

Hong Kong's economic growth fragile, chamber leader says

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Hong Kong - Launching a minimum wage or increasing regulatory policies could undermine Hong Kong's economic growth, the head of the Hong Kong General Chamber of Commerce told a newspaper in a report published Monday.

But Hong Kong is unlikely to face an economic downturn on the same scale as that seen during the Asian financial crisis 10 years ago, the Standard newspaper said, quoting Andrew Brandler.

'The government has to be careful when formulating policies,' Brandler said. 'Increasing regulations may bring unforeseen and undesired consequences as they may increase costs, especially under such a fragile economy as we have now.'

He added that if a minimum wage is introduced 'without thinking it through properly, the poor whom the policy is supposed to help can be at a disadvantage. Labour costs will be driven up and demand will be reduced.'

Brandler said an 11-billion-Hong-Kong-dollar (1.4-billion-US-dollar) inflation relief package being introduced by the government would help the poor but he thought the programme has been timed to coincide with parliamentary elections taking place in early September.

He added that firms are more cautious in making investments but statistics do not show a dramatic slowdown.

The chamber lowered its GDP growth forecast from 5 per cent to 3.5 per cent in January, according to chief economist David O'Rear.

Its prediction was more bearish than the Asian Development Bank, which predicted Hong Kong's economy would grow by 4.7 per cent this year in a new forecast released on July 22.

Source: Monsters and critics



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