

(Translation)

**Motion on
“Supporting small and medium enterprises
to tide over the financial tsunami”
moved by Hon Vincent FANG Kang
at the Legislative Council meeting
of Wednesday, 12 November 2008**

Motion as amended by Hon CHAN Tanya and Hon Jeffrey LAM Kin-fung

That, small and medium enterprises (‘SMEs’), which employ a large number of workers, are the important pillars of Hong Kong economy, and being struck by the global financial tsunami, many SMEs and small shop operators in Hong Kong have to face diminishing consumers’ confidence and shrinking business turnover, as well as the banks’ recent substantial tightening of credit and delayed reimbursement of payment for customers’ purchases, resulting in many SMEs and small shop operators which have been operating soundly and steadily being pushed to the brink of collapse; and in particular, for those non-exporting local consumption industries not supported by government policy, including the wholesale, retail, catering and service industries which employ over 1.2 million of the local workforce, should they close down because of the banks’ tightening of credit, a severe domino effect will definitely be triggered; hence this Council urges the Government to provide SMEs with more appropriate support, so as to enable them to tide over this difficult period; and the relevant measures should include:

- (a) establishing an inter-departmental task force on sustainable development for supporting SMEs and revitalizing the economy to take charge of the study and implementation of policies on supporting SMEs, as well as the formulation of measures to stimulate the economy, so as to enable SMEs to sustain their business;
- (b) in addition to the existing ‘SME Funding Schemes’ which primarily aim at supporting export enterprises, formulating long-term plans to support the development of the industries engaging in local consumption, including the wholesale, retail, catering and service industries;
- (c) strengthening the liaison between the Government and the banks with a view to encouraging the banks to provide robust credit facilities and credit card payment services to enterprises which have been operating soundly and steadily, so that they can continue their operation;
- (d) providing guarantee for SMEs’ trust receipts and accounts receivables by the Government, so as to enable them to continue utilizing the relevant financing arrangements;

- (e) increasing the loan guarantee provided by the Government under the 'SME Loan Guarantee Scheme' from the current 50% to 70% or above;
- (f) extending the insurance coverage of the Hong Kong Export Credit Insurance Corporation to include local sales enterprises;
- (g) waiving the rentals of all food markets, government markets and shopping arcades for one quarter and waiving the hawkers' licence fees for one year to reduce the operational expenses of staple food operators, so as to curb inflation;
- (h) holding over SMEs' provisional payment of profits tax for one year;
- (i) discussing with the Central Government and governments of those provinces and municipalities where there is a relatively large number of factories set up by Hong Kong SMEs, with a view to encouraging them to provide more support and concessions to SMEs;
- (j) providing more support for SMEs, including consultancy services and designated loan schemes, so as to assist them in complying with newly passed legislation and regulations amid the difficult business environment; and
- (k) further extending the scope of assistance provided under the SME Export Marketing Fund to enable SMEs to launch various types of promotional campaigns with greater flexibility;
- (l) following the approach of the United Kingdom whereby the Government injects funds into banks and designates such funds as loans for enterprises; and
- (m) reducing various types of business license fees across the board.