the Chief Executive’s 2022 policy address and 2023-24 budget speech, AmCham keenly looks forward to more concrete policy recommendations by the Task Force for Smart Port Development. In keeping with the Government’s Smart City Blueprint 2.0, AmCham believes that ensuring Hong Kong develops a Smart Port is essential for the continued growth of Hong Kong as an attractive international maritime hub. Moving forward, the Government should:

- Encourage development of a platform to exchange information digitally between all stakeholders in the supply chain, making it easier, more efficient, and more attractive to route shipments via Hong Kong.

- Continue supporting the container port’s modernization drive for greater efficiency; automation and innovation, such as HPH Trust’s 5G push,\(^\text{113}\) should be encouraged through financial measures such as subsidies or tax deductions.

**Develop Hong Kong into a Leading High-End Maritime and Logistics Services Market**

AmCham is pleased to see the Government recognize the significance of promoting Hong Kong’s Maritime and Logistics Services and welcomes the slate of fiscal and educational policies introduced in recent years to help the development of high-value added maritime enterprises – such as ship management and leasing, ship finance, marine insurance, as well as maritime law and dispute resolution services. Hong Kong’s full potential lies in value-added maritime services, and it is encouraging that the Government has given priority to their development. In particular, the Chamber salutes the establishment of the Task Force on Maritime & Port Development Strategy by the Transport and Logistics Bureau. On this matter we advise the Government to:

- Continue close consultations with relevant firms and business interests, ensuring that the action plan created by the Task Force takes into consideration the concerns and suggestions of the maritime logistics industry in Hong Kong.

**Consolidating Hong Kong’s Position as an International Aviation Hub**

AmCham members appreciate the Government’s acknowledgement of the issues troubling the aviation industry. Despite the HKIA’s retention of its busiest global cargo airport status, along with major upticks in passenger volumes compared with 2022 are causes for optimism, Hong Kong air traffic’s recovery from the pandemic continues to lag internationally, primarily due to the delayed border-opening policy.\(^\text{114}\) Furthermore, Hong Kong’s position as a leading aviation and air cargo hub faces a number of challenges in the post-pandemic environment, ranging from economic uncertainties due to a softening of global trade demand to labor shortages in key routes.

To ensure Hong Kong actively aligns with National Development Strategies and continues to act as an international aviation hub, the Government should consider the following proposals:

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• Provide clear communication on the Government’s current strategy to address the ongoing labor shortage in key sectors of the HKIA; and provide clear communication on ongoing assistance for I&T developments in automating the HKIA.

• Continue promoting GBA and cross-border connectivity through the HKIA, encouraging further cross-culture understanding to facilitate a more efficient logistics process.

Encourage Innovation Within Point-To-Point Transport Industry

Although AmCham appreciates the recent introduction of legislation intended to promote taxi and other point-to-point transport services, our members believe the industry still faces pressing issues. While Hong Kong’s public transit system remains at the global forefront, some concerns have been raised over the city’s flagging point-to-point transport industry, which saw Hong Kong fall 8 places to 16th in the 2022 “Urban Mobility Readiness Index”. In refusing to revamp the traditional practices and systems of taxis, Hong Kong has lagged on integrating technology with existing point-to-point transport systems, widening the gap with neighbors such as Japan and Singapore. The Chamber believes that new innovative modes of thinking in this regard must be embraced now to ensure our point-to-point transport industries remain up to date, involving measures such as:

• Resolve the taxi industry’s aging drivers’ issue by promoting policies to attract younger personnel. This could be done by improving earnings through increased metered fare, improving the taxi industry image, or providing financial incentives such as subsidies for obtaining taxi licenses.

• Encourage greater integration of technology in taxis. AmCham suggests the Government improve road safety by providing subsidies to install anti-collision or sleep detecting devices and improve user convenience by allowing for e-payment options.

• Promote the adoption of electronic taxis (E-taxis) through measures such as providing mass subsidies for their adoption to lower the initial cost of switching to E-taxis. The Government could also collaborate with the private sector to expand the infrastructure needed for E-taxis, thus creating more dedicated quick chargers, and announcing an estimated timeline for charger availability. Further, to educate taxi drivers on information such as the charging range and charging time needed, so as to overcome initial inertia of adopting E-taxis.

• Implement innovation-friendly laws and regulations as decades old regulations must be adjusted and updated to allow for the regulation of ride-sharing services, such that the whole society can gain full advantage of ridesharing. Examples can be drawn from other jurisdictions across the world, where authorities have regulated ridesharing while balancing the interests of various stakeholders.

• Improve wayfinding or designate areas for e-hailing pickups at airport as part of encouraging travel to Hong Kong. Currently, there is no designated pick-up area for e-hail taxis pick up at airport. Hong Kong airport should improve wayfinding or set up designated pick-up zones for e-hail taxi trips for tourists’ convenience, like Singapore or Melbourne.