

Hong Kong & Mainland China News – October-2019

New HKMA chief says no significant capital outflows

By www.thestandard.com.hk

Wednesday, October 2, 2019

Eddie Yue Wai-man, the new chief executive of the Hong Kong Monetary Authority, said the priority is to maintain the monetary and financial stability.

The linked exchange rate system, which helped the city withstand several shocks, is the monetary system that suits the city best, Yue said.

He added Hong Kong's banking system is steady and believes Hong Kong's financial system can deal with various market fluctuations. Yue also said he has not seen significant capital outflows, and Hong Kong Dollar maintains at around 7.84 per US dollar.

HKMA will further boost Hong Kong's edge as an international financial center, and there is still room for the application of financial technologies, including the use of regulatory technology, Yue said.

2 tax pacts to be gazetted

By www.news.gov.hk

Wednesday, October 2, 2019

An order made by the Chief Executive in Council to implement the Comprehensive Avoidance of Double Taxation Agreement with Cambodia will be gazetted on October 4.

Under the pact, investors will not have to pay tax twice on a single source of income, the Government said.

It will bring tax savings and greater certainty on taxation liabilities for residents of both sides when engaging in cross-border trade and investment activities, the Government added.

An order to implement the Fifth Protocol to the Comprehensive Avoidance of Double Taxation Arrangement with the Mainland will also be gazetted on October 4.

It incorporates a new article to provide tax relief to qualified Hong Kong and Mainland teachers and researchers working on the other side as well as measures to prevent tax treaty abuse.

The two orders will be tabled at the first sitting of the Legislative Council after the publication in the Gazette for negative vetting.

The two agreements will enter into force once Hong Kong and the treaty partners complete their ratification procedures.

HK seen as super connector

By www.thestandard.com.hk

Tuesday, October 8, 2019

The Hong Kong Trade Development Council recommends Hong Kong to be a super-connector for Belt and Road countries in five aspects, including serving as a cloud data center.

The Digital Silk Road Initiative, part of China's Belt and Road Initiative, is set to reduce trade frictions and increase efficiency. With its inherent strengths, Hong Kong can participate in and contribute to this important initiative of building a digital economy for the world, a consultancy study supported by the HKTDC Belt and Road Committee revealed.

It suggested that Hong Kong could consider creating a cloud data platform to encourage the sharing and use of data among Digital Silk Road countries.

As an international digital financial center, Hong Kong should fully embrace fintech developments and explore the possibility of launching an exchange to trade digital assets, along with a cryptocurrency that can support cross-border transactions

Also, given the city's credibility as a legal center, built on the strength of its common law and independent judiciary, it is in a strong position to become an international arbitration center. With digital technology set to transform the arbitration process and bring about new methods such as online arbitration, the city needs to act fast to define best practices.

The city may employ blockchain technology as well, empowering supply chain financing and reducing the heavy documentation of import-export trade, which can further boost Hong Kong's entrepot role as it connects with other markets in the Greater Bay Area.

The study also advised the city to speed up its smart city development.

HK ranked world's third most competitive economy

By news.rthk.hk

Wednesday, October 9, 2019

The World Economic Forum (WEF) has ranked Hong Kong as the third most competitive economy in the world, up four places from last year, but with falling marks for judicial independence and press freedom.

The SAR's overall score rose 0.8 points from 2018 in the WEF's latest Global Competitiveness Index, which ranks economies according to 103 indicators across a dozen categories.

Hong Kong's scored highest of any economy in four categories – more than any other place – and it featured in the top 10 of eight categories. It scored the maximum 100 points in "macroeconomic stability" and "health".

Those scores were enough to lift the SAR into third place overall, behind Singapore in top spot, and the United States in second.

Hong Kong's score on the "judicial independence" indicator was enough to secure 8th out of the 141 economies – the same spot as last year. But the score was down slightly, dropping 1.5 points.

The score for "freedom of the press" was also down, by 0.6 points, putting the SAR at 61st in the world, down from 57th a year ago.

The index said Hong Kong's biggest weakness was "undoubtedly" its limited capability to innovate, while it was also penalised for a shortage of protections for workers' rights.

Elsewhere, Taiwan moved up one spot in the overall rankings to 12th, while the mainland held steady at 28th.

Tax pact to be gazetted

By www.news.gov.hk

Wednesday, October 9, 2019

An order made by the Chief Executive in Council to implement the Comprehensive Avoidance of Double Taxation Agreement with Estonia will be gazetted on October 11.

Under the pact, investors will not have to pay tax twice on a single source of income.

It will bring tax savings and a greater certainty on taxation liabilities for residents of both sides when they engage in cross-border trade and investment activities, the Government said.

The order will be tabled at the Legislative Council on October 16 for negative vetting.

The agreement will enter into force after both Hong Kong and Estonia have completed the ratification procedures.

Number of HK companies with parent companies overseas rises

By www.thestandard.com.hk

Monday, October 21, 2019

The total number of companies with parent companies outside Hong Kong rose 3.3 percent year-on-year to 9,040 in 2019 while the total number of regional headquarters grew 0.7 percent to 1,541, Invest Hong Kong says.

Stephen Phillips, director-general of investment promotion, said he has not yet seen cases of foreign companies leaving Hong Kong.

The number of Hong Kong startups rose 21 percent year-on-year to 3,184, with a total investment of US\$720 million (HK\$5.62 billion).

HK ranks 3rd in World Bank report

By www.news.gov.hk

Thursday, October 24, 2019

Hong Kong has been ranked the world's third easiest place to do business, up one place from last year, in the World Bank's Doing Business 2020 Report released today.

The Government pointed out that Hong Kong has maintained its top rankings in the report for the past decade, re-affirming the city's favourable business environment for overseas companies to set up their regional headquarters and offices and for businesses to flourish.

It also noted that Hong Kong's score increased to 85.3 this year, reflecting continuous enhancements in business facilitation measures.

The World Bank commends Hong Kong for its successful implementation of reform initiatives to improve the ease of doing business, it added.

The report compared the business environment in 190 economies across 10 indicators.

The Government said it will study the report carefully and continue to work closely with the business sector and other stakeholders to further improve the city's business environment.

HK remains competitive

By www.news.gov.hk

Wednesday, October 30, 2019

Secretary for Financial Services & the Treasury James Lau says the core competencies of Hong Kong as an international financial centre remain well in place.

Mr Lau told lawmakers today that Hong Kong has been facing unprecedentedly severe challenges in the past four months, however, different facets of Hong Kong's financial system have been functioning smoothly and orderly so far.

He added Hong Kong's banking system has been sound and robust, with ample liquidity, while the interbank market continues to operate orderly.

There was no noticeable outflow of funds from the Hong Kong dollar or from the banking system based on the latest statistics on deposits and money supply.

The Monetary Authority will closely monitor changes in the foreign exchange market and the local money market, maintain the stability of the Hong Kong dollar exchange rate through the Linked Exchange Rate System and provide liquidity support to banks if necessary.

Mr Lau also noted that the Securities & Futures Commission has been closely monitoring the securities market. The trading and clearing operations of the Hong Kong stock and derivatives markets have been performing in an orderly manner in spite of the increasing market volatility.

The Government and financial regulators will stay vigilant, conduct stress tests regularly, communicate closely and monitor the latest situation of the financial market, to ensure financial stability.