



**The American Chamber of Commerce in Hong Kong
Submission on The Chief Executive's Policy Address 2017
and 2017-18 Budget Consultation**

**HONG KONG FORGING & BRANDING A NEW POSITION –
INNOVATION. COLLABORATION. GREATER BAY LEADER.**

Full Submission

September 15, 2017

I. Introduction

1. The American Chamber of Commerce in Hong Kong (AmCham) welcomes the new HKSAR Administration led by Chief Executive Mrs. Carrie Lam. AmCham is optimistic that the new leadership will forge ahead with fresh development initiatives, incorporating both China's major economic pillars and the city's geographical advantages.
2. In July this year, Chinese President Xi Jinping assured China's "resolved, firm and strong" commitment to maintain "One Country, Two Systems" as the best model of development for Hong Kong, recognizing the fact that this city is still the most competitive and freest economy in the world. **AmCham calls on the HKSAR to proactively develop a growth strategy based on the city's core strengths and values but also a strategy that captures its fresh opportunities.**
3. With regional initiatives such as Belt & Road, Greater Bay Area and smart city development, **Hong Kong must not lose sight of itself in identifying a clearly-defined and long-term position.** President Xi's remarks indicated that Hong Kong should "map out a future" with confidence. A self-initiated role to fit into the larger national development strategy of China poses both opportunities and challenges, and requires thoughtful planning.
4. Maintaining strong rule of law, press freedom, open data, government efficiency and Hong Kong's way of life is important for both Hong Kong and China, and is crucial for international businesses based here. Hong Kong is mainland China's biggest source of external direct investment and international financing and the largest offshore RMB business centre in the world. Given these advantages, Hong Kong is no doubt China's first testing ground for globalizing domestic businesses.
5. **However, Hong Kong must not remain passive in charting a new economic direction and should strive to become a thought leader in emerging fields such as technology, innovation, education and the arts.** AmCham views that positioning to capture this new growth Hong Kong needs to re-think its position beyond its traditional strengths of logistics, trade and finance.
6. AmCham asks the HKSAR to **develop a plan for collaboration across industry sectors and effectively communicate its position and strategy** to the wider community in order to garner public understanding and support.
7. As a long-time partner of the Hong Kong Government and contributor to the city's success, AmCham has the following recommendations:

II. Business Environment

8. With the HKSAR Government having noted that the number of U.S. companies maintaining regional headquarters in Hong Kong has been declining in recent years, AmCham would appreciate further details on specific measures that would attract U.S. businesses to consider Hong Kong as a destination of choice for start-ups, regional and international headquarters in Asia.
9. AmCham understands that InvestHK and the Census and Statistics Department are conducting the 2017 Annual Survey of companies in Hong Kong representing their parent companies located outside Hong Kong. We recommend that the Government publicize such findings on a regular basis, to ensure that the community is aware of Hong Kong's performance in international competitiveness and the government's related action plans to maintain its edge.
10. To transform Hong Kong into an innovative economy, the HKSAR needs to address crucial issues such as the rising costs of living and business operations, as well as quality education for expatriates. Compared with other cities such as Singapore, Hong Kong offers comparatively fewer incentives for start-ups and new businesses.
11. To leverage Hong Kong's unique position and strong foundation in the rule of law, freedoms, judiciary independence, clean government and efficiency, the HKSAR needs **an effective communications strategy** for the Government **shifting from its defensive approach to a proactive strategy** in effectively communicating economic synergy with China, and in driving innovative solutions across sectors. Communicating a clear vision and taking active steps to achieve a long-term plan is critical in obtaining both public and international support.

Enhancing connectivity with Mainland and the Region by strengthening the Financial Hub status

12. AmCham is eager to continue to support Hong Kong's success and development as an international financial center. In this regard, we note the importance of building a pipeline of local talent in financial services and Hong Kong's linkages with the Mainland.
 - a. **RMB Internationalization**
13. As China's premier offshore RMB business center, foreign firms domiciled and managed in Hong Kong have insufficient access to RMB QFII and collective funds. AmCham recommends that the Hong Kong Government seeks to have the RMB QFII quotas lifted to allow the free flow of financial services between Hong Kong and the Mainland. AmCham fully supports and looks forward to working with the Financial Services Development Council (FSDC) on these and related issues with an ultimate goal to operate without the constraint of quotas.
14. AmCham fully supports the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect initiatives, the China-Hong Kong Mutual Recognition of Funds (MRF) and Bond Connect.
 - (i) **Stock Connect**
15. AmCham supports Stock Connect initiatives between Shanghai, Shenzhen and Hong Kong. Increasing connectivity between the Shanghai, Shenzhen and Hong Kong is essential to fostering market development in these destinations. As the stock connect programs continue to develop and the inclusion of China's A-shares into the MSCI, AmCham recommends expanding the investment scope in these two programs to include Exchange Traded Funds (ETFs) and more financial products (including A-share derivatives) and removing daily trading quotas altogether.
 - (ii) **Bond Connect**
16. AmCham supports the launch of Bond Connect. The initial Bond Connect phase supports only northbound trading while southbound trading for Mainland investors to access the Hong Kong bond market will be launched later. As the rules continue to be developed and refined, AmCham recommends addressing key

challenges in trade settlements, taxation, cross-border capital investment and differential requirements for retail investors, among others.

(iii) China-Hong Kong Mutual Recognition of Funds (MRF)

17. AmCham enthusiastically supports this important MRF initiative to further open China's capital markets. MRF allows eligible China-domiciled and Hong Kong-domiciled funds to apply for approval for their qualified retail funds to be offered to retail investors in each other's market. For the first time, non-Chinese fund providers will be able to offer their funds to the US\$18 trillion private wealth market in China directly, instead of via a local provider under the Qualified Domestic Institutional Investor (QDII) scheme. AmCham encourages the HKSAR Government to engage industry on remaining key issues covering distribution arrangements, account opening, and account issues on foreign exchange.
18. While AmCham also supports Hong Kong's recent bilateral MRFs with France and Switzerland, AmCham encourages the Government to consider future bilateral MRF schemes remain flexible enough to interoperate with other regional investment schemes such as the ASEAN Collective Investment Scheme (CIS) Framework and the Asia Region Funds Passport (ARFP).

b. Regional Asset and Wealth Management Hub

19. The ARFP initiative was launched in September 2013. In June 2016, five jurisdictions (Australia, Korea, Japan, New Zealand and Thailand) have joined this initiative by signing the ARFP MOU. Member countries signing the MOU will have 12 months to adopt ARFP rules with the expected launch date of early 2018. According to a recent APEC cost-benefit analysis study, the ARFP could potentially create 170,000 jobs in the region and save Asian investors US\$20 billion per annum in fund management costs.
20. AmCham encourages Hong Kong to join the ARFP to enable Hong Kong to serve as a regional hub for the asset and wealth management industry. Hong Kong's membership will be critical for the development of a large-scale market for collective investment schemes in the region and will promote sustainable economic development by facilitating the region's savings toward productive investment.

c. Financial Technology (Fintech)

21. Hong Kong's important regional and international role in finance and banking with its entrepreneurial spirit have set a solid foundation for Fintech development. AmCham fully supports Hong Kong to (1) transform its financial industry towards the next innovative form in order to stay competitive, (2) position itself as a hub to connect the Mainland with global markets, and (3) brand itself a platform for Fintech start-ups and financial institutions to develop and apply Fintech for the Mainland.
22. AmCham also appreciates the recommendations by the Steering Group on Fintech released earlier this year to formulate a clear vision to underline Hong Kong's commitment in developing Fintech and positioning the city as a launch pad for Fintech companies with regional and global ambitions. The Chamber also lauds the recommendation to raise Hong Kong's position as a hub for applying and setting standards for cutting-edge Fintech technologies, such as cybersecurity and Blockchain.
23. This year, AmCham launched the Fintech Subcommittee to support the development of Hong Kong as the Fintech hub in Asia. AmCham urges the government to further promote Fintech and innovation by sharing best practices on a timely and regular basis. This can be accomplished through the development of an online and regularly updated catalogue of selected innovative approaches.
24. AmCham encourages closer cooperation and collaboration between local government agencies and other economies (e.g. Mainland China, Singapore, Australia, etc.) to develop a vibrant market place for new technology developments and innovation in Hong Kong. AmCham welcomes initiatives between regulators in some other markets to establish a recognition regime (such as those between the UK and Singapore, and Australia and Singapore). We encourage Hong Kong to explore similar mechanisms to promote links with other regional and global Fintech centers to further the development of Fintech in Hong Kong.

Environment & Sustainability

25. The business environment has close links to the living environment in Hong Kong – If Hong Kong is not an attractive place to live, businesses will not be able to continue to attract the inflow or retention of the talent they require. The Chamber therefore calls for:
- Continued progress in improving Hong Kong’s air quality, with a focus on maritime and transport emissions, which constitute the largest sources of air pollution in Hong Kong. Specifically, AmCham calls for stronger co-operation with Guangdong on reducing marine emissions both for ships in transit and in port, greater focus on reducing the emissions from local ferries and ships in berth whilst in Hong Kong, with a re-examination of the fuel quality required by law and a new push towards shore to ship power. This needs to be coupled with a renewed focus on tackling roadside air pollution, which has a significant impact on public health, with a strong push to increase the pace of electric vehicle adoption;
 - Careful consideration of public submissions on the recent 2030+ public consultation, with a move to prioritize brownfield development land over the seemingly ‘politically easy option’ of additional reclamation or taking additional land from country parks. Reinforce the environmentally-sensitive redevelopment and provision of public access to land around Victoria Harbour, with the setting up of a properly funded Harbourfront Authority within the next 12 months;
 - Introduction of an empty residential flats tax, similar to that in Melbourne Australia, to help alleviate pressure in the housing market caused by Mainland and other overseas investors. Such investment as ‘parking money’ in Hong Kong has not contributed to the local society and economy but has exerted downward pressure on rental costs for the local and expatriate workforce; and
 - Full endorsement of the Environment Bureau’s plans for energy saving in buildings by 2025 to reduce Hong Kong’s carbon footprint, together with the publication of timely and adequate plans to protect our city against the impacts on infrastructure of rising sea levels and more extreme weather events, such as the recent typhoons, as a result of climate change.

III. Innovative Economy

A Mindset Shift

26. AmCham views that Hong Kong continues to fall behind in a number of areas despite ambitions to transform into an innovative powerhouse, mainly attributable to a lack of mindset shift. Many U.S. tech and innovation firms see that Hong Kong is fairly advanced in infrastructure and hardware development, adopting best practices and content, and entrepreneurial spirit. However, Hong Kong remains weak in collaborative and cross-disciplinary areas, particularly in advancing regulatory frameworks, cross-sectoral collaboration, and talent development.
27. The controversy over Uber entering the Hong Kong market is one typical example which illustrates the lack of a mindset shift from settling vested economic interests toward embracing the fact that new business models are bringing in technological transfer and promoting entrepreneurship in Hong Kong. Government officials should also understand that the concept of “innovation and technology” in fact goes beyond the technology sector. In fact, it is built into the future of all sectors, including the government itself. Given the central importance to Hong Kong of its image and ambition as the “world’s freest economy,” it is essential that we be able to quickly and flexibly adapt to the market changes brought on by technological innovation; Hong Kong’s antiquated taxi system and the regulatory structure that preserves it are inconsistent with Hong Kong’s professed commitment to a free and open market and reflect poorly on our ability and determination to serve as an innovation hub.

Cross-disciplinary mindset and planning

28. AmCham welcomes the recent consultancy report for Government on the development of smart city and urges that the pilot projects and recommendations be implemented quickly, efficiently and effectively. The

Smart City Blueprint should set short- and long-term sustainability and development goals for Hong Kong with performance indicators. Implementation of the Blueprint should encourage bottom-up community participation, public-private partnership, as well as cross-sectoral collaboration and inter-governmental departmental coordination under strong leadership. The Chamber would welcome further and deeper engagement with the OGCIO and others on this issue. With the completion of the Climate Action Plan 2030+ and the 2030+ Planning Vision & Strategy consultation exercises, the public would like to understand the upcoming policy priorities in delivering goals of these related plans.

29. **In the drive to become a smart city, AmCham emphasizes the need for the HKSAR Government to take the lead on innovation and collaboration.** The Chamber also strongly supports the establishment of a cross-Bureau steering group within the government to respond to the industry's engagement hurdles – i.e. the current need to talk to government departments working in silos.
30. AmCham appreciates the HKSAR's efforts in investing in hard infrastructure, but the efficiency and productivity of the economy is being hampered by underinvestment in the technology-enabled soft infrastructure required to maximise asset usage and efficiency. Hong Kong is already behind the curve on Government's technology-enabled platforms, such as the common platform for the banking sector around the "Know Your Customer" needs and the "Trade Single Window" for trade documentation (currently 51 forms are submitted to the Government for meeting requirements related to trading in and out of Hong Kong). AmCham is of the view that the HKSAR can realize more from what has already been spent on the physical facilities by making use of them easier, quicker and cheaper. Government leadership in this area can help Hong Kong recover, or even surpass, the developments that have already been made in Mainland China and other jurisdictions.
31. Similarly, Hong Kong should empower individual energy users through the roll-out of smart meters by utility companies by the middle of next decade. Providing stronger and faster support for the development of smarter transport services, with more integrated data platforms and mobile applications to provide the travelling public with greater assistance in planning their journeys in a smarter way, is just one of the innovative private-public collaborations which the HKSAR should delve into. The HKSAR should also introduce the Electronic Road Pricing (ERP) trial in Central without further delay.
32. To expedite development of an ecosystem for research and development in innovative medical therapies, AmCham calls for the HKSAR to introduce a dedicated public agency to oversee and help drive international investment and venture capital. AmCham supports the Chief Executive's vision to make better use of big data and suggests that Hospital Authority's IT system database be unlocked to researchers in identifying disease trends and tracking patient outcomes.
33. With cancer rated the deadliest disease in Hong Kong, a comprehensive cancer control strategy based on cross-disciplinary mindset and planning is necessary. AmCham encourages engaging multi-stakeholders' involvement along the patient's pathway from prevention, screening, diagnosis, treatment and palliative care. This will not only reduce patients' waiting times for consultation and access to new treatments, but also allow patients to have access to alternative financing approaches apart from public funding. In this regard, the Chamber encourages private health insurance companies, the Government, pharmaceutical industry and hospital administrators to work together to improve data transparency and predictability in support for further development of private health insurance programs with more holistic cancer coverage.

Regulatory Framework

34. AmCham acknowledges the new Administration's determination in developing innovation technology and encouraging investment in research and development to promote a diversified economy in Hong Kong. According to the Global Innovation Index, Hong Kong has been losing its leadership position on Innovation in Asia since 2014. AmCham submits that the HKSAR Government should take a more proactive and open-minded approach to consider appropriate evidence-based regulatory measures so as to foster an ecosystem for innovative products and services.
35. There is a growing consensus among medical and public health experts that products that do not burn tobacco are likely to be less hazardous than cigarette smoking. Recently, the U.S. Food & Drug

Administration (FDA) has proposed a major regulatory shift designed to move smokers towards potentially less harmful innovative alternatives to cigarette smoking. These non-combustible products could help reduce smoking prevalence and improve environmental air quality. As a free economy with consumer choices, it would be constructive for the HKSAR Government to adopt a realistic policy to review existing scientific and empirical evidences to consider allowing innovative alternatives to replace cigarettes for protecting public health and consumer choices.

Talent Development

36. Hong Kong has a very talented, creative and dynamic population of youth. However, talent development remains a roadblock for Hong Kong moving toward an innovative economy, with most of the problems lying in the examination-oriented curriculum and a lack of diversity learning exposure for students. The HKSAR should unleash human resources in teaching in both formal and informal settings. Teens should be given further opportunities to access the latest innovative ideas particularly in primary and secondary education so that young people can choose a path early according to their interest and strengths.
37. Education in Hong Kong should foster a workforce with creative and inter-disciplinary skills to think and act multi-dimensionally, as well as addressing industry, public policy and societal needs. It is noticeable that multinational companies employ more students from Asian countries and mainland China cities with comparatively higher English language proficiency. In view of this, AmCham urges the HSKAR Government to take actions in lifting students' language capabilities.
38. AmCham appreciates that the Government is conducting a review of the education system to improve the teaching environment and strengthen all-round development of students. A review of the Diploma in Education (DipEd) is necessary to assess the effectiveness of Hong Kong's teaching resources. The DipEd, broadly recognized as the only professional qualification for teaching in local schools, significantly discourages highly-educated people, locally and overseas, with extensive experience, insight, creativity and entrepreneurial spirit from entering the system. The rigidity of the system that focuses on test scores being an assessment of achievement offers easy benchmarking for teachers, but little room for interactive and creative learning.
39. While AmCham appreciates the Government's ability to inject material resources into the education system, a fundamental mindset change is required to make education a dynamic process that encourages creative thinking and social mobility, especially in an era where artificial intelligence will gradually replace a number of lower-end jobs. Moving Hong Kong towards a knowledge-based economy requires the right human resources. Hong Kong should look into overseas best practices and unleash the potential teaching resources in the community to ensure the market is sufficiently competitive to help achieve these development goals.
40. AmCham supports the Government's plan to facilitate more collaboration between businesses and schools. Integrating workplace learning into secondary education with broader involvement from the business community is encouraged to enhance the image and social status of vocational training and education. Overseas cases suggested that the image and scope of vocational education are transforming rapidly from stereotyped blue-collar jobs to new job types made available by new technology across many different sectors. These new job types require knowledge that is neither purely academic nor purely vocational, but more about the application of innovative concepts and new technology into daily activities. The business sector, being at the forefront of such development, will help schools produce talents that meet future needs. AmCham also encourages more education-industry collaboration leveraging U.S. academic expertise and brands.

Inclusive Workforce with Diversity

41. Attracting, retaining and engaging a competitive talent pool is a key priority for companies operating in Hong Kong, and the current immigration policy has the potential to be a significant obstacle in achieving this. The policy of not recognizing foreign, legally-registered same-sex marriages and partnerships, unlike heterosexual ones, means that the spouses of those coming to Hong Kong are not being granted dependent

visas to add to our economic strength and vitality – and consequently are denied resident status, and cannot work visa-free – unlike heterosexual dependent spouses.

42. AmCham urges the Hong Kong Government to recognize foreign, legally registered same-sex and domestic partnerships and marriages in order to maintain Hong Kong's status as an international financial center and compete on the global stage. Hong Kong must have a level playing field to enable our world-class industries to nurture, recruit and retain the best talents who are free from differential treatment.
43. AmCham appreciates that the Government will strengthen support for Special Education Needs (SEN) students and review the effectiveness of integrated education. We welcome this review by the Education Bureau to assess the effectiveness of the current policy and measures to help ethnic minority learning Chinese.
44. AmCham supports an inclusive workforce that meets the needs of Hong Kong and asks the Government to consider creating employment opportunities for the vulnerable ethnic minorities and the elderly in diversifying its economy. The practice in the U.S. of employing senior citizens as illustrators/demonstrators in museums and tourist landmarks could be an option for consideration in respectfully utilizing senior citizens' skills and experiences.
45. As the economy and ways of working changes (such as "gig" work), it is not always clear if an individual is a contractor or an employee. Other economies have additional categories, such as "worker". We recommend a review of Hong Kong's employment legislation to ensure that it is keeping up with new ways of working, enabling Hong Kong to remain competitive without jeopardising individual rights.

Green Technology in Transportation and Finance

46. Since 1994, the Hong Kong Government has cultivated a reputation as an early advocate and adopter of "smart city" technologies that simultaneously promote sustainability, public health and social welfare. Support for Electric Vehicles (EVs), which are the future of sustainable transportation, aligns with the HKSAR administration's goal to encourage innovation and technology, improving Hong Kong's transport system, protecting the environment and fighting climate change.
47. However, the previous administration's decision to reduce First Registration Tax (FRT) waiver for EVs sent a negative signal about Hong Kong's continued commitment to green technology and sustainable transportation. In addition, the policy does not address congestion issues and increases air pollution. Since April 2017, registrations of private vehicles have continued to increase (up 2% compared to the same period in 2016) driven entirely by new internal combustion engine vehicles (up 8% compared to the same period 2016), while electric car sales have fallen to almost zero. At the same time, the uncertainty caused by this change has severely impacted businesses and consumers, delaying necessary investments and EV adoption.
48. To reverse the current trajectory, we strongly encourage the HKSAR to send a clear signal about Hong Kong's long-term commitment to sustainable, innovative transportation. Other countries and jurisdictions have committed to a future with clean, sustainable transportation free from fossil fuels. Norway and Netherlands have announced restrictions or bans on fossil fuel vehicle sales by 2025, Germany and India by 2030 and United Kingdom and France by 2040. The Chinese Government has strong incentives to reach targets for 2 million NEVs (New Energy Vehicles) by 2020 and for NEVs to make up 20% of their automobile industry by 2025. The HKSAR has an opportunity to restart the nascent EV ecosystem.
49. With the new leadership, the relevant bureaus can work on pro-EV policies, beginning with the tax policy, that create a positive and durable environment to accelerate EV adoption, support continued infrastructure deployment and foster innovation. There should be greater support provided for the adoption of more electric buses through grant-aided purchase. Commercial vehicles not meeting Euro V standard or above should be progressively phased out within the term of the new Administration. Vehicles entering Hong Kong on the new HKMZ Bridge must be regulated to meet local road transport emissions standards.

50. The success of COP 21 has set clear rules and objectives for business to follow in green economy, green financing and the development and commercialization of green technology. However, the implementation of the COP21 deal depends on support from the business sector.
51. Green finance presents a significant opportunity for Hong Kong to build its bond and project finance markets and provides numerous benefits from increased employment to growth in the investment management, derivatives, insurance and private equity industries. AmCham strongly supports the Government's initiative to develop Hong Kong into a regional leader in green finance, and endorses the short and long-term recommendations made by the Financial Services Development Council in May 2016, including strategic green bond issuance, building a green investor base and other measures to transform investment priorities and environment.

IV. Greater Bay Area

52. Following the signed July 2017 framework Agreement to deepen Guangdong-Hong Kong-Macao cooperation in the development of the Greater Bay Area, and the associated infrastructure projects to be completed soon to enhance connectivity, AmCham sees greater potential for Hong Kong to attract foreign businesses leveraging the city as a base to reach out to the market of the other nine mainland Chinese cities.
53. AmCham sees that **Hong Kong will be a true winner in the Greater Bay Area economic integration concept only if the city develops a proactive strategy that fully maximizes the city's unique position and advantages provided in the "One Country, Two Systems" framework.** Such Hong Kong-driven strategy is of utmost importance to convey a clear direction and messages to the wider public and the international community that the city's participation in the Greater Bay Area economic development moves ahead according to the best interest, values and ethical rules of the people in Hong Kong.
54. AmCham views that such a strategy will not only help obtain public support for upcoming cross-border development initiatives, but help the people of Hong Kong identify economic synergy with business in the mainland as incentivized by the city's policy priorities and strengths. An institutional arrangement to facilitate cross-border collaboration with transparency and public participation is critical to motivating community involvement.
55. With enhanced connectivity with nearby cities, Hong Kong's hub status for regional and international business should be further strengthened – the city's unique access in and out of China and to the Asia region would become even more attractive with greater convenience.
56. Apart from the rapid growth of Hong Kong's trade in services with Guangdong Province, such as legal and financial services, accounting and architecture, Hong Kong should not overlook its role as Asia's centre for asset and risk management, corporate treasury services, insurance, media and marketing and higher education.

Co-location Arrangement

57. The HKSAR must acknowledge the fact that this is the first-time ever that mainland legal enforcement would be placed within the Hong Kong jurisdiction, a sensitive subject that should be handled with as much clarity as possible in terms of actual implementation. The arrangement has been sensitive due to the fact that Hong Kong citizens highly value the "One Country, Two Systems" principle. The HKSAR should clarify that Hong Kong's system would not be compromised by convenience and economic benefits created by this project through public engagement exercises.
58. If any fine-tuning of the arrangement is needed to obtain public support, the HKSAR should consider reflecting such views to the mainland authorities and seek their support and understanding so that the launch of the Guangzhou-Shenzhen-Hong Kong Express Rail Link can go ahead as scheduled.
59. In order to capture a growing number of opportunities within the "Greater Bay" area, the Hong Kong Government ought to consider making it easier for international executives to travel between cities in the

Pearl River Delta, potentially with a special travel card or visa for international passport holders who are Hong Kong residents.

V. Belt & Road

Hong Kong's Opportunities in AIIB and Belt & Road Initiative

60. AmCham applauds the Hong Kong Monetary Authority's decision to establish the Infrastructure Financing Facilitation Office (IFFO) to strengthen Hong Kong's regional hub status for infrastructure financing. With the possible establishment a regional office of the Asia Infrastructure Investment Bank (AIIB) in Hong Kong, AmCham encourages the HKMA to formulate an institutional arrangement for collaboration between the AIIB in Hong Kong and relevant stakeholders.
61. AmCham encourages the Government to continue working with Mainland China to establish Hong Kong as the premier choice for financial, legal, engineering & design and consulting services related to this initiative. The Belt & Road Commissioner should take a proactive role to engage in regular dialogue with international business on the latest trends, policies and opportunities.
62. As an open society with free speech and press freedom, diverse culture and intellectual property protection, Hong Kong has historically had a particularly advantageous position to thrive in what might be called commercial creativity: A mix of creative media, digital media marketing, branding services and advertising industries. Dozens of regional and international media organizations have chosen Hong Kong as their Asia headquarters for good reason, currently there is no city better suited in Asia. For the entirety of Asia, Hong Kong has the strongest position, both talent and environment, to see a boom in this area riding on China's business going global along the Belt & Road initiatives, as well as foreign products and brands entering the Chinese market.
63. However, there are perceptions that Hong Kong is losing its commercial creativity competitiveness to its peers, such as Singapore. AmCham calls on the HKSAR to vocally celebrate, protect and grow Hong Kong's regional position, for mainland Chinese and overseas businesses particularly in the Greater Bay Area and along the Belt & Road markets.

VI. Hong Kong in Asia

ASEAN & APAC: The Regional Collaboration

64. Hong Kong companies' extensive experience in investing in China and ASEAN member countries shows Hong Kong can play a key role as a major facilitator for increased levels of FDI flowing into emerging markets like Vietnam, Cambodia, Myanmar and the Philippines. The Government must maintain Hong Kong's simple tax framework, competitive banking industry and currency stability to preserve its pivotal role in FDI regional flows.
65. AmCham also supports the pursuit of more free trade agreements (FTAs), investment promotions and protection agreements, double taxation agreements, and air services agreements with its major trading partners, particularly the negotiation with the Association of Southeast Asian Nations (ASEAN).
66. AmCham is encouraged to see Hong Kong is concluding its negotiations on the Hong Kong-ASEAN FTAs, and urges the government to sign it by the end of 2017 and implement it as soon as possible. After the conclusion of the FTA negotiations with ASEAN, Hong Kong is expected to seek to participate in the talks on the Regional Comprehensive Economic Partnership (RCEP), currently being negotiated between ASEAN and its six FTA partners: China, Japan, South Korea, Australia, New Zealand, and India.

VII. Hong Kong as an Arts and Creativity Hub

67. AmCham was delighted to learn about the Chief Executive's passion in promoting the culture of Hong Kong. As a city of 7 million people, Hong Kong has global influence of culture from movies and entertainment to visual arts, music and food. The consideration of establishing a new Tourism Bureau and

the establishment of the Harbourfront Authority are encouraging news to demonstrate the Government's commitment to further enhance Hong Kong's soft assets with the creative and dynamic youth population here.

68. AmCham views that the government should expand world-class convention and exhibition infrastructure to facilitate and foster MICE tourism. With the great natural beauty and biodiversity, as well as conservation efforts to respond to climate change and other environmental protection, Hong Kong should seriously explore the promotion of eco-tourism from both infrastructure enhancement, talent building and community engagement. Eco-tourism not only can help Hong Kong generate a new array of job and business in the world-wide trend of green growth, but to improve the quality of living and happiness.

VIII. Conclusion

69. AmCham appreciates the many efforts carried out by the HKSAR to maintain its edge as a hub for international companies despite growing competition from other major cities, and the competition with mainland Chinese counterparts. We believe that with a **well-thought out position for Hong Kong and an effective communications strategy**, the Hong Kong government will be able to overcome the challenges to win public support and international recognition for Hong Kong as it continues to prosper with its own strengths under "One Country, Two Systems".

The American Chamber of Commerce in Hong Kong is the largest international chamber in Hong Kong and represents a broad and diverse membership.