



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

11<sup>th</sup> July 2023

The Honourable John LEE Ka-chiu, GBM, SBS, PDSM, PMSM  
Chief Executive, Hong Kong Special Administrative Region  
Policy Address Team  
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Dear Chief Executive,

The Canadian Chamber of Commerce in Hong Kong (the “Chamber”) is pleased to share our views and recommendations in response to the 2023 Policy Address Public Consultation. Canada is a part of the deep and broad fabric of Hong Kong, which makes the views from our members very relevant and important to the city. There are 300,000 Canadians in Hong Kong and many Hong Kong citizens who are studying, living or working in Canada and maintain close ties to Hong Kong. The recommendations below reflect the collective viewpoints of the Chamber constituents, representing 2,200+ members and are derived from the work of our nine committees. Our Chamber community includes large and medium sized enterprises across all industries. We represent Canadian alumni associations, international schools, leading Canadian banks, insurance companies, pension funds and more.

Reconnecting with the world by opening international travels is a top priority in the short-term for Hong Kong. We welcome and support the Government’s recent measures to ease quarantine rules for inbound travellers. With the global bankers’ summit and Rugby Sevens in November being a great opportunity for Hong Kong to showcase its hub status to the world, we strongly encourage the Government to consider lifting inbound quarantine restrictions between now and November. Emerging from restrictive and costly anti-epidemic measures towards reopening to the world is critical not only for reinstating Hong Kong’s competitiveness as an international business hub, but also in demonstrating to mainland China and the region a viable path for coming out of the pandemic with controlled risks. We strongly encourage the Government to provide a timeline as to when all travel restrictions will end.

This year, our recommendations are grouped under the following headings:

1. Restoring Hong Kong’s Economy and Brand



2. A Coordinated and Orderly Pathway to Decarbonization
3. Helping Entrepreneurs and Small Businesses Succeed and Sustain
4. Advancing Gender Equality and Diversity in the Workplace
5. Embracing Technology and Innovation as Hong Kong's New Growth Frontier
6. Accelerating Hong Kong's development of a Digital Economy
7. Establish a Northern Metropolis Channel for Potential Investors and Interest Parties

Hong Kong has weathered unprecedented challenges over the past few years, which have resulted in loss of talent and business. The Chamber firmly believes that Hong Kong is endowed with many opportunities and these opportunities should be best leveraged through effective and inclusive policy measures, clear and consistent communication, and continuous engagement between the Government and the business community.

We thank you for taking our recommendations into consideration and welcome the opportunity to further engage with you and your Administration. When appropriate, we would encourage you to call an International Business Committee (IBC) meeting with us and the other chambers at your earliest convenience.

Best Regards,

[Insert Signature]

Alex Tam  
Chair  
The Canadian Chamber of Commerce in Hong Kong

Encl.

Cc: Mr Paul CHAN, GBM, GBS, MH, JP, Financial Secretary  
Mr TSE Chin-wan, BBS, JP, Secretary for Environment and Ecology  
Mr Algernon YAU, JP, Secretary for Commerce and Economic Development  
Ms Bernadette LINN, JP, Secretary for Development  
Professor SUN Dong, JP, Secretary for Innovation, Technology and Industry



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[Submitted from the Sustainable Development Committee – this sentence will be removed in the final version]

## **SUSTAINABILITY**

### **1. A Coordinated and Orderly Pathway to Decarbonization**

- Undertaking is both ambitious and challenging as we have roughly 30 years to achieve carbon neutrality, which cannot be underestimated in terms of the complexity, coordination, commitment and resources it requires to achieve this goal.
- Some continued positive developments have been seen such as a new commissioner devoted to tackling climate change as well as six other positions, a restructure of the Environment and Ecology Bureau, all designed to bring it into line with Beijing’s targets for carbon peak

### **Electricity Generation**

- A decarbonized energy supply system entails fundamental changes in the way that energy is produced, transported and consumed.
- Hong Kong is progressively phasing out coal-fired generation and moving towards greater use of natural gas, nuclear and renewable energy in its electricity fuel mix. However, Hong Kong’s dense urban environment, scarce land and limited local renewable energy resources require that we keep our options open to collaborate with other regions including the Greater Bay Area for the sourcing of low- and zero-carbon energy.
- Also, the decarbonization process must be well planned, pragmatic and well communicated to the community given electricity’s imminently important role in business and everyday life in Hong Kong

### **2. Energy Efficiency**

- Since buildings account for most of the electricity and gas use in Hong Kong, we should direct our efforts to both existing and new buildings by addressing both their operational energy efficiency during their useful lifetime as well as the embodied carbon in the choice of building materials as well as in the construction process.



- In addition, we should also explore smarter application of innovation and technology for monitoring and analyzing the energy performance of buildings given the data-driven nature of pinpointing energy efficiency opportunities.
- However, it seems that there is more to be done to tackle this challenge in the existing stock of buildings in Hong Kong which is a far more complicated task than new buildings. Government is encouraged to provide a much clearer and concrete roadmap (particularly to meet the upcoming 2035 targets set out in our Climate Action Plan) as well as engage as many stakeholder segments as possible to make this happen, including business.

### **3. Transport**

- we can further leverage this decarbonization of electricity to other sectors such as transport, logistics and other end uses of fuel to amplify the benefits and to accelerate progress towards decarbonization on a cross-sector basis.
- Road transport accounts for 18% of our city's carbon emissions with the vehicle growth rate being higher than the population growth rate in the city.
- We fully endorse the vision outlined in the Roadmap for the Popularization of Electric Vehicles as well as recent policy support to encourage and subsidize the installation of electric vehicle charging infrastructure in residential carparks. However, still many challenges in deploying electric vehicle charging infrastructure for commercial and public use due the lack of suitable space.
- Supportive of the ongoing trials for hydrogen fuel cell technology as well but these are still in the early stages and a distinction should be made between grey and green hydrogen to really call it 'decarbonised transport'

### **4. Air Quality**

- the Government should also prioritize marine and roadside NOx emissions. Policy direction to shift marine vessels to switch to cleaner fuels while at berth in Hong Kong and an incentive scheme to phase out old commercial diesel vehicles are both sensible and should be pursued.
- We also suggest Hong Kong accelerate planning for LNG Bunkering (noted in the Clean Air Plan) and the electrification of public transport, as discussed in the above section, in order to not only reduce carbon emissions but also improve both marine and roadside emissions.

### **5. Waste**



- waste continues to be a complex and difficult long-term issue.
- Government to further explore and develop a sustainable local industry ecosystem to help reduce and reuse waste, particularly plastic waste. Incineration should not be the be all and end all for all waste in Hong Kong.

[Submitted from STMC]

### **PURCHASING POWER PARITY (STMC)**

#### **1. Bringing advanced manufacturing back to Hong Kong**

- Mainland is getting more expensive for certain manufacturing sectors
- Hong Kong is equipped to compete in quality and manufacturing lines where it can be automated (less labour intensive)
- HK manufacturing management talent prefer working in the mainland (brain drain)
  - Talent and labour remains to be the biggest challenge.
  - Tax incentives?
  - There is a history of employing HK managers to oversee production in China already
- What has worked in Hong Kong for manufacturing:
  - Medicine and health
  - Food
- Industrial spaces must be made available and competitive cost
- “Made in Hong Kong” brand still recognized

#### **Recommendation:**

With the increasing costs of labour production in the mainland, Hong Kong has the opportunity to build advanced manufacturing facilities that utilize automated machinery. In order to be competitive, the government must provide subsidies for operational costs such as manpower and industrial space. Hong Kong would need to attract the production management and automation engineering talent back from the mainland while continuing to work with local universities to develop and nurture future skilled workforce in supply-chain.



## **2. Logistics advantage**

- Freight cargo is already not competitive (especially with lack of local production)
- E-commerce cargo and fulfillment is growing at a rapid speed, especially since Covid, boosted business via HK port
- Hong Kong port is well established ready for air cargo consolidation and transshipment - can compete in price and capacity
- Bonded warehousing functions competitive and efficient for in and out goods that are time sensitive (eg. food)
- Nearby airports such as Shenzhen, Guangzhou, and Singapore are already catching up to focus on air cargo capabilities.
- the new policy embargo of e-cigarette product via Hong Kong that created a large impact to whole Hong Kong airfreight industry as this e-cigarette shipment occupied more than 10% of HK airfreight total volume and most of freight forwarders used this e-cigarette high dense cargo as the base load to make freight consolidation.
- Hong Kong needs to position back as a regional hub for trade and logistics, leveraging its strategic location and well-established infrastructure. This includes developing new logistics parks, expanding airport and port capacities, and enhancing customs cooperation with the mainland bridging connectivity with other key markets in the region.

### **Recommendation:**

With the well-established infrastructure for efficient air cargo that is already in place, the government must continue to set policies to enable:

- the growth of e-commerce shipments and transshipments
- the reduction of local charges to compete against nearby ports (Guangzhou, Shenzhen, Singapore)
- the strengthening of ties with the mainland border customs to increase cross border efficiency

[Submitted from ESBC]



**1. An increase in inward investment by attracting at least a total of 1, 130 companies to set up or expand their operations in Hong Kong - Specify the target of SME and entrepreneurial businesses**

Background: When the Chief Executive released his first Policy Address in October 2023, one of the features of the report was the inclusion of an increase in inward investment by attracting at least a total of 1, 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025, an increase of 16% over the annual average number in 2020 and 2021, thereby bringing in direct investment of at least HK\$77 billion and creating at least 15 250 job opportunities. (CEDB) Commerce and Economic Development Bureau. However, up to now, it has seemed to appear to be under development internally, there has been no evidence to see action. According to the press, on 20 June, Lee said his administration still planned to convince (but have not started yet) at least 1,130 companies to either set up in Hong Kong or expand their local operations by 2025.

Therefore, firstly, this increase in inward investment by attracting at least a total of 1, 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025 should include and specify the target of SME and entrepreneurial businesses.

Secondly, the CE's office should follow this up with consistent efforts to ensure Hong Kong continues to be an important financial hub for SMEs and start-ups with venture capitalists, private equities and family offices as sources of funding for entrepreneurs.

**2. Exemption of Tax Filing for Start-Ups**

Start-up and micro companies should be exempted from tax filing for the first three years of inception or until their revenue exceeds HK\$250K. Although in the existing tax system, IRD often permits an unprofitable SME to defer their tax filing, the company eventually is required to submit an audit and tax filing for every calendar year, which is a considerable expense to the SME. An exemption would encourage more entrepreneurs and young persons to establish a business venue, and alleviate an expensive administrative burden until their company is more mature.

We would further suggest a tax incentive for SME investments, similar to charity donation. This would be attractive to Hong Kong investors to reduce their taxable income.

Presently, IRD allows up to 30% of income / profit to be donated to charity, which equates to \$14billion annually now. Their entire ecosystem of local R-22 non-profit depends on this tax rule.





That is, we recommend that the IRD would recognize an investment into a local SME as tax-deductible expense, up to an annual ceiling of \$100K.

[Submitted from TWN]

**1. Action to further Gender Equality for the benefit of Hong Kong's economy and corporate governance: To achieve a balance between the number of male and female sitting on the boards of Hang Seng Indexes Company listed companies**

Background: In 2022, women accounted for 53.52% of the Hong Kong workforce (The World Bank). That same year, the percentage of women sitting on the boards of Hang Seng Indexes Company listed companies was still only 16.4%. (30% Club)

HSBC is a standout amongst global banks and corporations with women making up 38.7% of its executive leadership team. But still, the gender gap should not be this deep crevasse, 23 years into the 21st century.

It should be a matter of deep concern that far too long Hong Kong has lagged far behind other global financial centres and increasingly behind our Asian neighbours too.

Diverse boards are also a proxy for, and a visible indicator of, high quality corporate governance. In times of increased volatility due to post-COVID-19 and geopolitical factors, it is even more important that Hong Kong embraces a strong corporate governance regime and rises to international best practice to maintain Hong Kong's position and reputation as a leading global financial centre.

According to the Review of the Corporate Governance Code consultation conducted by The Hong Kong Exchanges and Clearing (HKEX) in 2022, results included that single gender boards was no longer acceptable for newly listings, other issuers had a 3-year transition period to appoint a female director and companies are asked to set targets and timelines for gender diversity at board level and across the workforce.

**Recommendation:**

We strongly urge the HKSARG to support the HKEX to further include the following elements in the Corporate Governance Code:

1. set board gender diversity targets for all listed companies of 25% by 2025 and 30% within six years which, if not met by 80% of the market, should be mandated through quotas;
2. require diversity policies to apply throughout organisations and not just the board; and



3. require diversity policies to include measurable objectives and create accountability through transparent reporting to the market.

## **2. Empowering Women**

Background: When the Chief Executive released his first Policy Address in October 2023, one of the features of the report was the inclusion of A Women Empowerment Fund. The Fund will be set up to subsidise community projects that support women in balancing job and family commitments; and unleashing their potential. In the next three years, HKSARG will substantially increase funding for organising activities to promote women development by the Women's Commission from \$4 million to \$10 million per annum.

### **Recommendation:**

We strongly suggest that CE's office with HKSARG should monitoring these areas with the availability of the Women Empowerment Fund:

- a. enabling office infrastructure to better support working mothers (such as nursing rooms);
- b. providing more baby care rooms in government premises,
- c. affirming 35% female participation in advisory and statutory bodies (ASBs);
- d. introduction of mandatory annual reporting obligations on large companies in respect of the gender composition of their boards and senior-level leadership committees. We are all aware that diverse corporate boards and senior leadership teams foster better decision making, employee engagement, customer insights and risk management; and
- e. supplementing the above initiative by focusing on initiatives to address the gender pay gap.

[Submitted from YPC]

1. Leverage current data to identify key skills for young professionals. Further subsidize and support development on the identified skills
2. Further market the continuing education fund to the young professionals, not strictly on local talents
3. Empowering GBA and Greater China mobility for youth would probably be really good for job opportunities



4. Following on that, funding and education around sectors outside of finance would also encourage Young Professionals to find opportunities beyond the conventional
5. Fundings to outreach all Canadian Universities (not just top ones) or institutions to market job opportunities/ Future in HK. Currently only large universities have the funding to operate in HK and reach out to the canadian locals and attract them back to Hong Kong
6. Provide more targeted approach, sponsoring talents as young as high school students to study in Canada (e.g. full 4 year undergrad) and lead them back to share their knowledge and experience in Hong Kong
7. HK Govt to have more direct involvement with YPs (e.g. forum) to listen to their thoughts and feedback regularly

[Submitted from FSC]

1. Retaining and increasing talent in the financial services industry - making HK a more attractive place to work.
2. Having industry leaders be more proactive and vocal in promoting HK as a financial hub.
3. The potential impact of AI on the financial industry and how the government intends to re-educate people who have had their roles made redundant due to AI.
4. Hong Kong role in regulation technology and how it could become a player in this sector.
5. Redefining liquidity in the digital age of finance.
6. ESG guidelines and regulations - keeping up with world standards and defining what it requires to be compliant.
7. Easing travel between HK and the GBA to aid cross border business development.

[Submitted from Education Committee]



**1. Reducing financial burden for dual-income families with young children to increase birthrate, boost economic activity, and improve developmental outcomes**

- Extending provision of care for children under 3
  - Possible reference is Singaporean model of subsidizing private operators subject to certain standards and regulations
- Modernize and extend statutory maternity and paternity leave to make more competitive with similar advanced economies

**2. Nurturing talent in education**

- Allow broader accreditation/acknowledgment of foreign teaching credentials and professional development requirements, including those from across the GBA
- Supporting intercultural exchanges for students, educators, and school administrators across the region, and including these exchanges as part of CPD requirements
- Highlighting diversity of career pathways in education beyond classroom teaching, supporting students and young educators' professional development
- Direct access to internships and employment schemes offered by the government and partner networks

**3. Enhanced framework for supporting students' wellbeing.**

- Enhancing counseling and coaching teams within secondary and tertiary educational institutions to provide students with:
  - **Better care for everyone**
    - Greater support for mental health and the skills to manage adversity, build resilience for students at all levels
    - Supporting local research to mitigate perception of foreignness
  - **Supporting communities**
    - Building inclusive school environments for staff, students, and families, especially for SEN and NCS and new immigrant students and parents
    - Provisioning of more SEN programs AND resources for families AND other infrastructure for NCS/new immigrant families
  - **Addressing root causes**
    - Destigmatizing mental health issues/care, starting from early childhood
    - Recognizing and spotlighting differing paths and definitions of success



[Submitted from Innovation Committee]

## 1. Shared Goals in Innovation and Technology

- Canada shares Hong Kong's ambitious innovation, science and technology goals
  - Encourage technology joint ventures and investments
  - Invested billions to assist Canadian technology SMEs to scale nationally and globally
- Canadian innovations making Hong Kong more competitive and sustainable
  - Health and Clean technologies among world-class innovations found in the SAR
  - Canadian Technology Accelerator program tailored for Hong Kong
    - Focuses on Hong Kong's competitive advantage in financial services and real estate
    - Helps high potential Canadian FinTech, PropTech, and sustainability technology start-ups find new clients, partners and investors in Hong Kong
- Canadian education feeding the Hong Kong talent pool
  - Hong Kong is home to 175,000+ alumni from Canadian universities and colleges
  - Hong Kong and Canadian universities are collaborating on various R&D projects

## 2. Generating Solutions to Health Problems

- Centre for Eye and Vision Research
  - World-class collaboration between The Hong Kong Polytechnic University and University of Waterloo
  - First global hub performing ground-breaking research, generating technologies to prevent vision loss in the aging population and preserve healthy vision
    - "With the support of the Hong Kong Government's initiative, we are confident of further driving global



research collaborations, bringing very significant opportunities to the local I&T sector and nurturing next generation talent, while also helping develop Hong Kong into an international innovation powerhouse." Prof. Ben Thompson, CEO and Scientific Director of CEVR

### 3. Canadian Clean Techs at Work

- World's first tri-axle hydrogen double-decker bus specially designed and built for Hong Kong
  - Powered by Canada's Ballard Power System Fuel Cells
  - Zero-emission, high energy density for Hong Kong's mountainous operations; built by Wisdom (Fujian) Motor Co.
  - Received Agreement-in-Principle from the SAR Gov. on 3 May
  - Canada has build an ecosystem around hydrogen fuel cell technologies, with companies and technologies ready to support Hong Kong in meeting its climate objectives
- CarbonCure is being trialed in Hong Kong for producing cleaner concrete
  - Reduces carbon footprint of concrete production by 5%
  - Under trial by Gammon targeting production use in 2023

### 4. Talent Collaboration and Sourcing

- Coop Students
  - Canada university program networks
  - Non-program overseas Chinese pool
    - Various gap year co-op internship programs offer senior year students international work placements
    - Opportunities for HK to gain early access to talent with Asian aspirations
- Fresh Graduates
  - Returnees and foreigners
  - Via University career offices
    - Clear demand for fresh graduates



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- Working holiday visa duration extended and easier to apply/ approve
- Opportunities to attract Canadian talents with policies to incentivize both returnees and foreigners
- Industry Professionals
  - Looking for career switch and Asia career growth/landing
    - Overseas Chinese (Mainlanders/Hkers/Singaporeans/ Malaysians) & Foreigners
    - Cross pollination of talents with industry support, modelling after the success of CEVR
    - In collaboration with Industry in HK and Canada via newly set up HKETO career office
- Current challenges & How to make it easier or how to make it more accessible?
  - Visa challenges, duration of stayed allowed
  - Financial – available credit, personal/business
  - Housing services
  - Community networks – University alumni, CanCham
  - One stop service for individual talent coming to HK, regardless of background
- Why Canadian talent - Canadian talent differentiators
  - Cultures multi-perspectives, wider abilities
  - AI, Data Sciences, Life Sciences, New Energy specialization
- Visa not locked onto the company of application. The applicant should have visa mobility to look for work with another company during the duration of the visa period.
- Visa is issued based on all accredited Canada university, not only top XX. It is a three year working visa that can be used to apply to any job just like a HK resident. Background criminal and credit checks are by the applicant in Canada and certified by HKETO office, so the HK employer, bank, landlord doesn't have to. Background checks are for credit health for bank account opening, residential rentals.



- The rationale (the why) is to make it seamless and easy as if the applicant is going about the same or easier for Canada, done in Canada. They start on the ground running to contribute and enjoy the career building opportunities in HK e.g. large market exposure, low income tax regime, dynamic and accelerated work experiences.
- Funding is needed to establish a HKETO career office to facilitate the offshoring or Canadian certification for HK recognition. Their KPI is for recruitment numbers and can be targeted or emphasized towards certain industries, college level graduates, etc. Top graduates go to the US for careers and opportunities. The goal is to offer a realistic, easy and doable alternative to the US to those who would like an Asia career. To those who desire a career in the Asia century, to those who want to skate to where the puck is going.

#### 5. Ecosystem

- Develop the content – Company coming to HK Requires
  - Connectors, helpful services
  - One stop shop
  - Super connector more impactful and easier
- Leverage the Canadian community in HK - Canadian ecosystem in HK should be tapped into by HK government
  - Canadian Chamber of Commerce HK
  - Canadian university Alumni groups

[OTHER FEEDBACK received from members, to be included into the previous points]

1. Talents - Encourage Hong Kong to welcoming more diversified high talents for workplace across industries: AI, Machine learning, ESG, highly qualified teachers ... more diversified availability of strong talents across industries
2. FinTech - encourage Hong Kong government to push industries to be more proactive to adopt an innovative fintech ecosystem both in R&D but more importantly in adaptation.





3. Payment Solutions - With regards to above FinTech - most priority could be in Payment solution (including cross borders)
4. Education - Supports to Education System - it's been witnessed that Hong Kong has lost numbers of great educational teachers (i.e.: from primary school all the way to universities) - how to attract the great talents of Educational staffs back to Hong Kong. What can Government help to provide schools to attract more talents to returning Hong Kong. Hong Kong students have rights to better educational supports, system and this includes higher quality supplies of educational teachers.
5. Startup Ecosystem - it's been observed over last two years that Singapore has successfully surpassed Hong Kong in views of startup founders and funding ecosystem that Singapore is much more efficient, supportive, innovative, and proactive. Would Hong Kong be able to create a more cohesive, collaborative, and catchup to Singapore in terms of supports to the encouraging great new ideas that require more ecosystem supports from the corporates and governments?