

Transcript of remarks by FS at press conference on latest economic situation and measures to support enterprises and residents

The Financial Secretary, Mr Paul Chan, joined by the Secretary for Financial Services and the Treasury, Mr James Lau; the Secretary for Labour and Welfare, Dr Law Chi-kwong; the Secretary for Transport and Housing, Mr Frank Chan Fan; the Secretary for Food and Health, Professor Sophia Chan; the Secretary for Commerce and Economic Development, Mr Edward Yau; the Secretary for Education, Mr Kevin Yeung; and the Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau, today (August 15) held a press conference on the latest economic situation and a series of measures to support enterprises and residents. Following is the transcript of remarks:

Reporter: Thank you, Mr Chan. The Chief Executive said last week that we could see something worse than what we experienced under SARS. Is that something that you expect as well, for the situation to get that bad? Secondly, you also mentioned a lot about the domestic environment in your press release. Can you explain why you've mentioned that when you can address that with economic measures, why not also political measures, such as some of the five demands that the protestors have been asking for over this time? And finally, do you expect these measures to have an impact on the people who are out on the streets protesting right now or are you trying to, maybe, turn public opinion against those protestors?

Financial Secretary: Well, as you rightly pointed out, the measures that we have just announced are economic measures trying to tackle the current economic difficulties and the coming economic headwind. It is not related to the political difficulties that we are facing. In my opening remarks, I refer to the political difficulties in order to avoid any confusion between the two. I just want to make sure our friends in the media and the public do understand where we come from. As to the upcoming economic situation, it is indeed very challenging. The escalating tension between the US and China, no matter on the trade front or the technology side, both are escalating, not to mention the possible spill-over to the financial market.

Apart from the US, the chance of a hard Brexit is also heightened. The economic activities within Asia also are slowing down, so the external headwinds are indeed strong. But how this would further develop will depend on a lot of different factors. I do not want to speculate to what extent all these will translate into impact on our economy but it would be prudent and reasonable to assume that the economic headwind will continue to be very strong. So we need to get ourselves prepared. In preparing for this economic headwind, we need to help our SMEs. By helping the SMEs, we try to safeguard jobs. We also need to inspire confidence among the people in terms of our

preparedness, and our ability to weather through this difficulty. That's why we come up with all these measures. As to the protestors that you have mentioned, I just want to appeal to everyone that violence will not lead us to a solution. That will cause additional harms to the community and that would also escalate the tension among our people. Let's stop that. Let's take a break and focus ourselves and work together to weather through these economic difficulties ahead of us. Thank you.

Reporter: Can you tell us a bit about why you've chosen to use the word "social incident" in referring to the protest in the press release. Is there any meaning behind the word choice? Also, how cost-effective is this 19.1 billion series of measures going to be and how quickly can they be implemented, considering that the LegCo will only resume in October? And also, a question for Dr Law, your former allies in the Democratic Party have called on you to resign, as well as basically everyone sitting here. Do you have any comments on that – would you consider their appeal? Thank you.

Financial Secretary: Sorry, I didn't hear your last question. Would you mind repeating your last question?

Reporter:...(inaudible)

Financial Secretary: Ok, thank you. Let me ask Alice (Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau) to respond to your question about implementation.

Permanent Secretary for Financial Services and the Treasury (Treasury): Thank you, FS. In terms of implementation, it will depend on the nature of different measures, the amount of money that would be required, and whether that would also involve some implementation preparations by the relevant bureaux and departments. For instance, those measures that can be implemented quickest, earliest, would be rental waiver for premises leased by the government to enterprises and also the short-term tenancies. Because these are administrative measures, and with a little bit of preparation, we expect most of these beneficiaries to start receiving benefits under this measure starting from October this year.

Whereas for a number of other measures, such as fee waiver, there are actually 27 groups of these fee items, which will be waived for one year. For most of them, the implementation would require amendment to subsidiary legislation. So we would have to wait until the Legislative Council is back in operation. We would then immediately table those subsidiary legislation, gazette them for immediate implementation. So for most of the fee items, we expect them to kick in probably from November onwards. Whereas for most of the big-ticket items, because of the amount involved, we would have to go to Finance Committee to seek funding approval, so their implementation will take a bit longer.

There is one significant revenue proposal which is tax concession. Friends in the media would recall that we already have a revenue bill (Inland Revenue (Amendment) (Tax Concessions) Bill 2019) that is lining up for

enactment in the Legislative Council before the summer recess. We will now have to introduce an amendment to that bill in order to raise the percentage limit in the tax concession. This, barring unforeseen changes, we plan to do so again as soon as the Legislative Council is back. Hopefully we will be able to have this passed earliest possible. We might be able to, therefore, start issuing the tax demand notes from October/ November onwards. In other words, the implementation time table will depend on the nature of the measures and whether we need approval or endorsement, or passage of bills and subsidiary legislation in the Legislative Council.

Financial Secretary: As to your question about the impact of all these measures on the GDP, it is estimated to be about 0.3 per cent, but because of the different implementation time, this will realise over a period of time. But, let me reiterate that the purpose of these measures is to relieve the burdens of SMEs and our people, and through these measures we also hope that the people of Hong Kong will be better able to maintain their confidence in our economy and spend more. Finally, may I invite CK (the Secretary for Labour and Welfare, Dr Law Chi-kwong) to respond to your last question?

Secretary for Labour and Welfare: Sorry, I am not going to openly comment on that particular appeal.

Reporter:...choice of word...why do you say "social incident"...

Financial Secretary: Thank you. I used that word as a general term to describe all the events (that we saw in the community over the past two months).

(Please also refer to the Chinese portion of the transcript.)