

Hong Kong & Mainland China News – Sep-2021

HK-Mainland sign commerce pact

by news.gov.hk

Wednesday, Sep 01, 2021

Hong Kong and the Mainland have signed a memorandum of understanding (MOU) on enhancing exchanges and co-operation in promoting high-quality development of overseas Economic & Trade Co-operation Zones.

The MOU was signed by the Hong Kong Special Administrative Region Government and the Commerce Ministry at the sixth Belt & Road Summit today.

Both sides will leverage respective strengths to promote the zones' high-quality development, encourage enterprises of both places to invest and set up businesses at the zones, develop the zones jointly and explore international markets.

They will collaborate pursuant to the principle of "government providing guidance, enterprises taking the lead, and market-oriented operation".

At the same time, both sides will strengthen interfacing and collaboration between Hong Kong enterprises and professional services sectors and the zones.

On the operation and management of the co-operation zones, the two sides will support Hong Kong enterprises' participation through providing professional services.

They will also support Hong Kong professional services sectors in providing services in different areas for the zones.

The two sides will also encourage Mainland and Hong Kong financial institutions to provide suitable financial services as well as diversified financing channels for enterprises of both places in the zones and those taking part in the zone development.

The zones will be encouraged to provide Hong Kong enterprises and professional services sectors set up therein with suitable facilitation measures.

Furthermore, the pact states that the two sides will encourage enterprises, business associations, trade and industry organisations and intermediaries of both places to jointly organise business missions to Belt & Road-related countries and seminars, and to establish exchange platforms and more.

The two sides will also support exchanges and collaboration amongst the zones and Hong Kong on talent development, including encouraging Hong Kong consulting services agencies to provide professional training for the zones.

For the development of the zones, creating a favourable environment conducive to business operation is also a co-operation direction in the MOU.

Commissioner for Belt & Road Denis Yip and Commerce Ministry Department of Outward Investment & Economic Cooperation Director General Wang Shengwen signed the agreement via video conferencing.

China to set up stock exchange in Beijing

by news.rthk.hk
Thursday, Sep 02 2021

President Xi Jinping on Thursday said the country will set up a stock exchange in Beijing, to serve small and medium-sized companies.

Currently, the mainland's two major stock exchanges are in Shanghai and Shenzhen.

But speaking in a video address at the opening of the China International Fair for Trade in Services, President Xi said a bourse will also be set up in the capital to bolster the development of small and mid-sized firms.

"We will continue to support the innovation-driven development of small and medium-sized enterprises by deepening the reform of the New Third Board and setting up the Beijing Stock Exchange as the primary platform serving innovation-oriented SMEs," he said

The "new third board," officially known as the National Equities Exchange and Quotations (NEEQ), was launched in Beijing in 2013.

It was intended to offer SMEs a financing channel with low costs and simple listing procedures.

Hong Kong growth to match Singapore's for the first time since 2008

by www.thestandard.com.hk
Thursday, Sep 09 2021

Hong Kong's economy is expected to catch up with rival financial hub Singapore's pace of expansion this year for the first time since 2008, as it recovers from a pandemic-induced downturn.

Economists have raised their growth forecasts for Hong Kong by 0.7 percentage points to 6.7 percent this year, while Singapore's growth outlook was upgraded by 20 basis points to an expansion of 6.5 percent, according to the median estimates in a Bloomberg survey.

Hong Kong's economic rebound continued in the second quarter of 2021, with gross domestic product increasing 7.6 percent from a year earlier -- indicating an upturn in business activity previously hit by pandemic-control measures and political protests before that. The improvement in economic health comes as Singapore looks to tighten virus curbs to arrest an outbreak fueled by the Delta variant.

"Hong Kong's economy will continue to enjoy its cyclical rebound in 2021, especially as the handout of consumption vouchers can add to GDP growth by 0.5 percent," said Gary Ng, a senior economist at Natixis in Hong Kong. "Still, the real challenge may arrive next year if borders remain closed amid the fading base effect."

Singapore is seen taking a clear lead again next year, with its growth estimated at 4.1 percent in 2022 compared with Hong Kong's 3 percent, according to the survey. That trend will probably hold in 2023 as well.

China producer prices rise faster than expected

by news.rthk.hk

Thursday, Sep 09 2021

The mainland's factory gate inflation hit a 13-year high in August, as commodity prices remained elevated despite Beijing's attempts to cool them.

The producer price index (PPI) rose 9.5 percent from a year earlier in August, the National Bureau of Statistics (NBS) said on Thursday, faster than the 9 percent increase tipped in a Reuters poll and the 9 percent reported in July.

That was the fastest pace since August 2008.

China's economy has recovered strongly from last year's coronavirus slump but has been losing steam recently due to domestic Covid-19 outbreaks, high raw material prices, tighter property curbs and a campaign to reduce carbon emissions.

Commodity prices have been on a tear in recent months, hurting the bottom lines of many mid- and downstream factories. China's coal prices soared to a record high on Tuesday over supply concerns as major coal regions started fresh rounds of safety checks.

The coal, chemicals, and metals industries drove much of the price increases in August, according to a statement released alongside the data by Dong Lijuan, an NBS official.

Prices in coal mining and washing sector grew 57.1 percent in August from a year earlier.

A separate NBS statement showed that the consumer price index (CPI) in August rose 0.8 percent from a year earlier, compared with a 1 percent gain in a Reuters poll and below the government target of around 3 percent this year.

China tightened social restrictions to curb the Covid-19 Delta variant including travel limits, which have hampered services sector demand, although Beijing has largely contained the latest coronavirus outbreaks.

Declines in airfares, travel and hotel room prices due to the pandemic slowed consumer inflation on a monthly basis, according to NBS's Dong.

Service-sector activity plunged in August to the lowest level since the pandemic's first wave in April 2020, a recent survey showed, as Covid-19 restrictions threatened to derail the recovery.

Analysts expect the People's Bank of China to deliver a further cut to the amount of cash banks must hold as reserves later this year to lift growth, on top of July's cut which released around 1 trillion yuan (US\$6.47 trillion) in long-term liquidity into the economy.

The core consumer price index, which strips out volatile food and energy prices, stood at 1.2 percent on year, versus a 1.3 percent rise in July.

HK ranked freest economy again

by news.gov.hk
Tuesday, Sep 14, 2021

The Government today welcomed the Fraser Institute's ranking of Hong Kong as the world's freest economy, saying the decision affirms the city's long-standing and steadfast commitment to building a free economy with a level playing field.

Hong Kong has held the top rank since the inception of the Fraser Institute's report. Among the latest report's five areas of assessment, the city continued to rank first in "Freedom to Trade Internationally" and "Regulation".

In relation to the institute's unfair comments regarding Hong Kong's rule of law, the enactment of the National Security Law and Mainland intervention in Hong Kong's affairs, the Government stressed that under "one country, two systems", the Hong Kong Special Administrative Region's trusted legal system remains as robust as ever.

The rule of law is a fundamental core value of Hong Kong and much cherished by the community. The Government has been fully committed to upholding Hong Kong's fine tradition of the rule of law and judicial independence.

The enactment of the National Security Law is for safeguarding national security, which is the legitimate right and duty of every state.

The National Security Law has clearly stipulated four categories of offences that endanger national security. It clearly sets out the elements of the offences, penalties, mitigation factors and other consequences. There is no question of law-abiding people inadvertently violating the law.

The Government noted it will continue to uphold Hong Kong's institutional strengths, including the rule of law and judicial independence, a free trade and investment regime, a simple and low tax system, a favourable business environment and an efficient and clean government.

"These strengths will continue to provide a conducive environment for businesses to thrive and to strengthen their competitiveness, enabling our economy to prosper," it added.

As Hong Kong enjoys unique advantages and unlimited business opportunities, the Government has every confidence in its long-term economic development.

China applies to join Pacific trade pact

by news.rthk.hk

Friday, Sep 17, 2021

China has filed an application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the commerce ministry said on Thursday, as the world's second-biggest economy looks to bolster its clout in trade.

Commerce Minister Wang Wentao submitted China's application to join the free trade agreement in a letter to New Zealand's trade minister, Damien O'Connor, the ministry said in a statement.

The CPTPP was signed by 11 countries including Australia, Canada, Chile, Japan and New Zealand in 2018.

Before that, it was known as the Trans-Pacific Partnership (TPP) and seen as an important economic counterweight to China's regional influence.

It was central to then-US president Barack Obama's strategic pivot to Asia but his successor, Donald Trump, withdrew the United States from the pact in 2017.

Accession to the CPTPP would be a major boost for China following the signing of the 15-nation Regional Comprehensive Economic Partnership (RCEP) free trade agreement last year.

Beijing has lobbied for its inclusion in the pact, including by highlighting that the Chinese and Australian economies have enormous potential for cooperation. However, relations between the two countries have soured.

Britain and Thailand have also signalled interest in joining the CPTPP.

Wang and O'Connor held a telephone conference to discuss the next steps following China's application, the Chinese Ministry of Commerce said.

HK's financial ranking rises

by news.gov.hk

Friday, Sep 24, 2021

Hong Kong ranked third in the latest Global Financial Centres Index (GFCI) Report, up by one place from the last index, the Government said today.

The GFCI Report, which assessed 116 financial hubs, was published by Z/Yen from the UK and the China Development Institute from Shenzhen.

In a statement, the Government said Hong Kong's ranking is an unequivocal affirmation of its status and strengths as a leading global financial centre.

It noted that Hong Kong has remained among the top in various areas of competitiveness, including human capital, infrastructure, financial sector development, and reputational and general.

The Government pointed out that Hong Kong's financial markets have been functioning in an orderly manner despite the fact that persistent uncertainties stemming from the COVID-19 pandemic and heightened geopolitical tensions continued to affect major financial centres' overall ratings.

It added that the National 14th Five-Year Plan expresses staunch support for Hong Kong to strengthen its functions as a global offshore renminbi business hub, an international management centre and risk management centre as well as to deepen and widen mutual access between the financial markets of Hong Kong and the Mainland.

The Government explained that it will continue to capitalise on the city's unique advantages, enhance its role as the gateway between the Mainland and international markets and proactively integrate into the country's overall development.

This included leveraging the vast opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area, Qianhai's development and the Belt & Road Initiative.

The Government stressed that it will spare no effort to ensure the smooth implementation of the Cross-boundary Wealth Management Connect in the bay area and southbound trading under Bond Connect.

Business environment report published

by news.gov.hk

Monday, Sep 27, 2021

The Government today released the Report on Hong Kong's Business Environment which states that the city is a place with unique advantages and unlimited opportunities.

The report has three chapters, first of which elaborates on how black-clad violence and US strategy of suppressing China brought enormous negative impact on Hong Kong's economy and business environment.

The second one outlines how the formulation and implementation of the National Security Law and the principle of "patriots administering Hong Kong" have effectively restored social stability and safeguarded the city's business environment.

The third reveals that new Hong Kong back on track has outstanding advantages in its business environment with unlimited room for future development.

The report noted that since the implementation of the National Security Law, Hong Kong's financial market has remained stable.

By the end of June this year, total deposits in the banking system amounted to over \$15 trillion, up by almost 8% over last June. Hong Kong's foreign exchange reserves also increased by 10.5% to \$3.8 trillion.

In the year following the enactment of the National Security Law, funds raised through initial public offerings in Hong Kong exceeded \$500 billion, an increase of more than 50% compared to the 12 months before the enactment.

As at the end of 2020, the assets under management of the city's asset and wealth management business grew by 21% year-on-year to nearly \$35 trillion, about one-third of which was contributed by net fund inflows.

The report also quoted the latest international rankings of Hong Kong concerning economic freedom and competitiveness which have all along been well recognised by international institutions.

Additionally, Hong Kong has been at the forefront of international rankings related to the rule of law and judicial independence since its return to the motherland.

Meeting the media this afternoon, Financial Secretary Paul Chan said Hong Kong has been subject to unfair criticisms over the past two years, including some misleading information, incorrect observations as well as deliberate malicious attacks from foreign countries and overseas media.

He noted that the report released today sets out the facts to enable the business sector and the international community to better understand Hong Kong's situation.

"The purpose of this report is to proactively promote Hong Kong, to tell the Hong Kong story, to clarify misunderstandings and to reinforce the confidence of the international community in us.

"Taking this opportunity, we want to set out the core competitive advantages of Hong Kong and the future prospect of Hong Kong. As you know, the success of Hong Kong is very much tied to the development on the Mainland.

"It had been so in the past. Currently, yes, our development also depends on the Mainland's economic development. And going into the future, that will lend us an additional economic engine to drive our economy forward."

He added that with the unique positioning provided by the National 14th Five-Year Plan and the unlimited opportunities brought about by the Guangdong-Hong Kong-Macao Greater Bay Area development, Hong Kong will be given new impetus for economic development.