

CityU Law 35th Anniversary Public Lecture Series

Governmental Responses to Mitigate the Impact of COVID-19 on Small and Medium Sized Enterprises: the Case for a Simplified Insolvency Regime in Hong Kong

by Professor WAN Wai Yee

Abstract

The COVID-19 crisis has triggered unprecedented governmental responses around the world to mitigate the effects of the pandemic. Particular attention has been placed on small and medium sized enterprises (SMEs) due to their vulnerability in the crisis and the impact of their wide-spread failure on societies. These measures can be broadly divided into three categories, some of which may be targeted at SMEs: economic measures in the form of direct subsidies or loans guaranteed by the governments, insolvency and restructuring law reforms and mandatory modification of contractual obligations to relieve performance.

Unlike many of the other advanced economies, Hong Kong has only concentrated its responses on economic measures, in the form of the Anti-epidemic fund that provides employment payouts and other subsidies to affected industries and a government-guaranteed loan scheme. Using new survey data on SMEs in Hong Kong, the talk provides evidence that financially fragile SMEs, which have challenges in obtaining bank financing during the crisis, are more likely to be unable to turn to informal trade credit and more importantly, to be unable to access economic measures under the Anti-epidemic fund, with the effect being more pronounced for obtaining the guaranteed loans. This study explains the implications of the findings on why a simplified insolvency regime for SMEs is necessary to address the gap.

Biography

Wai Yee WAN is Associate Dean (Research and Internationalisation) and Professor, School of Law, City University of Hong Kong. Her main areas of research are in corporate law, mergers and acquisitions, securities regulation, financial consumer regulation and global restructuring and insolvency. Her publications have appeared in books and in international peer-reviewed legal journals, including American Journal of Comparative Law, Journal of Empirical Legal Studies, European Business Organisations Law Review, Journal of Corporate Law Studies, Journal of Business Law, Company and Securities Law Journal and Lloyds' Maritime and Commercial Law Quarterly. In 2021, at CityU, she has successfully obtained the Collaborative Research Fund award of HKD3.11 million for the project "Hong Kong Insolvency and Restructuring Law and Policy in Times of COVID-19 and Beyond" (as Project Coordinator).



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All are welcome!