



**The Canadian
Chamber of Commerce
in Hong Kong**

4th December 2023

Mr. Paul CHAN, GBM, GBS, MH, JP, Financial Secretary

The Financial Secretary's Office
Commerce and Economic Development Bureau
Hong Kong Special Administrative Region
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Subject: 2024-25 Hong Kong Budget Consultation - Delivered 28 February 2024

Dear Financial Secretary,

The Canadian Chamber of Commerce in Hong Kong (the “Chamber”) is pleased to share our key views for the 2024-2025 Budget Consultation, Foreign Chambers. Canada is well-connected with, and a part of, the deep and broad fabric of Hong Kong. There are over 300,000 Canadians in Hong Kong, and many Hong Kong citizens who are studying, living or working in Canada, who maintain close ties to Hong Kong. The Chamber constituents represent 2,400 members and more broadly the larger community of Canadians in Hong Kong. This includes numerous Canadian universities alumni associations, international schools in Hong Kong, leading pension funds, Canadian banks, insurance companies, and more.

Reestablishing Hong Kong as an international business hub is a top priority for Hong Kong and for our Chamber. We welcome and support the Government’s recent strategies and initiatives in promoting Hong Kong, as an “*International Innovation and Technology Centre*” and in reinforcing Hong Kong’s position as an “*International Financial and Trade Centre*” to the world. In support of Hong Kong’s ambitions to build a sustainable economy, our Chamber foresees the opportunities for strategic partnerships with Hong Kong and Canada on innovation, advanced manufacturing and major capital programs.

The Chamber firmly believes that Hong Kong is well endowed with many opportunities and advantages which should be highlighted and leveraged in the upcoming budget.

Our key views are the following for use and allocation of the 2024-2025 Budget:

- 1. Allocate government budget resources to provide loan guarantees and support the innovative Tech businesses in Hong Kong:** Through establishment of a new government guaranteed bank “innovation” loans (for SME lending, FinTech sector), the government can allocate its strong credit rating together with the efficiencies of Hong Kong’s banking and financial institutions to support innovation small businesses. This sector offers promising returns, but traditional banking is challenged to support, however, with HK government guarantees to banking loans, banks can provide private sector lending



discipline and efficiencies which are normally only available to more mature businesses. Private sector bank lending models do not normally adequately support higher risk yet higher return innovation businesses, and startup stage entrepreneurship. VC investment and seed stage capital businesses also do not have the maturity nor liquidity during near-recessionary times. Hong Kong would benefit from growing this valuable and competitive global sector, especially in the Web3 digital assets sector, which already has early competitiveness. This would attract innovative talent as well, utilize available lending resources of the existing banking industry in Hong Kong, combining with the government's strong credit rating. Further, the actual capital outlay from government guaranteed facilities (minimal administration costs and hopefully low loan impairment) may be well compensated by increased "tax revenues" from successful businesses and increased private sector banking activities, which the guarantee loan program supports.

2. **Allocate government funding to promote the new economic plan** and facilitate access to resources and programs for businesses by sharing key information on fund access, and new investments for capital programs. Businesses and investors are often unaware of current channels of communications, the specific criteria, steps and the decision-making process. We propose new funding to set up a Government Door Opener Office (a one stop shop referral channel) to help navigate all the government programs and departments and increase connections to all government programs and departments. This office should be led by a special Coordinator focused on increasing accessibility and mandated to provide referrals.



3. **Allocate funding for programs that attract talent and to hire critical, well connected and experienced HK talent promotional professionals in HKETO offices in Canada to accelerate programs that attract new, high-caliber talent.** Nurturing of relationships with various universities career departments is key to marketing to both mature graduate students with relevant work experiences and to new undergraduates. Conducting roadshows and job fairs throughout Canada's top universities to target and to build private sector partnerships and landing programs with international career development and relocation services, as well as the Human Resources and recruitment experts of Hong Kong companies that are experts in Hong Kong, China, and Asia opportunities. Despite a relatively small population, Canada graduates a high proportion of STEM graduates from universities that rank in the top 100 high in the world. In Ontario alone, 47 universities and colleges produce over 65,000 graduates in science, engineering, mathematics and related technologies each year. Many of these have connections to HK or Asia and certainly much closer affinities to Hong Kong than many other Western countries. Traditionally, international career development in Canada meant to venture to the United States for higher salaries and bigger markets (HK can compete well, if not better, in this regard, especially for those already prepared to work in environments such as New York or Silicon Valley). International career opportunities both at the co-op internship level and graduate level are serviced by various career offices at each university and college. They are abundant and can reach student attention but are individually managed and organized, some even at the Faculty level. It is difficult to cover without the adequate on-the-ground professionals. Building long-term and engaging at a practical value-add way



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ensures that HK gets the needed attention and attraction versus large established markets like the United States. Therefore, it is recommended to increase Canada's HKETO budget and headcount for promoting Hong Kong's career development opportunities. And, to further budget to market to and support Hong Kong businesses recruitment teams to jointly market, visit and road-show to these universities in Canada.

4. **Addressing concerns raised by foreign talent regarding high rental costs, limited accommodation options, and language barriers** that hinder their career prospects in Hong Kong, we propose the government allocate dedicated funding to streamline housing access and allow for more regulated conversion of existing old office and/or other properties to temporary housing. Rent costs remain prohibitively high for new workers, young professionals, experienced experts, researchers, and companies. To attract talent, we recommend targeting Canadian universities to promote the benefits of Hong Kong and engage students early on. Moreover, enhancing salaries or providing tax refunds to young professionals would have a positive impact. Additionally, supporting families with school costs when relocating to Hong Kong could be very beneficial to Hong Kong. Implementing a user-friendly reimbursement process with concierge services would facilitate the relocation of talented individuals and their families. While initiatives such as Science Park exemplify this approach, housing availability at Science Park remains limited. Therefore, we suggest involving the private sector to expand the rental pool for targeted talent groups. Conversion of office buildings into residences could be considered. Lastly, a compelling video showcasing Hong Kong's financial sector, comprehensive lifestyle, and new government benefits for easy relocation would be beneficial.
5. **Review current investment criteria to standardise and speed up access.** Recently, a new energy industry player in Hong Kong had verbally committed HKD 3 billion (not including land premium) over 5 years to develop an advanced manufacturing plant in San Tin. The process had initially raised questions over where the bar is for investment and the need for a quick responsive government dialogue. This ensures that industry can focus its limited resources with the government's initiatives to support Hong Kong.

We hope you take into consideration our views as we share the goal of making Hong Kong great again and driving success together. We welcome the opportunity to further engage with you and your Administration.

Yours sincerely,

Alex KC Tam
Chairman
The Canadian Chamber of Commerce in Hong Kong