

Chief Executive announces economic stimulus package

The Chief Executive, Mr Donald Tsang, has today (December 8) announced that the Government would provide up to \$100 billion loan guarantee for enterprises and make available over 60,000 employment opportunities next year as part of the Government's efforts to lead Hong Kong out of the economic downturn.

Speaking after the second meeting of the Task Force on Economic Challenges (TFEC), the Chief Executive noted that the financial tsunami from the US had triggered a global economic recession and it seemed inevitable that the local economy would go into negative growth in 2009.

He said that although we expected the global economy to stabilise in 2010, Hong Kong people should be psychologically prepared for a harsh time ahead in the next 12 months.

The Government's priority is to preserve employment and support enterprises so that lay-offs and closures can be reduced. It will also use its resources to stimulate the economy and create jobs so as to ease the impact of the recession.

The key initiatives announced by the Chief Executive are as follows:

- To help enterprises secure loans, the Government intends to implement the following measures before Christmas, subject to the approval of the Finance Committee of the Legislative Council:
 - substantially expand the recently introduced Special Loan Guarantee Scheme. The Government will increase the maximum commitment to \$100 billion while continuing to provide 70% loan guarantee; raise the loan ceiling for each company from \$1 million to \$6 million, with \$3 million being revolving credit;
 - allow the loan to be used not only as operating funds but also for other purposes such as commercial overdraft and letter of credit;
 - allow all firms except listed companies to apply for the scheme, to enable more companies to benefit.
- Over 60,000 jobs are to be provided through expediting infrastructure projects, advancing recruitment of civil servants and creating temporary positions.

- The Government will make the best use of funds approved to create jobs while promoting innovation and technology, promoting environmental awareness and encouraging citizens to enhance their competence and skills, etc.
- The Government will complement the effort of a number of non-governmental organizations (NGOs) in their expansion or removal projects, such as the redevelopment of Tung Wah Group of Hospitals (TWGHs) David Trench Home for the Elderly, the construction of a new headquarters of the Hong Kong Girl Guides Association, and the redevelopment of the regional headquarters of the Scout Association of Hong Kong on the Hong Kong Island into a centre for training and performing arts. This would promote the development of these NGOs while increasing employment opportunities in the medium term.
- Policy Secretaries will personally oversee licensing and approval procedures to better meet the needs of the market, so as to expedite approvals and facilitate job creation.
- The Government will work with the Central Government and the Guangdong province to:
 1. Undertake measures to alleviate the difficulties faced by Hong Kong enterprises operating in the Pearl River Delta, including financing, tax rebate and development of domestic markets, etc.
 2. Expand gradually the scope of RMB business in Hong Kong to enhance Hong Kong's function as a global financial centre, to serve our nation's development needs.
 3. Increase the number of mainland residents visiting Hong Kong.

The Chief Executive said that the TFEC members had come up with proposals for creating employment and stimulating the economy. The Government has agreed to implement some of these recommendations and will study the others in detail. The Government undertakes to implement feasible measures without delay.

The Financial Secretary is consulting the public on the Budget and hopes to introduce further measures to create jobs, stimulate the economy and

alleviate the burden of the public. The series of measures introduced and to be introduced will effectively address the challenges posed by the financial tsunami.

The Chief Executive is confident about the future. He said that with the economic growth in the past few years, Hong Kong was well placed to weather a short-term recession, while the five-year blueprint laid out in the 2007 Policy Address, including the 10 major infrastructure projects, would increase the competitiveness of Hong Kong in the long term.

He added that China maintained a high rate of growth amid the global economic downturn, and that Hong Kong enjoyed the advantage of having the full support of the Central Government.

The Chief Executive is confident that when the external environment improves, Hong Kong will be among the first to rebound. He said the Government would grasp every opportunity to enhance the overall competitiveness of Hong Kong, and develop Hong Kong into a first-class global financial centre in the Asian time-zone.