

19 July 2022

The Honourable John K C Lee, SBS, PDSM, PMSM
Chief Executive
The Hong Kong Special Administrative Region
of the People's Republic of China
Central Government Offices
Tamar, Hong Kong

Dear John,

Travel and Quarantine Restrictions

I am writing on behalf of members of the Hong Kong General Chamber of Commerce to convey our concerns over the impact of Covid-related policies on Hong Kong as a place to do business and live.

The negative sentiment on Hong Kong's operating environment is reflected in the survey findings we conducted in May, a summary of which is included in the attached. It is perhaps no surprise that an overwhelming majority of respondents have been affected by restrictive travel measures. That has in turn caused many to seriously consider relocating their businesses out of Hong Kong if they have not already done so.

As responsible corporate citizens, we understand the importance of and need to protect public health and the public health system through the various travel and isolation policies to fight the pandemic. The Chamber has also been proactive in encouraging the general public to be vaccinated by conducting a lottery and, in that respect, is gratified to note that, as of writing, 89% of the population has received a second dose and the number of serious cases has remained in the single digits.

Given the foregoing and the low number of imported cases, we believe it would be timely for your administration to review existing policies aimed at curbing the spread of Covid. We welcome very much the recent decision to suspend the circuit-breaker for flight suspension and a shortening of the quarantine period for inbound travellers. Despite such positive developments, the reality is that entering Hong Kong remains a challenge. Unless there is a further easing of mandatory measures, Hong Kong runs the risk of losing its appeal as an international business centre.

As a small and open economy, we cannot afford to lose our global connectivity and connections. Although it is important to reopen the border with the Mainland, this will necessarily take time. In the meantime, priority should be given to restoring linkages with the rest of the world. We look forward to working together with your team to relaunch Hong Kong.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Betty Yuen".

Betty Yuen
Chairman

Att.

**Hong Kong
General Chamber
of Commerce**

13 July 2022

Survey on Travel Restrictions, Quarantine Requirements and the Way Forward

Covid-related Measures Forcing Businesses to Leave

1. Introduction

The Hong Kong General Chamber of Commerce conducted a survey between 24 – 31 May 2022 to gauge the impact of Hong Kong’s travel restrictions and quarantine requirements on businesses. The survey also sought to understand members’ expectations for the incoming administration. A total of 395 companies responded to the survey.

2. Key Findings

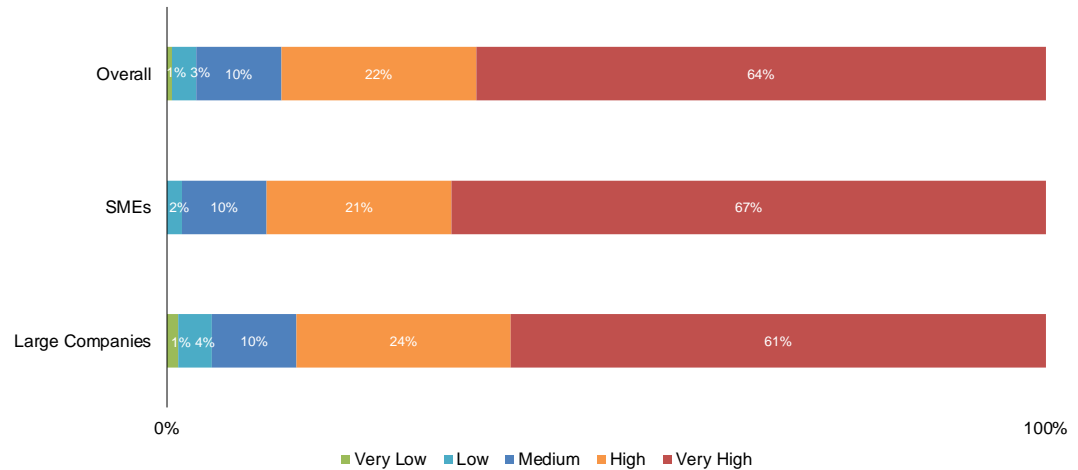
- An overwhelming majority (86%) of respondents said that their businesses had been “highly” (22%) or “very highly” (64%) affected by Hong Kong’s travel and quarantine rules that have been in place since the start of the pandemic;
- Hong Kong is in danger of losing its role as an international business and finance hub due to its strict Covid-19 border controls and quarantine rules with a total of 38% of respondents indicating that they had already adopted plans to relocate elsewhere (21%) or were making plans to do so (17%);
- Restoring normalcy should be the priority with respondents listing “re-opening the border to the rest of the world (ex-China),” followed by “re-opening the border with Mainland China,” and “re-establishing international connections and promoting Hong Kong externally” as their top three goals for the new administration.

3. Impact of Travel Restrictions and Quarantine Requirements on Business

Most respondents have been adversely affected

An overwhelming majority (86%) of respondents said that their businesses had been “highly” (22%) or “very highly” (64%) affected by Hong Kong’s travel restrictions and quarantine requirements (Figure 1).

Figure 1. How would you describe the business impact of Hong Kong's travel restrictions and quarantine requirements since the pandemic?

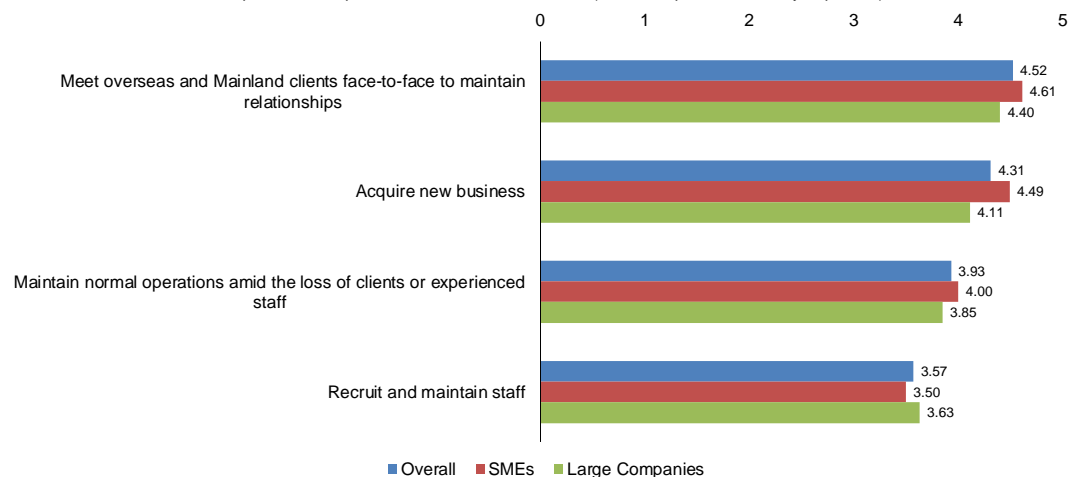


Travel restrictions are impeding companies' ability to maintain normal operations due to the loss of staff. These have also led to the suspension of training programmes and prevented access to overseas technical support for more than two years.

It's far from “business as usual”

Hong Kong’s “dynamic zero-Covid” strategy, which comprises such measures as border controls and quarantine requirements, is constricting commerce. This has affected businesses ability to (1) “Meet overseas and Mainland clients face-to-face to maintain relationships” and (2) “Acquire new business”, two key issues cited by respondents (Figure 2).

Figure 2: Please rate the key challenges facing your business brought about by Hong Kong's travel restrictions and quarantine requirements, on a scale of 1 to 5. (1 = not important, 5 = very important)



The scale of relocations could inflict lasting damage on Hong Kong's standing as a premier business and financial centre. Company departures would also be give rise to the loss of talent and expertise.

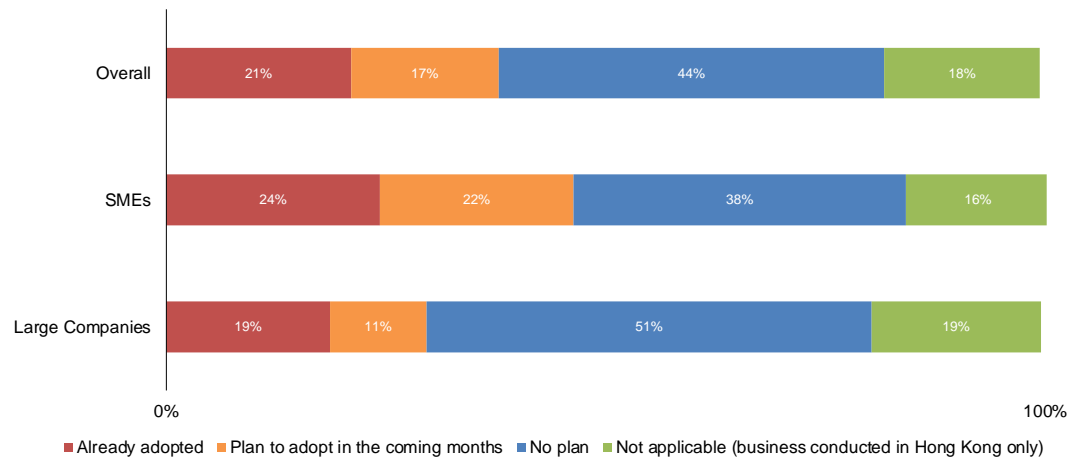
4. Business Exodus

Two-fifths of respondents have already made plans or are considering scaling back local operations

Travel restrictions and quarantine requirements have become major bugbears for companies reassessing their presence in Hong Kong, with nearly two-fifths (38%) of respondents either already having adopted plans to relocate away from the city (21%) or are considering adopting such plans over the coming months (17%) (Figure 3).

SMEs are more inclined to consider leaving with 46% of such respondents either looking at or having already drawn up such plans. This compares to 30% of large companies with similar tendencies.

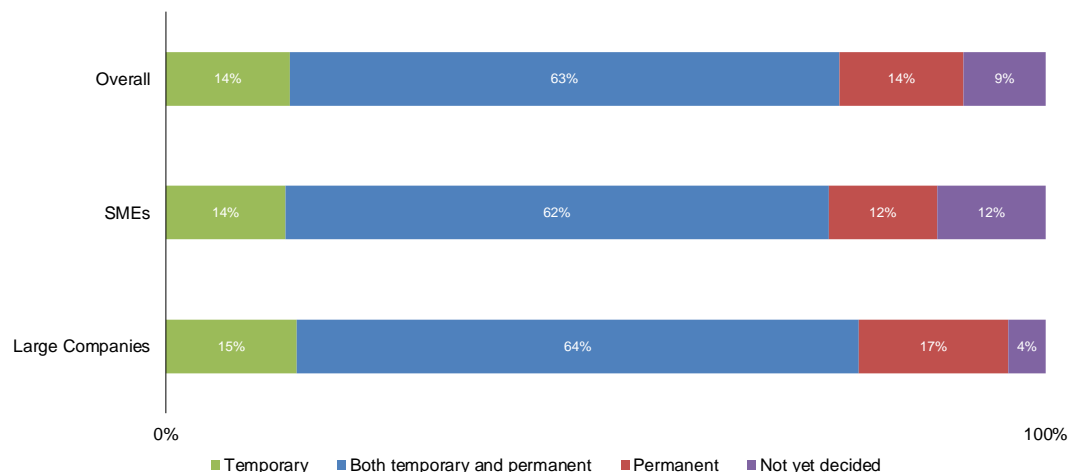
Figure 3: Has your company adopted any plans to move part or all your staff or functions away from Hong Kong due to the city's travel restrictions and quarantine requirements?



Corporate flight could wreak lasting damage on Hong Kong

For respondents planning or in the process of leaving, 63% described such a move as being “both temporary and permanent” with more than one-tenth (14%) saying that this was a temporary measure. However, another 14% described such a decision to be permanent, suggesting that the damage to Hong Kong's standing as an international business and finance hub arising from Covid-induced travel and quarantine restrictions could be long-term (Figure 4).

Figure 4: Your company's plan to relocate staff or functions away from Hong Kong can be described as being...

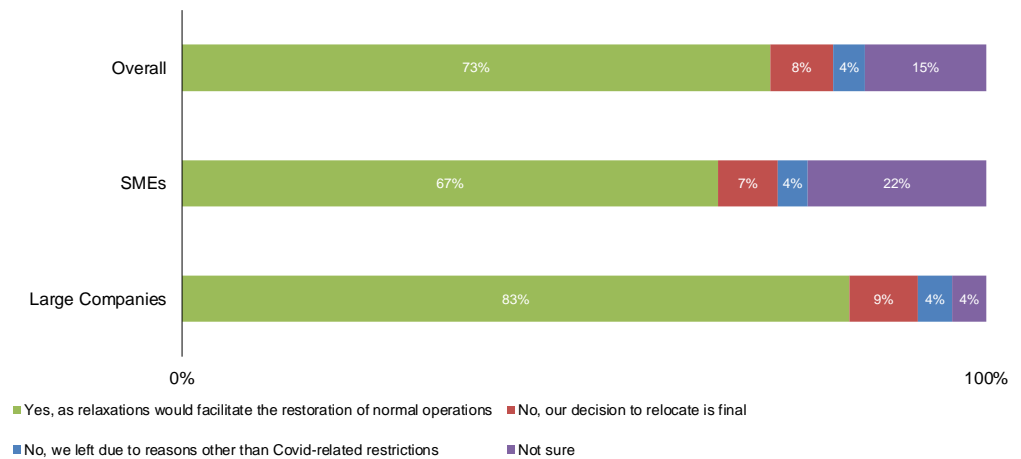


Travel normalization is the key to retaining businesses

A return to the norm is needed to prevent the migration of businesses away from Hong Kong, as 73% of respondents considering or having made relocation plans said they might reverse or review their decision to leave if Hong Kong were to relax its travel restrictions and quarantine requirements (Figure 5).

Big corporations (83%) were more willing to maintain their operations in Hong Kong relative to their smaller counterparts (67%) subject to such a policy easing taking place.

Figure 5: If Hong Kong were to relax its travel restrictions and quarantine requirements, would you consider reversing or reviewing your relocation plans?

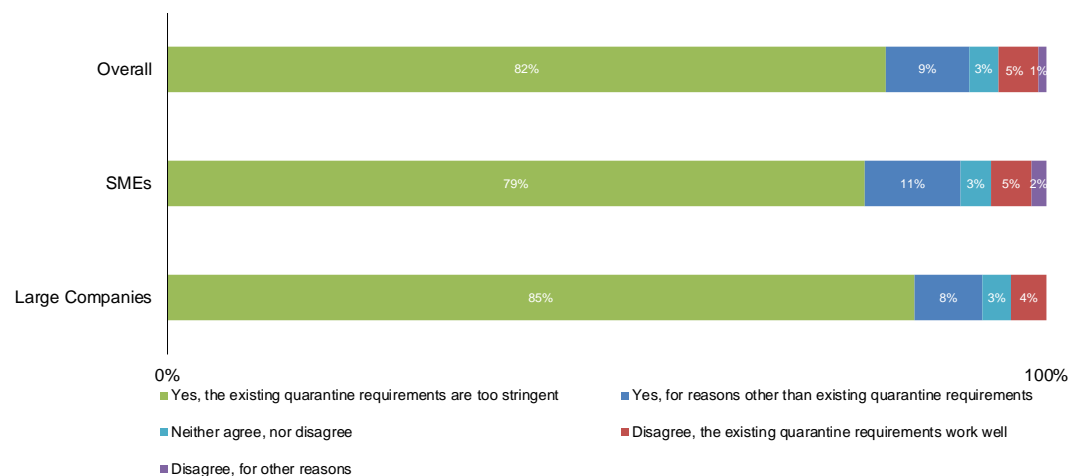


5. Quarantine-Free Entry to Hong Kong

Overwhelming support for conditional quarantine-free entry

Nine out of ten (91%) respondents were in favour of quarantine-free entry to the city if travellers were fully vaccinated and presenting a negative Covid test result. A total of 82% of respondents said that existing quarantine requirements were “too stringent” (Figure 6).

Figure 6: Do you support quarantine-free entry to Hong Kong should returning residents or visitors have been fully-vaccinated and are able to provide proof of pre-entry negative Covid-19 results?



6. Expectations on the Incoming Administration

Formulate a clear roadmap for border reopening

“Lack of a clear roadmap for the resumption of normal travel activities” is a top priority concern for businesses and was given a rating of 4.5 out of 5. This was followed by “uncertainties caused by on/off social-distancing measures” (4.22 out of 5) and “business turnover yet to recover from the pandemic” (4.19 out of 5). (Figure 7).

Manpower shortages and the brain drain presented additional challenges, especially for larger companies – a finding which was consistent with results from the Chamber’s Brain Drain survey conducted in January 2022.

About this survey

This report was prepared by the Hong Kong General Chamber of Commerce based on responses from 395 companies to a Chamber survey on Hong Kong’s travel and quarantine restrictions conducted from 24-31 May 2022.

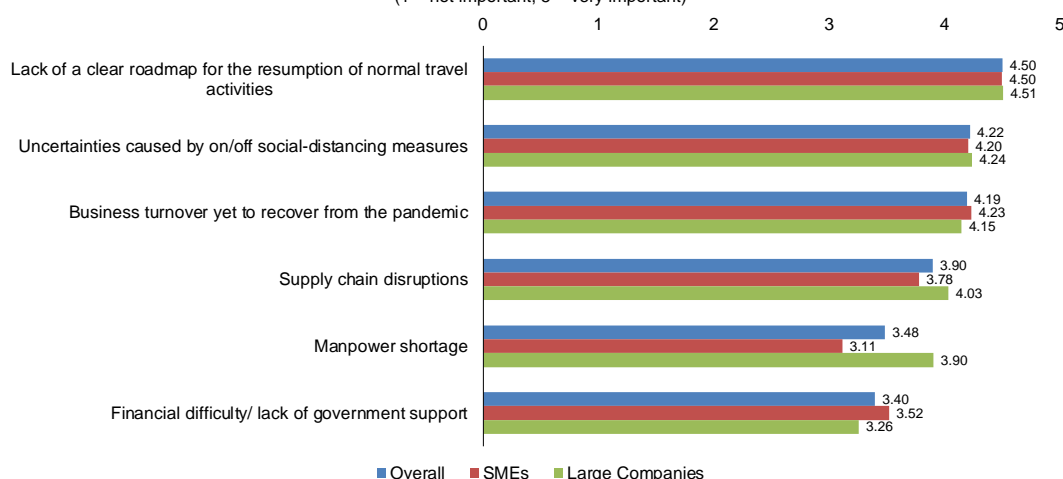
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Figure 7: Please rate the current key concerns for your business on a scale of 1 to 5.
(1 = not important, 5 = very important)



Key policy priorities - Reopening Hong Kong and improving its international image

Emphasis should be given to reopening Hong Kong’s borders and rebuilding the city’s image as an open, dynamic and international city according to respondents’ feedback on priorities for the new term government, which should (1) “Re-open the border to the rest of the world (ex-China)”, (2) “Re-open the border with Mainland China”, and (3) “Re-establish international connections and promote Hong Kong externally” (Table 1).

Table 1: Please rank the areas that you think the new administration should give priority to (1 = the highest priority and so on).

Areas	Overall	SMEs	Large Companies
Re-open border to the rest of the world (ex-China)	1	1	1
Re-open border with Mainland China	2	2	2
Re-establish international connections and promote Hong Kong externally	3	3	3
Increase land and housing supply	4	6	4
Improve public governance and maintain a safe business environment	5	5	6
Provide financial support to relaunch the economy	6	4	9
Control the pandemic and improve the healthcare system	7	7	8
Capitalise on opportunities with the Greater Bay Area and Belt & Road Initiatives	8	8	7
Promote innovation & technology and smart city development	9	9	10
Increase talent availability	10	11	5
Improve social mobility and reform the education system	11	10	11
Protect the environment	12	12	12