LCQ3: Outflow of professionals and capital

Following is a question by the Hon Paul Tse and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (April 6):

Question:

As pointed out in an increasing number of reports, an alarm is currently raised in Hong Kong for an unprecedented outflow of professionals and capital. While the Immigration Department has pointed out that the number of applicants for renunciation of Chinese nationality hit a record high in 10 years in 2021, the Securities and Futures Commission has remarked that its overall staff turnover rate surged to 12 per cent in 2021, and the Hong Kong Monetary Authority has reportedly met with the top management in the banking sector regarding a number of senior bankers' successive exits from Hong Kong. A member of the existing Election Committee has even pointed out candidly in a letter to the Chief Executive that many talents have joined the brain drain out of Hong Kong. In this connection, will the Government inform this Council:

(1) whether it has compiled statistics on the number of professional outflows from Hong Kong (with a breakdown by Hong Kong permanent residents and foreign nationals) and the situation of capital outflow, in each of the months since January 2021;

(2) given that some members of the public have criticised the Government for not saying a word about the wave of exodus of professionals and enterprises from Hong Kong in both the 2021 Policy Address and the recently released Budget, of the Government's reasons for making such a decision, and whether it will, in view of the outflow of more and more local talents, foreign-funded enterprises and capital from Hong Kong, assess afresh and revise timely the public finance, demographic structure, economic development, productivity and international competitiveness of Hong Kong; and

(3) whether it has relayed timely to the Central People's Government the phenomenon of outflow of professionals and capital; if so, of the details, and whether it will present the relevant record to this Council, so that this Council may discuss and follow up the policies and initiatives formulated by the Government for retaining professionals and people's confidence and lessening the desire of the middle class and professionals to emigrate elsewhere; if it has not, of the reasons for that?

Reply:

President,

Thank you for Hon Paul Tse's question. We have consulted the Labour and Welfare Bureau, the Commence and Economic Development Bureau, the Security Bureau, the Innovation and Technology Bureau and the Education Bureau in relation to the three parts of the question and my consolidated response is as follows:

As Hong Kong residents travelling abroad are not required to inform the Government of their purpose of travel, we do not have direct statistics on emigration of Hong Kong residents. The necessary anti-epidemic restrictive measures we put in place might have affected enterprises and individuals to varying degrees. Nevertheless, Hong Kong has always been a highly open economy. Any outflow of talents is likely to be a temporary phenomenon as long as we are able to maintain our competitive edges.

According to the statistics provided by the Immigration Department, the number of talents who came to Hong Kong for long-term employment under the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals dropped in 2020 amid the epidemic. Yet, the figure rebounded last year with an increase of nearly 20 per cent compared with 2020, demonstrating that Hong Kong is still attractive to talents around the world. The recent responses of the Government to address public concerns by making appropriate adjustments to arrangements such as the post-arrival quarantine period and the flight ban are well received by the business and financial services sectors. I believe that Hong Kong will come out stronger after the epidemic and will be able to attract more talents to pursue career development in Hong Kong.

In terms of the commercial activities of foreign companies in Hong Kong, according to statistics of the Companies Registry, the total number of registered non-Hong Kong companies on the Companies Register has been showing an upward trend from 13 752 as at end-2020 to 14 348 as at the end of last year, and further to 14 418 as at end-February this year.

As regards fund flow, there is no notable sign of fund flowing out of the Hong Kong dollar (HKD) or the Hong Kong banking system. Specifically, the HKD exchange rate traded within the strong-side Convertibility Undertaking zone most of the time last year. Although the HKD exchange rate softened in recent months amid risk-off sentiment in the local equity market and market concerns over the US Federal Reserve's monetary policy normalisation, the HKD exchange market continued to trade in a smooth and orderly manner. Furthermore, bank deposits remained stable. Total deposits and HKD deposits grew moderately by 4.6 per cent and 1.4 per cent respectively last year and continued to increase by 1.4 per cent and 1.8 per cent respectively in the first two months of this year. The Hong Kong Monetary Authority will continue to monitor the market closely to ensure effective operation of the HKD market in accordance with the Linked Exchange Rate System, and to safeguard monetary and financial stability in Hong Kong.

As mentioned by the Chief Executive (CE) in her 2021 Policy Address, we will attract non-local talents more proactively to enrich our talent pool, promote high-end economic development and seize the development opportunities as provided under the 14th Five-Year Plan and in the Greater Bay Area (GBA). The CE has also put forward concrete proposals to the Central Government to enhance the two-way flow of talents within the GBA. In fact, in order to attract foreign talents, we have been formulating relevant measures in response to the development needs of the local economy. The Policy Address and the Budget released earlier also announced key measures including:

(i) The annual quota of the Quality Migrant Admission Scheme (QMAS) would be doubled to 4 000. Eligible applicants who meet the professional specifications of the Talent List of Hong Kong will be awarded bonus points under the "General Points Test" of the QMAS. We completed the review on the Talent List last year, and added "professionals in compliance in asset management" and "financial professionals in Environmental, Social and Governance" to the list. The scope of some existing professions has also been expanded to cover experts of "medical and healthcare sciences", "microelectronics", "integrated circuit design" and "arts technology", and the requirements on legal and dispute resolution professionals have been refined, with a view to complementing the direction of future developments;

(ii) The Government is exploring the extension of the Immigration Arrangement for Non-local Graduates to cover graduates of Hong Kong universities' Greater Bay Area campuses to attract talents from these institutions to work in Hong Kong;

(iii) The InvestHK has been working closely with relevant bureaux/departments and stakeholders on strategic promotion targeting key markets such as the Mainland, Europe, Northern America and the Association of Southeast Asian Nations, which include organising virtual and physical activities, and leveraging digital platforms to strengthen its campaign to promote Hong Kong's development opportunities and various measures; and

(iv) The Government's flagship Innovation and Technology (I&T) project, InnoHK research clusters, has successfully attracted over 30 world-renowned universities and research institutes to collaborate with local universities in setting up 28 research laboratories in the Hong Kong Science Park, attracting around 2 000 high quality talents around the world. In addition, over 60 scholars were supported in the first two rounds of assessment under the Global STEM Professorship Scheme to undertake teaching and research work in Hong Kong. Meanwhile, the Technology Talent Admission Scheme handles applications that involve the admission of non-local talents to undertake research and development work in Hong Kong expeditiously, covering 13 technology area (Note).

As regards the nurture of financial talent which is an area under my purview, we have mapped out comprehensive and full-fledged strategies to facilitate the career development of young people in schools and assist financial practitioners in grasping the emerging opportunities in the market. Examples include the Financial Industry Recruitment Scheme for Young Graduates launched earlier and the Pilot Scheme on Training Subsidy for FinTech Practitioners to be rolled out this year. While striving to combat the epidemic, Hong Kong as an international financial centre is committed to staying connected with the Mainland and overseas, so as to keep expanding the scope of development of the financial market. One of our key strategies is to assist the industry in seizing the emerging opportunities arising from the development of Fintech as well as green and sustainable finance. To this end, we have announced related measures in the latest Budget, such as providing subsidies for the training and acquisition of professional qualifications related to green and sustainable finance, and actively implementing the development of professional qualifications recognised under the Qualifications Framework for Fintech practitioners.

We will continue to implement more measures conducive to the industry's development so as to consolidate our talent pool.

Thank you, President.

Note: Include artificial intelligence, biotechnology, cybersecurity, data analytics, financial technologies, material science, robotics, 5G communications, digital entertainment, green technology, integrated circuit design, Internet-of-Things and microelectronics.