

立法會
Legislative Council

LC Paper No. CB(1)373/08-09

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Paper for the House Committee meeting on 12 December 2008

Proposal from Hon Vincent FANG Kang, Chairman of the Panel on Commerce and Industry, to move a motion for adjournment under Rule 16(4) of the Rules of Procedure at the Council meeting on 17 December 2008 for the purpose of enabling Members to debate the following issue: Predicament faced by the small and medium enterprises due to tightened credit facility from banks

Purpose

This paper seeks the House Committee's support for Hon Vincent FANG, in his capacity as the Chairman of the Panel on Commerce and Industry, to move a motion for adjournment on "Predicament faced by the small and medium enterprises due to tightened credit facility from banks" under Rule 16(4) of the Rules of Procedure at the Council meeting on 17 December 2008.

Predicament faced by the small and medium enterprises (SMEs) due to tightened credit facility from banks

2. In view of the financial hardship and liquidity problem faced by SMEs amidst the global financial turmoil and credit crunch, the Panel has discussed and followed up closely the support measures for SMEs at its meetings held on 21 October, 27 October, 12 November, 18 November and 1 December 2008. The Panel supported the enhancement measures to the SME Loan Guarantee Scheme (SGS) and the Special Loan Guarantee Scheme for SMEs (SpGS) proposed by the Administration at the Panel meetings held on 27 October and 12 November 2008 respectively. The enhanced SGS and the SpGS were subsequently approved by the Finance Committee on 28 October and 14 November 2008 respectively.

3. At the special meeting held on 1 December 2008, the Panel discussed with the Administration the progress update on the support measures for SMEs, and received views from representatives of trade associations/chambers of commerce and Hong Kong Association of Banks. Trade associations and chambers of

commerce pointed out that local banks had tightened credit facility on SMEs which were facing great difficulties in maintaining their normal business. Members were disappointed about the slow progress in implementing the enhanced SGS and SpGS, particularly when SMEs were in urgent need of immediate cash flow relief. Members were concerned that despite measures taken by the Government and the Hong Kong Monetary Authority to ease the interbank interest rates and inject liquidity into the Hong Kong banking system, local banks were still reluctant to approve loans to SMEs for fear of credit risk. This has aggravated the cash flow problem of SMEs and would lead to more business closing down, thus creating more unemployment and affecting social stability. The Panel therefore urged the Administration to devise more concrete measures to effectively boost the confidence of lending institutions in providing credit facility and more support measures to assist the SMEs.

Proposed adjournment debate

4. Given the current predicament of SMEs and its impact on the economy of Hong Kong, the Panel considered that an opportunity should be provided for Members to express their views on the subject and for the Administration to provide its response at a Council meeting to be held in December 2008. In this connection, the Panel agreed at a special meeting on 5 December 2008 that the Panel Chairman should move a motion for adjournment at the Council meeting on 17 December 2008, which is the last Council meeting before the end of 2008. The wording of the motion, as endorsed by the Panel, is in the **Appendix**.

5. The Chief Executive subsequently announced the economic stimulus package on 8 December 2008. At the Panel's special meeting on 10 December 2008, the Administration consulted the Panel on the proposed enhancement to the SpGS to further strengthen support for business establishments in Hong Kong in obtaining immediate cashflow relief from the commercial lending market. While the Panel supported in principle the Administration's proposal, members were still concerned whether the lending institutions would respond positively to the enhanced SpGS and resume normal credit flow to SMEs with more favourable interest rates. Members considered that the Panel should maintain its earlier decision to move a motion for adjournment to discuss the subject at the Council meeting on 17 December 2008.

6. Hon Vincent FANG, the Panel Chairman, has already given notice of his intention to move the motion under Rule 16(5) at the Council meeting on 17 December 2008. The Panel has agreed that the House Committee's support should be sought on the following:

- (a) the adjournment debate be held in addition to two other debates on Members' motions with no legislative effect at the Council meeting on 17 December 2008;

- (b) the slot so allocated will not be counted as Hon Vincent FANG's own slot as an individual Member; and
- (c) President to be requested to consider exercising his discretion to extend the duration of the adjournment debate beyond one and half hours, in order to enable all Members wishing to speak at the adjournment debate to do so.

Advice sought

7. The House Committee's agreement is sought for the Panel's request in paragraph 6.

Council Business Division 1
Legislative Council Secretariat
10 December 2008

2008年12月17日
立法會會議席上
方剛議員, SBS, JP 提出的休會待續議案

議案措辭

"本會現即休會待續，以就下述事項進行辯論：中小企業因銀行收緊銀根面對的困境。"

(Translation)

**Motion for adjournment to be moved by
Hon Vincent FANG Kang, SBS, JP
at the Legislative Council meeting
on 17 December 2008**

Wording of the Motion

"That this Council do now adjourn for the purpose of debating the following issue: Predicament faced by the small and medium enterprises due to tightened credit facility from banks."