

Survey on Small and Medium-Sized Enterprises' Credit Conditions for first quarter of 2024

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (May 6) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the first quarter of 2024. According to the survey, SMEs' credit conditions show signs of improvement.

Regarding SMEs' perception of banks' credit approval stance relative to six months ago, excluding respondents who answered "no idea/don't know", 71 per cent perceived a "similar" or "easier" credit approval stance in the first quarter of 2024, up from 69 per cent in the previous quarter (Chart 1 in the Annex). 29 per cent perceived a "more difficult" credit approval stance, down from 31 per cent in the previous quarter. The perception of a more difficult credit approval stance may not necessarily reflect actual difficulties faced by SMEs in obtaining bank credit as the perception could be affected by a number of factors, such as media/news reports, business conditions and opinions of relatives and friends.

Among respondents with existing credit lines, 12 per cent reported a "tighter" banks' stance, significantly down from 24 per cent in the previous quarter (Chart 2 in the Annex). In this survey, a tighter stance on existing credit lines denotes a range of possible measures or arrangements, such as reducing unused and used credit lines, raising the interest rate, imposing additional collateral requirements, or shortening loan tenor. Therefore, respondents' indication of banks' stance on existing credit lines may not directly reflect banks' supply of credit to SMEs.

The survey also gauged the results of new credit applications from SMEs. 3 per cent of the respondents reported that they had applied for new bank credit during the first quarter of 2024. Among the respondents who had already known their application outcomes, 86 per cent reported fully or partially successful applications, up from 80 per cent in the previous quarter (Chart 3 in the Annex). 14 per cent reported unsuccessful applications, down from 20 per cent in the previous quarter.

Owing to small sample sizes of SMEs with existing credit lines (18 per cent of surveyed SMEs) and with new credit applications (3 per cent of surveyed SMEs) during the quarter, the results could be prone to large fluctuations, and hence should be interpreted with care.

About Survey on SMEs' Credit Conditions

In light of the importance of SMEs to the Hong Kong economy and concerns about potential funding difficulties facing SMEs over the past few years, the

HKMA has appointed the Hong Kong Productivity Council (HKPC) to carry out this survey, starting from the third quarter of 2016. This survey is conducted on a quarterly basis, covering about 2 500 SMEs from different economic sectors each time. The results of this survey can help monitor the development of SMEs' access to bank credit from a demand-side perspective.

The results of this survey should be interpreted with caution. Similar to other opinion surveys, views collected in this survey may be affected by changes in sentiment due to idiosyncratic events that occurred over the survey period, which can make the results prone to fluctuations. Readers are advised to interpret the results together with other economic and financial information. In addition, views collected are limited to the expected direction of inter-quarter changes (e.g. "tighter", "no change" or "easier") without providing information about the magnitude of these changes.

Detailed tables and technical information of this survey are published on the website of the HKPC (smecc.hkpc.org).

CE meets Minister of Human Resources and Social Security (with photo)

The Chief Executive, Mr John Lee, met with the Minister of Human Resources and Social Security, Ms Wang Xiaoping, today (May 6) to exchange views on Hong Kong Special Administrative Region (HKSAR) Government's initiatives in attracting global talent and deepening talent collaboration between the Mainland and Hong Kong. Also attending the meeting were the Secretary for Labour and Welfare, Mr Chris Sun, and the Director of the Chief Executive's Office, Ms Carol Yip.

Mr Lee welcomed Ms Wang's visit to Hong Kong with her delegation to attend the Global Talent Summit · Hong Kong and its series of events. Mr Lee said that the strategy of trawling for and retaining talent is one of the priorities of the current-term HKSAR Government. He added that the Summit, which will be held for two consecutive days starting tomorrow (May 7), is organised by Hong Kong Talent Engage established by the HKSAR Government last year, and is the first talent-themed international forum and exhibition of the current-term HKSAR Government, with a view to promoting Hong Kong's dual role and advantages as an international talent hub and the country's gateway for talent.

Mr Lee said that the HKSAR Government has been proactively attracting talent from the Mainland and overseas through different policy measures. As at the end of last month, 290 000 applications had been received under various talent admission schemes, with about 180 000 of them approved, and over 120 000 talents have arrived in Hong Kong. Mr Lee expressed his

gratitude to the Central Government for its support for the policy directions of the HKSAR Government by introducing various measures in supporting Hong Kong to attract talent. As part of these measures, the National Immigration Administration today implemented a number of measures to facilitate the public and enterprises' arrival in Hong Kong, including the extension of the period of stay for holders of an exit endorsement for business visit travelling to Hong Kong, and the expansion of application of the talent exit endorsement to Beijing and Shanghai. These measures will enhance convenience for Mainland businesspersons and traders who travel to Hong Kong and promote exchanges between the business community of the Mainland and Hong Kong.

Mr Lee said that the HKSAR Government will continue to foster talent co-operation between the Mainland and Hong Kong and promote training and mutual recognition of qualifications of vocational skilled talent. It will also maintain close liaison with the Ministry of Human Resources and Social Security to further promote the connection and exchanges of talent between the Mainland and Hong Kong, and attract more top-notch talent and enterprises from all over the world to Hong Kong, making greater contributions to the high-quality development of the country, Mr Lee added.



Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Monday, May 6, 2024 is 105.8 (up 0.2 against last Saturday's index).

The effective exchange rate index for the Hong Kong dollar on Saturday, May 4, 2024 was 105.6 (down 0.1 against last Friday's index).

LegCo to continue Second Reading debate on Appropriation Bill 2024

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) will hold a meeting on Wednesday (May 8) at 11am in the Chamber of the LegCo Complex. During the meeting, Members will continue the Second Reading debate on the Appropriation Bill 2024 and Government officials will speak on the Bill. If the Bill is supported by Members and receives its Second Reading, it will stand committed to the committee of the whole Council. After the committee of the whole Council has completed consideration of the Bill and its report is adopted by the Council, the Bill will be set down for the Third Reading.

The Deposit Protection Scheme (Amendment) Bill 2024 will be introduced into the Council for the First Reading and the Second Reading. The Second Reading debate on the Bill will be adjourned.

Meanwhile, the Chief Secretary for Administration will move a proposed resolution under Article 73(7) of the Basic Law and section 7A of the Hong Kong Court of Final Appeal Ordinance relating to the appointment of a judge of the Hong Kong Court of Final Appeal from another common law jurisdiction. The proposed resolution is set out in Appendix 1.

The Secretary for Financial Services and the Treasury will move a proposed resolution under the Loans Ordinance. The proposed resolution is set out in Appendix 2.

During the meeting, Members will also ask the Government 22 questions on various policy areas, all of which require written replies.

The agenda of the above meeting can be obtained via the LegCo Website (www.legco.gov.hk). Members of the public can watch or listen to the meeting via the Webcast system on the LegCo Website. To observe the proceedings of the meeting at the LegCo Complex, members of the public may call 3919 3399 during office hours to reserve seats.

Inspection of aquatic products imported from Japan

In response to the Japanese Government's plan to discharge nuclear-contaminated water at the Fukushima Nuclear Power Station, the Director of Food and Environmental Hygiene issued a Food Safety Order which prohibits all

aquatic products, sea salt and seaweeds originating from the 10 metropolis/prefectures, namely Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano and Saitama, from being imported into and supplied in Hong Kong.

For other Japanese aquatic products, sea salt and seaweeds that are not prohibited from being imported into Hong Kong, the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department will conduct comprehensive radiological tests to verify that the radiation levels of these products do not exceed the guideline levels before they are allowed to be supplied in the market.

As the discharge of nuclear-contaminated water is unprecedented and will continue for 30 years or more, the Government will closely monitor and step up the testing arrangements. Should anomalies be detected, the Government does not preclude further tightening the scope of the import ban.

From noon on May 3 to noon today (May 6), the CFS conducted tests on the radiological levels of 172 food samples imported from Japan, which were of the "aquatic and related products, seaweeds and sea salt" category, in the past three days (including last Saturday and Sunday). No sample was found to have exceeded the safety limit. Details can be found on the CFS's thematic website titled "Control Measures on Foods Imported from Japan" (www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Nuclear_Event_and_Food_Safety.html).

In parallel, the Agriculture, Fisheries and Conservation Department (AFCD) has also tested 150 samples of local catch for radiological levels. All the samples passed the tests. Details can be found on the AFCD's website (www.afcd.gov.hk/english/fisheries/Radiological_testing/Radiological_Test.html).

The Hong Kong Observatory (HKO) has also enhanced the environmental monitoring of the local waters. No anomaly has been detected so far. For details, please refer to the HKO's website (www.hko.gov.hk/en/radiation/monitoring/seawater.html).

From August 24 to noon today, the CFS and the AFCD have conducted tests on the radiological levels of 48 444 samples of food imported from Japan (including 31 547 samples of aquatic and related products, seaweeds and sea salt) and 12 684 samples of local catch respectively. All the samples passed the tests.