



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

Mr Paul Chan Mo-po, GBM, GBS, MH, JP
Financial Secretary,
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Dear Mr. Chan,

Support to Business to Maintain Employment & Operations

Established in 1977, the Canadian Chamber of Commerce has been supporting the business community in Hong Kong through many remarkable, historical events like the Asian Financial Crisis, SARS, the protests of 2014 and those of late, but we have never seen anything like the outbreak of COVID-19 and its profound impact on business.

As the leader of one of the largest international chambers of commerce in Hong Kong and as a resident of Asia for more than 20 years, I am deeply concerned about the state of Hong Kong's economy, driven by the success of our businesses headquartered here. While lessons were learned from the SARS experience, the economic repercussions of this current virus are much more far-reaching and more importantly, unknown.

We are navigating in uncharted territory.

However, as news of yesterday's COVID-19 relief package was announced, I was encouraged by the size and breadth of the measures introduced. Specifically, the Employment Support Scheme is much needed and the strategy of benefitting those employers and the self-employed who make MPF contributions is a sound one. The increased rental concessions, from 50% to 75%, for those operating on government premises is also a welcome move, and one that our Chamber hopes other private landlords will follow.

As a Canadian living and working in Hong Kong, it is difficult not to compare and contrast the economic relief measures being presented by the two regions for both businesses and individuals to sustain their operations and maintain livelihoods. I hope that my brief description of what Canada, and other countries, are doing to support businesses and individuals can be of help to the HKSAR Government as it refines its basket of measures in the days and weeks to come.



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The issue of rent is raised more often than not when speaking with members. One member, Booqed, a Hong Kong-based platform for booking short-term work spaces, [surveyed](#) 60 senior managers responsible for their companies' workspace decisions and found that 60% of them confirmed that the virus had significantly affected work patterns. As a result, companies are exploring flexible workspace as a way to save money when the economic outlook is so bleak.

Therefore, we are writing to urge the Government to consider the nuances regarding the following support measures for businesses:

1) Financial subsidy support for businesses to maintain employment

The HKSAR Government is now acting on this and we, as a Chamber, applaud your action. Maintaining employment will better position Hong Kong to transition back as the world's hub for international trade and investment once the COVID-19 situation subsides. It will also avoid a spike in unemployment and prevent the strain on social welfare programs and resources. However, our Chamber members may want to know if the Employment Support Scheme has a retroactive date by which the wage subsidy can be applied, as Canada has done.

The relief measures introduced yesterday provide support to companies that are on the frontline of the tourism sector but there are many companies supporting those companies behind the scenes where there are no measures to support them. An example would include companies like the contact centre / customer support companies that have been outsourced to by the front line tourism companies. There are many other examples of companies that are suffering as much as the front line companies where the additional tourism relief efforts do not provide support.

I would also like to reiterate a point that I made in the Joint Chamber webinar on March 26 which was to also consider the concerns of larger companies that have either already laid off or are preparing to layoff large numbers of workers. While SME's make up the largest number of companies in Hong Kong, the approximately 50% of the non-civil employees in Hong Kong are employed by large companies and those large companies are, for the most part, in significant financial difficulty. They are laying off or are preparing to lay-off large numbers of employees which will, no doubt, have long-term, detrimental impact to the Hong Kong economy.

In crafting Hong Kong's COVID-19 relief package, I am certain that the relief measures of different governments around the world have been considered.



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Canada

The Canadian government has taken immediate and decisive action to help Canadians that are facing hardships as a result of the COVID-19 outbreak by providing support for individuals, businesses, and industries. Specifically for businesses, the Government of Canada has imposed the [Canada Emergency Wage Subsidy](#) to help employers keep and retain workers by subsidizing 75 percent of salaries for qualifying businesses, up to a maximum benefit of CDN\$847 (HKD4,700) per week, up to 12 weeks, retroactive to March 15, 2020.

This is in addition to the [Canada Emergency Response Benefit](#) which is also being given to those who have stopped working because of the virus by providing Canadians with temporary income support of CDN\$500 (HKD2,800) per week for up to 16 weeks.

Singapore

The Singapore government has also recently unveiled its third stimulus package of US\$3.55 billion to provide additional support for businesses and households affected by COVID-19. The new measures unveiled will increase the total spending on coronavirus relief to US\$41.8 billion or 12 percent of gross domestic product (GDP) despite projecting a deficit of US\$30.9 billion or 8.9 percent of GDP. These measures, which include increased [wage subsidies](#), aim to help workers keep their jobs and enable businesses to resume operations quickly after the pandemic subsides. We have members who also have operations in Singapore and the Singapore packages has, in fact, saved jobs among those members.

United Kingdom

The UK government has introduced the [Coronavirus Job Retention Scheme](#), committed to paying 80% of salary of employees unable to work due to COVID-19 as a significant measure to protecting people's jobs. In addition, the government has enacted the [Coronavirus Business Interruption Loan Scheme](#) to support small and medium-sized businesses to access finance of up to £5 million and the [Coronavirus Large Business Interruption Loan Scheme](#) to support large businesses to access loans up to £25 million.

2) Rental subsidy for businesses to maintain operation

Next to salaries, rent is probably the second biggest recurring expense for a business, regardless of their size. We urge the Government to publicly encourage commercial landlords across Hong Kong to consider being more lenient with their tenants (e.g. rent-free periods, reduced rent for a period of time, no penalties imposed for breaking leases).

In the UK, the government has introduced radical [legislation](#) to ban home evictions for three months and issuing guidelines to landlords to show compassion to



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tenants who have lost their income. In the same spirit, we ask that the HKSAR Government introduce similar or even more robust measures to commercial tenants struggling with their monthly rents.

Drawing from the full range of business support measures that have been made available under different governments, we again applaud the HKSAR Government in the economic relief measures introduced yesterday but as the situation evolves each and every day, we stand ready to have further discussion on the ideas set forth in this letter and as yesterday's measures are implemented.

We hope the collective knowledge and expertise of the Chamber and of its members can be of resource in these unprecedented times.

Yours sincerely,

Todd Handcock
Chairman
The Canadian Chamber of Commerce in Hong Kong

Cc: Mrs Carrie Lam
Mr Edward Yau