

**Comment on “Admissions of Mainland Professional Scheme”**

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**Ka-keung C. Chan**

**Professor of Finance**

**Hong Kong University of Science and Technology**

1. In this brief note, I want to explain why I support the Admission of Mainland Professional Scheme (the Scheme)
2. The availability of good professional services is an important factor to the success of Hong Kong’s service economy. If we review the short history of Hong Kong’s transformation from a manufacturing base into a major financial center and headquarter city in Asia, we would notice Hong Kong owes much of its success to its very liberal open-door policy for foreign professionals.
3. The boom of the service industries from the mid-80’s to the mid-90’s saw a growing demand for experienced business professionals in finance, accounting and law. Part of the demand came from multinational companies setting up offices in Hong Kong. While local professionals could meet much of the needs, it was necessary for firms to bring in foreign professionals in areas where special expertise was called for. Thanks to the liberal immigration policy of Hong Kong, industries in Hong Kong were able to hire foreign professionals with ease. The friendly business environment in Hong Kong, including the abilities to hire from overseas, is an important factor in the decision for multinational companies to locate in Hong Kong.
4. The liberal stance taken by Hong Kong on the import of foreign professionals is far-sighted and visionary. The Hong Kong story shows the world that a small city without natural resources could create enormous wealth if it adopts a policy of free trade and free movement of people.

5. It is ironic that Hong Kong has taken a restrictive policy towards admission of Mainland professionals. Under the current law, a professional originally from Mainland must have lived abroad for a significant amount of time before he or she is qualified to apply for work visas in Hong Kong. The current policy denies Hong Kong industries access to a large pool of Chinese professionals who are currently based in China. The current policy was probably adopted because of a desire to control immigration from China and perhaps to protect local jobs. But in my view, this policy hurts Hong Kong and must be changed.
6. As we consider Hong Kong's future, it is without any doubt that our economic fortunes will be closely tied to China's. As China is becoming integrated into the world's markets, Hong Kong has lost many traditional advantages as an intermediary. The rapid growth of major cities in China also erodes the advantages Hong Kong has as a headquarter city in this region. Our current economic difficulties are a reminder to us of the challenges Hong Kong faces in finding a new role to play.
7. That new role must surely mean an even closer integration of the Hong Kong and the Mainland economies. Hong Kong should not just be an entrepot, or home to businesses owning factories across the border. Instead, Hong Kong needs to take advantage of our position as an international city to offer business and financial services to firms doing business in China. This implies we need to fully integrate ourselves in the value creation processes in the China market, so that we can provide services to both multinational as well as Chinese firms operating in China.
8. Just as foreign professionals have helped turn Hong Kong into an international financial centre, Mainland professionals can fill the critical needs in Hong Kong's bid to become an integral part of the Chinese market. If we succeed to attract a pool of Mainland professionals to work in Hong Kong, they will complement the strong professional service sector that is already here. This is a powerful synergy that will strengthen Hong Kong's role as the headquarter city for China, and Asia.
9. Regarding the specifics of the Scheme, professionals from two industries are currently targeted for admission. One is informational technology (IT), and the

other is financial service. Based on casual, anecdotal observations, Hong Kong has a critical shortage of IT professionals. In financial services, the shortage may be less significant at this point in time. But with the pending China's accession into WTO, our financial industries and other support related service industries will need to enter the China market, which will increase the needs for Mainland professionals working in Hong Kong. As finance is a key industry in Hong Kong, and IT is a critical industry for the new economy, the Scheme correctly targets these two areas for Mainland professionals admission.

10. As our experience with the Scheme grows, we should look into other areas for admission of Mainland professionals. We should also review the conditions in the Scheme which currently prohibit the admitted professionals to come here with their families.
11. Some commentators argue that the Government should try to solve Hong Kong's human resources needs by investing in local universities, rather than admitting Mainland professionals. Indeed, one of the highest priorities of government finances should be education. Spending on education represents an investment on the upgrading of local human resources, and it is the quality of the human resources of our society that determines our future economic performance.
12. But this is not to suggest that we should close our door on Mainland professionals. While the recent cut of public spending on universities is regrettable, I do not regard the Scheme to be inconsistent with a strong commitment to local education. No city of the size of Hong Kong can depend entirely on its own home grown talents to meet the needs of the industries, and certainly not when these needs are changing as fast as our city has witnessed. I do, however, urge the government to increase its commitment to local education, because it is the local taxpayers and their children who will benefit from this investment.
13. I believe the Scheme addresses a serious competitiveness issue in our economy. Adoption of the Scheme will make Hong Kong more attractive as a headquarter city for IT, finance and other business services, which in turn will increase the employment for all sectors in Hong Kong.