

**Hong Kong Retail Management Association
Submission on 2020 Policy Address Consultation**

Executive Summary

15 September 2020

I. Introduction

1. The retail industry has been struggling for survival for over 15 months due to the double-hit triggered by the social unrest and the COVID-19 pandemic.

II. Depressing Retail Market Prospect

2. In July 2020, Hong Kong's total Retail Sales Value (RSV) has marked a downward trend of 18 consecutive months since February 2019. For the first seven months in 2020, the RSV dropped by -32.1% against the same period in 2019.
3. With a number of pessimistic parameters, the Association anticipates the retail recession to be further deepened in 2021, especially when the Government's Employment Support Scheme to be ended in November 2020 and other relief measures to be further rationalized.

Immediate Measures – Overall Economy

III. Adapt to New Normal & Reopen Hong Kong's Border Safely

4. The Government should learn from mistakes and benchmark other countries' practical and actionable border procedures in line with public health evidence based risk assessment.
5. The Government should gradually reopen economic activities, while communicating to the public that our lives are going to co-exist with the COVID-19 virus for some time ahead.

IV. Adopt Prudent Fiscal Measures to Sustain the Economy and Employment

6. To avoid surge in budget deficit, the Government should employ focused and timely relief measures to help the hardest hit sectors, including the suffering categories of the retail industry.

7. The Government may benchmark the Singaporean Government who adopted a 3-tier support structure for its employment subsidies to help respective suffering sectors, and a stimulus package to create jobs and building skills for affected workers.

Immediate Measures – Retail Industry

V. Provide a Lifeline to Retailers by Alleviating Heightened Rental Pressure

Provide a 4-month Rent-free Period with Immediate Effect

8. The Government should subsidize two months' rental payment for tenants who suffered from business loss of 30% or above, and to require all commercial landlords to waive the same, making a total of 4-month rent-free period for all suffering retailers.

Impose Additional Undertakings upon All Commercial Landlords Receiving the Government's Employment Support Scheme (ESS) and/or Other Subsidies

9. The Government should mandate all commercial landlords receiving wage subsidies and other government subsidy schemes to offer concessions to their tenants, including but not limited to rent reduction, cuts in rental deposit, waiving of management fee, promotion levy and/or air-conditioning charges.

Impose Temporary Legislation on Retail Rent

10. To benchmark practices of overseas governments, the Government should take immediate actions to refrain commercial landlords from taking legal actions or charging interest against their tenants who could not pay rent; and to enforce the ruling that the landlords should charge turnover rent only without fixed rent, for a period of at least 9 months.

VI. Implement Next Round of Relief Measures to Sustain Retailers' Survival

11. To prevent massive store closures and layoffs towards end 2020, the Government should launch next round of relief measures for the suffering categories of the retail sector without delay, including the extension of ESS and industry-specific financial subsidies.
12. The Government should subsidize retailers' MPF contributions, as well as their utility charges, including electricity, water and sewage, up to 75% with no limitation on ceiling in 2021.

VII. Facilitate Setup of New Business Platforms for Retailers

Solicit Support from Statutory Bodies

13. The Government should mandate the Hong Kong Trade Development Council (HKTDC) to earmark retailing as a priority industry in its local and international promotion by providing online and offline trade support to retailers, engaging industry trade associations, organizing virtual shopping festival(s) / related exhibitions, and enabling retailers to employ its customer database.

14. The Government should launch virtual tourism and shopping platforms soonest through the channels of the Hong Kong Tourism Board (HKTB).

Support Industries' Online Initiatives

15. The HKTB should strengthen its support to local consumption campaigns/projects, for instance, the ShopShop@HK 去街買 jointly launched by the Association and Quality Tourism Services Association (QTSA) in September 2020, which is a citywide cross-brand consumption campaign with application of e-stamps via a mobile app.

Develop Warehousing and Provide Support to Logistics Development

16. The Government should explore the establishment of warehousing zones in nearby Greater Bay Area (GBA) by providing co-location of boundary crossing facilities, and optimize the delivery service of the HongKong Post and its services to SMEs.

Medium and Longer-term Measures – Retail Industry

VIII. Introduce a Legal Framework to Rectify Hong Kong's Distorted Retail Rental Market

17. The Government should work on a legal framework to rectify the distorted retail rental market and provide commercial tenants with due and reasonable protection. This may involve regulations on commercial rental and related fees charged by landlords, such as the management fee, promotion fee, and air-conditioning charges.

IX. Rebuild Hong Kong's International Image

18. The Government should orchestrate a comprehensive and forceful image promotion plan to relaunch Hong Kong's international image and consider to giving out spending e-coupons to visitors as proposed by the Macau Government.

X. Orchestrate a Healthy Ecosystem to Speed Up Retail Transformation

Assign a Designated Bureau to Support the Retail Industry

19. The Government should designate a specific bureau, or set up an independent, cross-departmental unit with a distinct mandate to oversee the retail industry. It should allocate due resources to transform the industry, to rebrand the industry image, and to strengthen its appeal to attract talent for sustainable development.

Speed Up Retail Transformation & Technology Adoption

20. The Government should facilitate the setup of a new retail ecosystem that highlighting smart technology adoption, digitalization, big data application, O2O integration, nurturing of new technology talent, public education, and essential retail elements for Smart City development.

21. The Government should streamline various funding schemes by introducing a one-stop funding solution for SME retailers with swift approval by officials with IT background.

Nurture a New Generation of Retail Talent

22. The Government should formulate a visionary master plan to project Hong Kong's manpower skills requirements highlighting retail as a priority industry with a view to upgrade retail practitioners' knowledge and skill sets, and to promote retail as a professional discipline in universities.

Facilitate Retailers to Embrace Opportunities in Greater Bay Area

23. The Government should set up a dedicated working group with leading trade associations to facilitate retailers entering into the GBA market, and to devise special arrangement on retail talent mobility across the region so as to build Hong Kong as a retail management education hub.

Licensing of Retailers & Capturing Online Retail Trade Data

24. The Government should adopt a compulsory licensing system for all retailers and consider seeking assistance from credible retail-related associations for verification of applicants.
25. The Census and Statistics Department (C&SD) should include a new and distinct category of e-tailing in all its related retail reports to monitor the exponential growth of e-tailing.

XI. Conclusion

26. The Association urges the Government to take a strong and determined stance with practical measures for its Policy Address next year. The prime aim is to re-unite Hong Kong people, restore their daily living to normality, and prepare for recovery. To this end, the Association is committed to render full support on all fronts.

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