

BBC World News Asia Business Report

Hong Kong will stay a key financial hub say experts

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Hong Kong's status as a key Asian financial hub will remain intact according to business experts.

Speaking to the BBC they said new security laws and protests are unlikely to scare off investors to other countries.

Supporting this, Hong Kong's stock exchange raised \$11bn from 59 new listings in the first half of 2020.

And the blockbuster debut of Ant Group is likely to see that number grow considerably later this month.

The Chinese financial technology group could raise more than \$30bn (£23bn), more than any other stock market debut this year.

Numbers like this make Hong Kong irresistible for many investors, according to Tara Joseph from the American Chamber of Commerce Hong Kong.

"The flow of money that comes in and out of Hong Kong on a daily basis, that goes into mainland China and comes out, is very hard to replicate," she told the BBC's Asia Business Report.

Critics have previously raised the possibility that security legislation and the ongoing trade war with China will push businesses and investors to look elsewhere.

But the sheer ability to raise money outweighs many other factors, according to Drew Bernstein, co-chairman of Marcum, Bernstein and Pinchuk, an accountancy firm.

"These companies are basically going to do whatever they have to do to have

access to capital," he said.

Asian contenders

A recent survey by the chamber found that nearly 40% of US companies were considering moving capital, assets or operations out of the city due to concerns about the new security laws.

Other Asia Pacific centres are trying to burnish their credentials as financial centres.

On Monday Japan's Prime Minister Yoshihide Suga told financial news outlet Nikkei that his government will consider lowering tax rates and promoting diversity in boardrooms to attract foreign talent in an effort to reinvent Tokyo as a global financial hub.

Australian Liberal Senator Andrew Bragg has been pushing his government "to capitalise on the disintegration of Hong Kong as a financial centre by attracting businesses to Sydney."

Some have suggested that Singapore, a country with similar tax rates and a business-friendly environment, is the natural successor to Hong Kong.

However, it lacks Hong Kong's proximity to the Chinese market and its stock exchange is far smaller.

Tough times

Despite the positivity about Hong Kong's future as a financial hub, its economy has still taken a hit from last year's protests, as well as from the Covid-19 pandemic.

Even before the pandemic started to bite, Hong Kong was in recession, which has only deepened this year.

"In many ways it's the tale of two cities. One, it's the international finance, here's where Hong Kong continues to be an amazing place," said Curtis Chin, a former US Ambassador to the Asian Development Bank.

"But then there's the daily life of Hong Kong people and some of the issues Hong

Kong people face have predated these protests, issues, such as inequality issues, such as that divide between rich and poor."