

Budget Speech by the Financial Secretary (6)

Stepping up Investment Promotion

106. Foreign investment is highly conducive to the development of various economic areas. Quality foreign investment brings in not only capital but also skills and job opportunities. We must continue to attract Mainland and overseas enterprises to make investment in Hong Kong, with a view to injecting new impetus into our economic growth.

107. Hong Kong's appeal to foreign investment is beyond question. According to a survey conducted by the Government, the number of Mainland and overseas companies in Hong Kong increased by 10 per cent from 8 225 in 2017 to a record high of 9 049 last year, demonstrating that Hong Kong's business environment remains remarkable.

Attract Investment from the Mainland and Overseas

108. Competition among various economies in the aftermath of the pandemic will definitely intensify. We must step up our efforts in investment promotion to attract foreign enterprises to Hong Kong. Starting from the next financial year, the Government will provide an additional recurrent provision of around \$90 million in phases to strengthen InvestHK's work and our investment promotion network in the Mainland and overseas.

109. At present, Hong Kong has signed 45 Comprehensive Avoidance of Double Taxation Agreements (CDTAs) and is in negotiations with 14 tax jurisdictions, with a view to minimising the risk of double taxation borne by foreign enterprises doing business in Hong Kong. We will continue to proactively expand our CDTA network.

Global Financial Leaders' Investment Summit

110. To further tap into Hong Kong's strength in attracting investment and our influence as an international financial centre, I have invited the HKMA to organise a high-level investment summit. Representatives of Mainland and international financial institutions will be invited to attend the summit to learn more about the unique advantages and investment environment of Hong Kong, and to jointly explore global financial opportunities and the role that Hong Kong can play in the future.

Trade Development

111. Hong Kong has all along been a highly open trade centre. The 14th Five-Year Plan supports Hong Kong in enhancing its status as an international trade centre. The HKSAR Government will continue to proactively develop a more stable, open, inclusive and mutually beneficial international economic and trade environment in compliance with multilateral trade rules. We will also continue to strengthen our role as a connecting platform between our

country and the rest of the world in the international circulation and as a key link for the Belt and Road Initiative.

Hong Kong's External Trade

112. The Mainland and the Association of Southeast Asian Nations (ASEAN) are the largest and second-largest trading partners of Hong Kong respectively. We will continue to strive to introduce more liberalisation measures under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement, thereby creating more favourable conditions for Hong Kong enterprises to enter the Mainland market. The Free Trade Agreement (FTA) and the related Investment Agreement (IA) between Hong Kong and ASEAN, both of which came into full effect last year, have been implemented smoothly. ASEAN members welcome Hong Kong's interest in seeking accession to the Regional Comprehensive Economic Partnership (RCEP). The HKSAR Government is pressing ahead with Hong Kong's early accession to the RCEP.

113. Apart from our major trading partners, we will also continue to seek to enter into FTAs and IAs with other economies. We also strive to strengthen economic and trade connections with the economies in the Middle East and attract enterprises there to do business in Hong Kong through the newly-established Hong Kong Economic and Trade Office in Dubai.

Trade Single Window

114. The Government has implemented the "Trade Single Window" (TSW) in phases since 2018 to enable one-stop lodging of Business-to-Government import and export documents, with a view to enhancing cargo clearance efficiency. Services under Phase Two are expected to be rolled out in batches from next year onwards. We have also earmarked about \$1.4 billion for the development of the IT system in Phase Three and the industry is being consulted on the relevant implementation details. Our target is to submit the funding application to the LegCo in the next financial year, with a view to achieving full implementation of the TSW as early as possible.

Trade Promotion

115. The Government has previously made arrangements to allocate an additional sum of \$835 million in total to the TDC in six years from 2018-19 onwards for the implementation of various measures, with a view to consolidating Hong Kong's status as a business hub in Asia and exploring business opportunities for Hong Kong companies. In the coming year, the TDC will continue to enhance its mega promotion "Think Business, Think Hong Kong" to strengthen its promotional efforts in ASEAN and mature markets. Moreover, it will actively develop digital platforms to help Hong Kong enterprises explore business opportunities and develop overseas markets. The TDC will also organise a number of events to introduce Hong Kong products and services to the Mainland market.

Convention and Exhibition

116. Convention and exhibition (C&E) activities are crucial for developing

Hong Kong's external trade and attracting foreign investment. As at end-January 2022, the Government has subsidised 118 C&E events under the Convention and Exhibition Industry Subsidy Scheme launched not long after the onset of the COVID-19 outbreak. The scheme has also provided one-off immediate relief to organisers of 73 recurrent exhibitions in Hong Kong. The Government will actively consider attracting more event organisers to organise C&E activities in Hong Kong when the epidemic situation stabilises.

Rental Enforcement Moratorium

117. Many SMEs currently face huge challenge amidst the adverse business environment. Taking into consideration that rental payment constitutes a major part of the operating expenses of enterprises, we will expeditiously introduce new legislation to prohibit landlords from terminating the tenancy of or not providing services to tenants of specified sectors for failing to settle rents on schedule, or taking relevant legal actions against them. The relief will be valid for three months and, if necessary, be extended one more time for the same duration, with the legislation automatically lapsing after six months. The arrangement will provide enterprises in deep water with breathing space and help secure employment. HKMA will be in close communication with the banking sector and banks will exercise flexibility if the repayment ability of any landlord is affected owing to reduction in his rental income.

Support Scheme for Pursuing Development in the Mainland

118. To facilitate Hong Kong businessmen, professional services practitioners and entrepreneurs in the Mainland in better integrating into the overall development of our country and seizing the opportunities there, I will allocate a total funding of \$135 million to the TDC over the next three years for the introduction of the Support Scheme for Pursuing Development in the Mainland. The scheme will focus on those Mainland cities with larger numbers of Hong Kong business people and workers, with priority accorded to the GBA. Through the TDC's network of offices in the Mainland, training and exchange programmes, business missions as well as promotion activities will be organised in partnership with various business associations to further support Hong Kong people in the Mainland, including business chambers, professionals' groups and associations of young entrepreneurs.

(To be continued.)