

Hong Kong Retail Management Association
Submission on
2017 Policy Address and 2017-2018 Budget Consultation
20 December 2016

Executive Summary

The Association's recommendations on the Chief Executive's 2017 Policy Address and 2017-2018 Budget Consultation are summarized in this Executive Summary.

I. Introduction

1. Hong Kong retail industry has now entered an era of “new normal” with continuous adjustments. For 2017, the retail performance is expected to remain relatively stagnant as the global economy is clouded with uncertainties.
2. The Association urges the Government to be pragmatic and responsive to address the immediate and pressing economic concerns in its forthcoming Policy Address and Budget.

II. Vision to Restore Harmony & Growth

3. Take lead to protect Hong Kong's strategic position and restore harmony by projecting a clear overarching vision supported by a roadmap with pragmatic measures.

III. Hong Kong's Competitiveness

Sharpen Hong Kong's Advantages

4. Uphold Hong Kong's unique advantages including the rule of law, free and open market, free flow of information, freedom of speech, a business friendly environment, and an international image being a safe and hospitable city.

Alleviate Cost of Doing Business

5. Reduce business license fee and related charges, lower corporate profit tax to

15%, and offer additional tax incentives to SMEs.

Curb Rising Compliance Cost

6. To be prudent and conduct regulatory impact assessment when considering new legislations.

MPF Offsetting Mechanism

7. Maintain the MPF offsetting arrangement in the face of business downturn, so as not to induce extra labour cost on business sector.

Standard Working Hours (SWH)

8. Not to regulate working hours through legislation as Hong Kong's successful service-oriented economy hinges on our highly flexible labour force.

Statutory Minimum Wage (SMW)

9. Maintain the latest SMW rate at \$34.5 in the immediate years ahead due to uncertain economic prospect.

IV. Sustain Tourism Development

Vision to Sustain Development

10. Formulate a visionary blueprint with holistic planning on the long-term growth of tourism industry with the support of stakeholders.

Develop Niche Advantages

11. Identify and develop new niche advantages to capture a new generation of visitors.
12. Capitalize on the new global travel trend of attaining a holistic personal experience in developing new tourist attractions and facilities.

Capitalize on New Connectivity

13. Speed up peripheral facilities and supporting services for the new HK-Zhuhai-Macau Bridge and the Express Rail Link to Shenzhen and Guangzhou.
14. Take lead in the development of an integrated tourism-cum-retail ecosystem in the Pearl River Delta area, including Macau.

V. Strengthen Retail Development

Earmark Retail as Growth Engine

15. Set up a cross-departmental unit to orchestrate the long-term development of retail industry and associated industries.

Nurture Professional Workforce

16. Reactivate appropriately the image promotion of the retail industry and to provide additional resources to VTC to market the Earn & Learn Pilot Scheme for Retail Industry.

Retail Space & Warehousing

17. Provide more retail space and to speed up the diversification of shopping clusters.
18. Explore the feasibility of the set up of warehousing zones in Zhuhai for cross-boundary facilities between the two places.

VI. Speed up Retail Innovation & Technology

Catch Up with International Trends

19. Facilitate the retail industry to tap business opportunities arising from the global mega trend of O2O retailing.

Take Reference of Industry Proposal

20. Adopt recommendations from the Association's "Proposal on Enhancing Technology Adoption to Uplift Competitiveness of Hong Kong Retail Industry" submitted to the Financial Secretary in July 2016.

Proposal - Recommendations

Government-led Measures

21. Build up a top-notch, neutral e-Commerce platform that embraces all attractions Hong Kong can offer to the world.
22. Review its Free Trade Agreements (FTA) and explore best treatments for Hong Kong retailers.
23. Speed up custom clearance and preferential taxation for Hong Kong based e-Commerce transactions.

Government Support and Enterprise-led Programmes

24. Provide funding support to develop 3 main types of programmes, including (a) industry development; (b) human capital development; and (c) government support and incentive projects.

Government's Thematic Funding

25. Set aside a portion of existing government funding schemes for uplifting retail technology.

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