'Hong Kong will survive a US-China financial war'

by news.rthk.hk
Sunday, Jul 03, 2022

Executive Councillor and former head of the Hong Kong Monetary Authority, Joseph Yam, said on Sunday that he doesn't think the US will wage a "financial war" against China, but even if it does, it's unlikely to afflict Hong Kong.

Speaking on a Commercial Radio programme, Yam said the US may be jealous of China's rapid development, but even if it wants to besiege the mainland with "financial weapons", it has to be mindful of possible backlashes such as the loss of confidence in US dollar.

He said Hong Kong might even benefit if the financial dispute between the two countries intensifies.

"I don't think the biggest economies in the world would detach from each other completely despite all their fights and grudges," he said.

"If both of them respect One Country, Two Systems, Hong Kong may take up an even more significant role. If China and the US don't have direct capital flow, when mainland companies want to collect fund, there will be different limitations such as requirements on accounting or information disclosure, they will come back to Hong Kong," he said.

Yam said while the peg between the Hong Kong currency and the US dollar should stay, the SAR government should consider whether it's possible to explore alternative means to use its reserve given the changes in geopolitics.

"If we continue to put our financial surplus in the exchange fund, which in turn uses the money to buy US debts, it means it is lending Hong Kong people's money to the US government," he explained.

"This government is fighting a trade war or possibly a financial war with our country. Could it be possible – for the sake of Hong Kong's future – for us to set up a new body to develop the Northern Metropolis and invest in Hong Kong's future? We have to think about how to go ahead," he said.

Swap Connect to launch in 6 month

by news.gov.hk
Monday, Jul 04, 2022

The Hong Kong Special Administrative Region Government today welcomed the introduction of Swap Connect, which enables mutual access arrangements between the interest rate swap markets of the Mainland and Hong Kong.

According to a joint announcement by the People's Bank of China, the Securities & Futures Commission and the Monetary Authority, Swap Connect will be officially launched six months later, following the completion of preparatory work including finalising the relevant rules and system development, and obtaining regulatory approvals.

Swap Connect refers to an arrangement that enables investors to participate in the financial derivatives markets in the Mainland and Hong Kong through a connection between infrastructure institutions in both places.

It will start with northbound trading in the initial phase, allowing Hong Kong and overseas investors to participate in the Mainland's interbank derivatives market through arrangements in trading, clearing, settlement etc between specified institutions in Hong Kong and the Mainland.

Southbound trading will be explored in due course, aiming to allow Mainland investors to participate in Hong Kong's derivatives market through mutual access arrangements between specified institutions of the two places.

Chief Executive John Lee said Swap Connect marks another milestone in the integration of the Mainland and Hong Kong financial markets through introducing mutual access in the realm of financial derivatives products, enhancing the comprehensiveness of the product suit trading under the mutual market access schemes.

"I am most grateful to the Central People's Government for announcing the initiative at the beginning of the new-term Government, which will bolster investors' confidence in our country's steadfast support to the development of Hong Kong as an international financial centre.

"The implementation of the initiative will further support Hong Kong in strengthening its functions as a global offshore renminbi business hub and a risk management centre in response to the targets laid down in the National 14th Five-Year Plan, while contributing to the high-quality opening up of the Mainland capital market."

Financial Secretary Paul Chan said: "Swap Connect will help drive forward the development of derivatives markets in the Mainland and Hong Kong, offering more diverse risk management tool options to investors and enhancing the ecosystem for derivatives products of the two places.

"It will also be conducive to the development of Hong Kong's offshore RMB market, thereby further consolidating Hong Kong's status as an international financial centre and a global offshore renminbi business hub."

Monetary Authority Chief Executive Eddie Yue noted: “Swap Connect will create synergy with Bond Connect to facilitate global investors’ management of interest rate risks for their bond investment on the Mainland. The scheme will add to the depth and breadth of the opening-up of the Mainland financial markets. It will also create more opportunities for financial institutions in Hong Kong and strengthen Hong Kong's status as a risk management centre.”

Money laundering report published

by news.gov.hk
Friday, Jul 08, 2022

The latest issue of Hong Kong’s Money Laundering & Terrorist Financing Risk Assessment Report was published today.

It examines the money laundering and terrorist financing threats and vulnerabilities facing various sectors in Hong Kong and the city as a whole according to the requirements of the Financial Action Task Force, an inter-governmental body that sets international standards on combating such crimes.

The latest report also for the first time assesses the risk of proliferation financing faced by Hong Kong.

The Government said as an international financial centre, Hong Kong attaches great importance to safeguarding the integrity of its financial systems, adding that the city received positive recognition of its anti-money laundering and counter-terrorist financing regime from the task force in 2019.

It said the risk assessment can help it formulate informed policies to keep strengthening its work in anti-money laundering and counter-terrorist financing.

To address the risks identified, the Government will focus on enhancing the legal and regulatory framework, strengthening risk-based supervision and partnerships, stepping up outreach and awareness-raising, monitoring new and emerging risks, as well as strengthening law enforcement efforts and intelligence gathering capability.

In particular, the Government will introduce a proposal to the Legislative Council to amend the Anti-Money Laundering & Counter-Terrorist Financing Ordinance in order to introduce a licensing regime for virtual asset service providers and a registration regime for dealers in precious metals and stones.

The proposed legislative amendment aims to mitigate the risks of the sectors and protect investors.

The Government said it will continue to monitor and respond to the risks with vigilance amidst the evolving international security landscape.

Hong Kong financial secretary optimistic about China financial recovery

by www.thestandard.com.hk
Saturday, Jul 09, 2022

China's economy is expected to recover quickly after a pandemic-induced hit, said Hong Kong Financial Secretary Paul Chan.

"In a complex and cloudy global economic environment, the situation in the mainland is relatively good," Chan said at the Caixin Summer Summit via video conference on Saturday. China's economy can rebound and maintain stable growth for the rest of the year amid various economic measures, he said.

Chan's comments come as signs mount that China's economy shrank in the second quarter for the first time since 2020, following various virus-related lockdowns. A quarterly drop in gross domestic product, which has only happened once before, underlines China's slower rebound from coronavirus curbs than in 2020, providing less of a boost to a struggling global economy.

China reports the latest GDP figures on July 15.

For Hong Kong, a more outward-facing financial hub, the impact of global economic woes are inevitable, but medium-term prospects remain bright, Chan said.

Chief Executive John Lee told the summit earlier Saturday that his new cabinet is committed to building Hong Kong into a more open and vibrant city. Lee was sworn in as the city's leader last week.

Both Lee and Chan made references to Chinese President Xi Jinping's speech during the handover anniversary on July 1. They reiterated Xi's statement that the "One Country, Two Systems" governing principle is here to stay, and that Hong Kong's economy can grow with the backing of the mainland.

China's GDP expands 2.5 percent in H1

by news.rthk.hk
Friday, Jul 15, 2022

China's gross domestic product expanded 2.5 percent year-on-year in the first half of 2022, while GDP grew 0.4 percent year-on-year in the second quarter, mainland authorities announced on Friday.

However, there was a 2.6 percent drop in second quarter GDP compared with the previous quarter.

Full or partial lockdowns were imposed in major centres across the country in March and April, including the commercial hub Shanghai. Many of those curbs have since been lifted, and June data has offered signs of improvement.

"Domestically, the impact of the epidemic is lingering," the National Bureau of Statistics said in a statement, noting shrinking demand and disrupted supplies.

"The risk of stagflation in the world economy is rising" as well, the statement added, saying that external uncertainties are growing.

The latest economic figures pulled Beijing further away from its annual growth target of 5.5 percent according to Societe Generale's Chief Economist for Asia, Wei Yao, who described the target as unattainable.

"With this 0.4 percent year-on-year growth in Q2, achieving 5.5 percent target by the government is completely a mission impossible now. Even four percent is going to be almost impossible," she told RTHK.

But she noted that data from June showed a faster pace of recovery in activity as consumers unleashed their pent-up demand.

Data on June activity showed that China's industrial output grew 3.9 percent in June from a year earlier, quickening from a 0.7 percent rise in May.

Retail sales, on the other hand, rose 3.1 percent from a year ago in June and marked the quickest growth in four months, after authorities lifted a two-month lockdown in Shanghai.

"Now the key is whether such demand can sustain," Yao added.

50k companies newly registered

by news.gov.hk
Friday, Jul 15, 2022

The Companies Registry today announced that 50,087 local companies were newly registered during the first half of 2022, bringing the total number of registered local companies to 1,386,592.

Meanwhile, 415 non-Hong Kong companies have newly established a place of business in the city and were registered under the Companies Ordinance. The total number of registered non-Hong Kong companies reached 14,481 as of end-June.

Registrar of Companies Kitty Tsui said: "To meet the rising expectations and changing needs of businesses and the public, the registry has extended its electronic submission services since June 27."

Currently, 43 newly covered documents can be delivered electronically through the e-Registry portal or GovHK.

From January to June, the number of charges on properties of companies received for registration was 9,154, while the number of notifications of payments and releases was 9,654. There were also 1,326,939 documents delivered to the registry for registration.

For electronic search services, 2,225,769 searches of document image records were conducted.

As for the licensing of trust or company service providers, 336 licences were granted, resulting in 6,840 licensees up to mid-2022.

Separately, the registry noted that phase two of its new inspection regime under the Companies Ordinance will take effect on October 24 to protect sensitive personal information on the Index of Directors on the Companies Register and newly delivered documents. As such, 26 specified forms pertaining to the reporting of such sensitive personal information have been revised.

These revised forms should be used upon the implementation of phase two of the new inspection regime, the registry advised.

Li Keqiang pledges to do more for stability

by www.thestandard.com.hk
Thursday, Jul 21, 2022

Premier Li Keqiang yesterday said it was not easy to achieve 2.5 percent economic growth in the first half of this year and more effort must be put into stabilizing China's economy.

While signaling flexibility on the growth target, he also reiterated caution on excessive stimulus at a meeting hosted by the World Economic Forum, as the economy shows initial signs of recovery from Covid outbreaks.

The most important thing is to keep employment and prices stable, and slightly higher or lower growth rates were acceptable as long as employment is relatively sufficient, household income grows and prices are stable, Li told global business leaders at the forum on Tuesday, according to reports in state media.

"China won't roll out massive stimulus, issue an excessive amount of money or overdraw the future for an overly high growth target," Li was quoted as saying in a report by Xinhua News Agency.

Macroeconomic policies will be targeted, strong and at the same time reasonable and appropriate, according to Li. "China will be practical and realistic, do its best, and aim to achieve a relatively good level of full-year economic growth," he said.

China's stimulus rolled out since the pandemic first hit in 2020 has been "reasonable" in scale and this has laid a foundation for preventing inflation, Li said. There's still a lot of room for the previous round of support measures announced in May to take effect, he added.

Li added that outbound commerce and trade activities, as well as cross-border travel for labor services, would be advanced in an orderly fashion. China would further resume and increase international passenger flights and steadily improve its visa and Covid-testing policies, he said.

Many economists expect China will likely miss its economic growth target of about 5.5 percent this year by a significant margin. That would be the first time: The government didn't set a target in 2020, during the first wave of the coronavirus outbreak, and only missed it by 0.2 percentage points in 1998.

China aims for 'best possible results' for economy

by news.rthk.hk
Thursday, Jul 28, 2022

China will try hard to achieve the best possible results for the economy this year, state media said on Thursday after a high-level meeting of the Communist Party.

In the second half of 2022, China should "stabilise employment and prices, maintain economic operations within a reasonable range, and strive to achieve the best possible results," state-run Xinhua news agency reported, after the 25-member Politburo chaired by President Xi Jinping met to assess the economy.

Gross domestic product in the first half grew 2.5 percent from a year earlier, pointing to huge pressure in the second half, amid fears of a global recession, uncertainties from the Ukraine war and worries of any recurring Covid lockdowns.

Xi, at the opening of a Brics forum on June 22, said China would take more measures to achieve its annual economic goals, while minimising the impact of its Covid-19 prevention and control as much as possible.

But during an inspection tour in the central city of Wuhan on June 28, he said China will "strive to reach a relatively good level of the economic development this year".

Similarly, last week, Premier Li Keqiang said at the World Economic Forum that China will "strive for relatively good results in economic development for the whole year".