

LCQ6: Support for enterprises amid epidemic

Following is a question by the Hon Jimmy Ng and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (September 1):

Question:

Some members of the business sector have relayed that amid the epidemic, governments around the world have imposed anti-epidemic measures such as compulsory quarantine on inbound travellers, seriously affecting their business connections with business partners and their tapping of business opportunities, and small and medium enterprises (SMEs) have generally encountered financing difficulties. In this connection, will the Government inform this Council:

(1) whether it will strive for the establishment of the following commercial corridor by the Central Authorities: persons who have completed a coronavirus disease 2019 vaccination course may be exempt from compulsory quarantine upon entry if they make business trips by taking point-to-point transportation for travelling to and from Hong Kong and Mainland places within the Guangdong-Hong Kong-Macao Greater Bay Area; if so, of the details; if not, the reasons for that;

(2) whether it will relax the entry quarantine requirements applicable to both local and foreign businessmen to facilitate their business operations, thereby consolidating Hong Kong's status as an international financial centre; if so, of the details; if not, the reasons for that; and

(3) whether it will introduce more measures to relieve the cash flow pressure faced by SMEs amid the epidemic, including extending the Pre-approved Principal Payment Holiday Scheme which will end next month, as well as introducing interest-free loan schemes with greater loan amounts; if so, of the details; if not, the reasons for that?

Reply:

President,

Thank you for the question raised by the Hon Jimmy Ng. Having consulted relevant policy bureaux including the Constitutional and Mainland Affairs Bureau, the Food and Health Bureau and the Financial Services and the Treasury Bureau, my consolidated reply to the three-part question is as follows:

(1) The COVID-19 epidemic has lasted over a year, bringing different degrees of impact to the Hong Kong's economy as a whole and to the operation of various sectors. As an international business and financial centre, Hong Kong is home to the regional headquarters and offices of many multinational

companies. The Government fully understands that the travel restrictions and quarantine measures brought by epidemic have affected the daily operation of international and local companies as well as the travelling of their personnel. In this connection, we have been maintaining liaison with the Mainland and overseas economies that have close economic and trade relations with Hong Kong, keeping in view the development of the epidemic and the prevention and control measures concerned, as well as the actual situation in the community, the reactions of the general public, etc. On the premise of combating the epidemic, the Government will endeavor to facilitate limited cross-boundary flow of people through different means, in the absence of quarantine-free travel in the short term.

There are close ties among Hong Kong, the Mainland and Macao in economic and livelihood matters. For early resumption of normal cross-boundary flow of people amongst the three places in an orderly manner, the Hong Kong Special Administrative Region (HKSAR) Government has been closely monitoring and controlling the epidemic situation, speeding up vaccination for members of the public and rolling out other measures. Meanwhile, we are liaising with the Mainland and Macao to actively explore the resumption of normal cross-boundary activities amongst the three places in an early, gradual and orderly manner, on the premise that the epidemic situation in the three places is under control and without posing additional public health risks. The HKSAR Government has all along been working tirelessly and actively towards quarantine-free travel with the Mainland to enable the resumption of normal cross-boundary activities as the most important target. As the Chief Executive clearly pointed out at the media session yesterday, members of the public, including both local enterprises and foreign chambers of commerce, very much look forward to the early resumption of normal flow of people between Hong Kong and the Mainland. To achieve this common goal, we must continue to strive to prevent importation of cases, minimise the risks to the community and work together to boost the vaccination rate.

(2) Adopting the strategy of guarding against the importation of cases and the resurgence of domestic infections, the HKSAR Government has been taking comprehensive and effective measures to combat the epidemic. Taking into account the latest global and local development of the epidemic, the Government reviews the quarantine arrangements for persons arriving at Hong Kong on an on-going basis. Starting from August 17, 2021, the Government has adjusted the prevention and control measures for persons arriving at Hong Kong based on high, medium and low risk levels. Stringent boarding, quarantine and testing requirements of different levels are introduced according to the assessed risks of the relevant origins of the incoming travellers to prevent importation of cases from outside Hong Kong, while gradually resuming people flow with low risk places by way of timely adjustment. The Government also maintains close liaison and contacts with local and foreign chambers of commerce, consulates, etc. explaining to them the latest anti-epidemic policy and measures in Hong Kong.

At present, in accordance with the Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation (Cap. 599C) and the Compulsory Quarantine of Persons Arriving at Hong Kong from Foreign Places Regulation

(Cap. 599E), the Chief Secretary for Administration may exempt any person or category of persons fulfilling certain criteria from compulsory quarantine. Examples of these criteria include: the person's or persons' entry into Hong Kong is necessary for the supply of goods or services required for the normal operation of Hong Kong or the daily needs of the people of Hong Kong, or for the protection of the safety or health of the people of Hong Kong, or the person's or persons' travelling is for purposes relating to manufacturing operations, business activities or provision of professional services in the interest of Hong Kong's economic development. However, exempted persons must comply with exemption conditions drawn up in consultation with the health authorities, including requirements on regular testing, self-isolation and restricted movement. Among the categories of persons exempted, those closely related to the business community include personnel of Hong Kong enterprises with manufacturing operations in the Mainland which is under the purview of the Commerce and Economic Development Bureau, personnel of the financial services industry and qualified persons of listed companies, etc.

(3) To help different sectors impacted by the epidemic cope with operational difficulties, the Government has provided multiple rounds of support measures through the Budget and the Anti-epidemic Fund, totaling over \$300 billion. In addition, the Hong Kong Monetary Authority (HKMA) together with the Banking Sector SME Lending Coordination Mechanism launched the Pre-approved Principal Payment Holiday Scheme last May to help relieve the cash flow pressures facing corporate customers of banks. The scheme has been successively extended by six months twice to end-October this year. Up to end-July 2021, a total of over 74 000 applications have been approved by banks, involving an aggregate amount of over \$860 billion. The HKMA is gathering the views of stakeholders to formulate appropriate recommendations on the way forward for the scheme.

Launched in April last year, the special 100 per cent low-interest concessionary loan under the SME Financing Guarantee Scheme (SFGS) has been well-received by the enterprises. As at end-July 2021, loans amounting to \$65.7 billion in total had been approved, exceeding the originally reserved guarantee commitment of \$50 billion, approving over 40 000 applications. In view of the above, the Government announced last week the extension of the application period by six months to June next year to assist enterprises hard hit by the epidemic in coping with cash flow problems. To this end, the Government will soon seek an addition commitment of \$35 billion from the Finance Committee of the Legislative Council and is looking forward to Members' support. In other words, taking into account of the special 100 per cent low-interest concessionary loan together with the 80 per cent and 90 per cent guarantees under the SFGS, the Government's total commitment for loan guarantees that help enterprises to cope with cash flow problems will be increased to \$218 billion.

The Government will keep in view the operation and financing situation of enterprises, and take different measures to assist enterprises in a timely manner.