



The Hong Kong  
Shippers'  
Council  
香港付貨人委員會



Willy Lin  
Chairman

## Not really goodbye, after all

It is with sadness I announce this likely to be the last issue of Shippers Today. This is due to the Council's decision to cease its publication. Shippers Today was designed to provide industry information to shippers and connect stakeholders along the supply chain. These functions are, nowadays, served better by more timely media formats.

Accordingly, from the second quarter, we will be publishing monthly newsletters to ensure information and messages are released in a more vital and speedy manner. New communication means, such as news hubs/portals, are being developed. The Council intends to remain in close contact with all industry stakeholders.

In the latter half of 2022 the Council conducted a "Voice of the Industry" exercise. We visited different organisations and institutions in order to ascertain their specific needs and expectations. We re-examined the functions of the Council, concluding its core values to be: (a) protecting and promoting shipper's interests, (b) promoting professionalism and knowledge, (c) helping build a better business environment, (d) developing

human talent, (e) advancing health and safety, (f) fostering local, regional and global partnerships, and (g) promulgating news and messages throughout the shipping industry. We look forward to your comments and guidance in helping the Council design activities to best attain these objectives.

The Council maintains its core think-tank function, actively engaging with all consultative and advisory bodies. For 2023, the Council will focus most sharply on developing human talent, and the implementation of Logistics 4.0.

The Logistics 4.0 project we completed last year (with support from the government's SME Development Fund) revealed that, overall, Hong Kong's manufacturing and logistics companies were still positioned in the -1 to 0 range of the Logistics 4.0 maturity scale. This suggests there remains much catching up for Hong Kong companies to do on the path towards digitalisation and technology adoption. A full report of the completed project can be found on the Council's website: <https://hkshippers.org.hk>

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Adapting any business to new methods is a painful experience. Whilst the owners and managers of manufacturing and logistics companies may be acutely aware of the need to implement digital transformation, they often face great resistance from both staff and business partners in making significant change. Many companies also lack the correct planning tools and sufficient knowledge of the new logistics landscape, making it hard for partners/vendors to work together.

With this in mind, the Council anticipates a great need for practical training if the industry is to raise awareness, acceptance, and capability in implementing digital transformation. Since companies wish to receive practical training to help them tackle specific needs, I have begun advocating for government assistance to the logistics industry through pragmatic approaches, like the Reindustrialisation and Technology Training Programme (RTTP). RTTP allows companies to devise their own training protocols, with the government committed to reimbursing up to 66% of training costs.

This approach ensures that training courses are geared to a company's actual needs. Additionally, the Council is planning to provide specific training courses to help the industry achieve digital transformation.

The Logistics 4.0 project also reveals a need to better align functions between users and (especially local) service providers. Digital transformation tasks are often tedious and require close management, supervision and attention to execution. Remote handling and operations have often proven to be ineffective. The Council aims to work, perhaps with partners, to ensure a more effective and efficient matching of options and services.

On the macro front, I wish to examine the economic outlook for 2023. Many people are concerned about pandemic outbreaks in Mainland China now the country has dropped its strict quarantine regime. By time of writing, however (in early January 2023), and based on reliable information, the impact of such a quarantine policy change to the manufacturing and logistics sector will not be severe.

We are happy to learn that many factories, warehouses and terminals have reported the return to work of 80-90% of their labour force, following an initial period of absenteeism due to infection. Although the pandemic may linger on, most of the work force has recovered quickly, and impacts to operations should not be substantial. The main concern facing the industry is, instead, the global economic outlook.

To address this, I wish to refer to KPMG's CEO Outlook for 2022. 80% of the 1,325 global CEOs who participated in this study, predicted there would be some aspect of economic recession in the coming year.

However, over 50% of participants imagined any such recession to be moderate and short-lived. Indeed, 70% of them forecast opportunities for growth amid recession, aided by promises in technology, talent and ESG. Thus, I have full confidence that Hong Kong's traits of vibrancy and resilience will continue to lead to success!

Finally, I would like to take this occasion to wish everyone a successful and prosperous Year of the Rabbit.