



January 2025

Mr. Paul CHAN, GBM, GBS, MH, JP, Financial Secretary
The Financial Secretary's Office
Commerce and Economic Development Bureau
Hong Kong Special Administrative Region
22-23/F, West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

Subject: 2025-26 Hong Kong Budget Consultation - Delivered 10 January 2025

Dear Financial Secretary,

The Canadian Chamber of Commerce in Hong Kong (the "Chamber") is pleased to share our key views for the 2025-2026 Budget Consultation, Foreign Chambers. We now represent 2500+ Canadian Chamber members and engage our community of over 300,000 Canadians in Hong Kong and over 185,000 professionals who are alumni of Canadian institutions.

Our Chamber mission continues to be guided by our values of free enterprise, rule of law, entrepreneurship, ethical business practices, sustainability, social and environmental responsibility. These values are very well aligned with Hong Kong.

Canadian related people in Hong Kong are unique not only in our significant number, but also in our well networked and international perspective. While living and working in Hong Kong, the vast majority of this diaspora also have deep and first-hand knowledge and close affinity to not only Hong Kong, China and Canada, but also to countries in Asia and the West, through business dealings, education, friends and family ties. As such, this group are potentially some of the best and most effective ambassadors and influencers for Hong Kong and China.

Hong Kong has recently experienced challenges and continues to evolve with many geopolitical and economic headwinds impacting Hong Kong's reputation as Asia's premier international centre and financial hub. While it is encouraging to see the government's efforts to tackle challenges, more marketing coordination and positive communication is needed on an ongoing and continued basis to promote **confidence** to the international business community, especially overseas.



Our Chamber has the following suggestions for the coming budget in 2025:

1. Continue and add funding and investments for coordination of marketing and promoting the “global branding” of Hong Kong.

The news and moves we see in protecting “National Security” and Hong Kong’s “One Country Two Systems”, whether ill-informed by international media or otherwise, often overshadows Hong Kong’s actual strengths as an international financial and information centre and its unique ability to act as a “Bridge between China and the rest of the world and vice versa.” It also further promotes the “widespread” international perception that Hong Kong is just another Chinese city, and no longer as openly receptive and welcoming to international businesses and talent.

- In doing so, the uniqueness of Hong Kong, as distinct from other Chinese cities, must be further emphasized. It is time for Hong Kong to shift the focus and rhetoric away from “National Security” to the “Two Systems” framework, namely the city’s rule of law, business-friendly regulatory environment, free flow of capital, fixed stable exchange rate, and governance transparency.

We suggest more coordination and funding to market and promote Hong Kong’s global connectivity and showcase the city’s unparalleled advantages that lie in Hong Kong’s commitment to:

- the free flow of information, and with it, adherence to data privacy and protection (even protection from government entities),
- to unencumbered movement of people and facilitating the movement of all Hong Kong residents, temporary or permanent, into/from Hong Kong to China and other international locations,
- to unrestricted capital flows, trade flows, and protection of capital value and property rights,
- to the well-established history of common law and rule of law with an independent judiciary.

These are pillars of Hong Kong’s identity that deserve coordinated marketing and promoting internationally, especially in light of geopolitical challenges and ongoing tensions, continuing reassurance to international businesses, both in Hong Kong and globally should be a top priority and needs to be repeatedly reminded.



Examples of potential coordination and funding could include:

- coordination and funding of country/market visits from Hong Kong together with members of international chambers.
- coordination of marketing, communications, media, and promotions of major international events together with international chambers, examples include visits by well-known international visitors, sporting celebrities, from various countries...to get the most “bang” and leverage on synergies emanating from major “events.” HKMA’s International Financial Summit, AFF, HKCTA’s ATP and WTA international tennis tournaments are examples.

2. Continuing investment to facilitate and welcome foreign engagement and re-engagement with Mainland businesses:

- to re-invigorate relationships with Mainland colleagues, suppliers, customers, and markets.
- to simplify regulations and bureaucratic processes and better leverage HK’s international connectivity to expand into and do business with Greater Bay Area cities, and springboard to Mainland China and globally.
- to strengthen the appeal of Hong Kong as a springboard for Mainland businesses to the world, enhance Hong Kong’s trade connectivity. This includes finalizing Hong Kong’s entry into the Regional Comprehensive Economic Partnership (RCEP) and working more closely with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

For example, specific funding and support to International Chambers to facilitate and support visits by Chamber members to Mainland China and GBA.

3. Allocate funding for programs that specifically facilitate international exchanges and attracting “international businesses” and “international talent immigration. Despite excellent recent progress, especially with Mainland talent attraction, HK still faces challenges in attracting talent, particularly international talent attraction and retention including from countries within Asia like Japan, S. Korea, Indonesia and Vietnam for example. This is vital to maintaining Hong Kong’s international competitive advantage as the pre-eminent “Gateway, Super-connector, and Bridge” between East and West.



The Canadian Chamber of Commerce in Hong Kong

While the government's recent initiatives to attract and retain talents are to be applauded, there is a need to implement a proactive talent attraction strategy to ensure geographical diversities of talents (not limited to the Mainland) and specific skillsets that suit Hong Kong's long-term strategic needs (e.g. financial markets, technology, and artificial intelligence).

The challenges international talents face includes high housing expenses, availability of affordable housing, affordable and suitable children education and adaptation challenges faced by all foreigners (not just Western foreigners.) Funding and programs that can help alleviate rental/housing costs and/or even facilitate support for initial expenses, specifically for international talent, would be well received and recommended. Strengthening support for incoming talents to settle in Hong Kong and providing quality international or suitable local education opportunities are also essential for attracting and retaining top talents.

Meanwhile maintaining Hong Kong's competitive ability to hire affordable domestic help and care from countries such as Philippines and Indonesia and others needs to continue as it is a competitive advantage to providing affordable child care to families and promoting gender equality – and thus by that nature, supporting strong services and provisions whether public or non-governmental services to domestic workers is also helpful.

In addition, funding for programs or support for facilitating international exchanges and promoting partnerships between Hong Kong and Canada including in areas of mutual benefit, such as:

- Education exchanges,
- technology, innovation, and Venture Capital exchanges,
- exchange and partnerships in Energy Transition programs or businesses, including financing for energy transition, and new energy projects.
- Sustainability and sustainable financing.
- Sports & Entertainment Industry (especially the business side of Sports), and in Creative Industries.
- And, promoting English language use and Mandarin fluency.

And, to ensure that major capital programs whether for Northern Metropolis, or for Transportation and Logistics, Advanced Manufacturing or otherwise, specifically includes funding to facilitate attracting international talent and businesses.



- 4. Invest in exploring more opportunities for public private partnership** and potential listings and IPOs, Bond Issuances of more public infrastructure in Hong Kong and GBA, not only as a source of “funding/revenue, but to further promote economic growth, and international, private sector & public sector and pension participation in Hong Kong projects and Hong Kong’s financial industry and fund-raising strengths. This will have the dual purpose of promoting Hong Kong’s strong position as an international financing and fund-raising centre with all the foundational pieces, including banks, and business infrastructure to support, whether private and/or public debt or equity, and also it will have the ancillary benefit of driving the financial and related services economy including – business tourism, legal, accounting, promotions and general business confidence and business momentum.

Examples can include:

- To target specific projects with the Hong Kong Airport Authority, such as its “SAF project/depot” or even the whole Hong Kong Airport itself,
 - IPO / sell parts of Hong Kong Science Park, to PE or as Infrastructure or Cyber Port
 - The recent very successful, HKAA Bond issuances is a great example
 - Route 3 or Western Harbour Crossing
 - The Northern Metropolis projects, can follow both strategies for debt and equity fund raising
- 5. Continue to invest in ensuring Hong Kong’s competitiveness** – this means investing in productive capital projects and investing in government efficiency and encouraging productivity while reducing unnecessary bureaucracy and antiquated processes and procedures and unnecessarily convoluted and expensive regulation, rules, and laws.
 - Productivity is key to improving economic performance and the government should provide leadership by actions.
 - Capital investments whether in projects such as Northern Metropolis, or in Data Centres are there to ultimately contribute to economic growth and productivity, in addition, focus should also be given to other productivity measures including using AI to reduce administrative tasks, and also reducing unnecessary processes or changing inefficient rules, laws and regulations. Reducing non-productive rent seeking activities should also be a focus.



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

While we recognize there are certain systemic and structural challenges such as out of date skill sets of legacy talent and resources (whether in government or industry), an empathetic and effective means to retrain and/or repurpose talent/resources should be given some focus, while understanding it may not be easily addressed and may always be present and ongoing issue. And in such instances, provide support / subsidy to alleviate the transition may be required.

This is a challenge for Hong Kong's legacy high costs of labour, rents, capital, and cost of living – but is also the reason for Hong Kong's high standard of living and wealthy. In the longer term, integration with the GBA will ultimately address some of these structural and systemic cost issues, however, rules and regulations, need to also be considered to ensure productivity and competitiveness remains – As an example bringing in construction workers to Hong Kong to improve Hong Kong's construction industry competitiveness would be very useful. These imported workers would gladly and competitively come to Hong Kong to work at a quarter the wages of existing local construction workers – however, how then can these legacy workers in Hong Kong's livelihoods be maintained/considered, while improving productivity, and ensuring they are then also able to contribute to Hong Kong's high standard of living. These are challenges which are worth providing government and budgetary funding.

In conclusion, Hong Kong is well endowed and has strong heritage for financial, commercial and business opportunities. These can be best leveraged through well-coordinated promotion and communication and effective spending and policy measures, in particular to be aware of, understand and face up to the reality, and target many of the now entrenched perceptions of those outside of Hong Kong.

We hope you take into consideration our views as we share the goal of making Hong Kong great 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