



**The Hong Kong Shippers' Council**

香港付貨人委員會



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Willy Lin

## Expanding on all fronts

I look forward to the visit of the Hong Kong Food & Wine Logistics Delegation to New Zealand 24-28 September, organised by the Hong Kong Trade Development Council. While helping to organise this visit, as Chairman of the HKTDC Logistics Services Advisory Committee, I found that there is a lot of interest in Hong Kong as a gateway to China and as a regional distribution hub.

Mainland China is a fast-growing consumer market with great potential, which many overseas firms are eager to explore. But, because this market is unfamiliar to them, they need guidance or partners. Exports have become increasingly important to many of these firms, as the slump in their domestic markets is likely to linger.

With Hong Kong's strategic geographical location, unmatched free-port status, well-established logistics industry and friendly business environment, the city is well able to serve their trading and logistics needs. Nevertheless, Hong Kong must do more marketing and promotion, particularly in new markets. It is vitally important to reach out to potential clients and let them know how they could benefit from our trade and logistics services.

ASEAN is another area that deserves our attention, particularly Thailand, Cambodia, Laos and Myanmar. The region is attracting global manufacturers and buyers. To meet buyers' ever increasing demand for lower product price, many manufacturers are keen to explore these potential manufacturing bases, as wages there are generally one-tenth of those in Dongguan.

A trip to Cambodia a few months ago confirmed my belief that Hong Kong logistics-service operators need to act swiftly to gain footholds in that region. Infrastructure there is inadequate and out of date, which means good investment opportunities. I am considering organising introductory seminars on investment in this region and visits in the near future.



To cope with these developments, it is imperative for Hong Kong to speed up its Free Trade Agreement negotiations with these countries, as well as establishing some sort of Green Channel for cargo from that region in transit via our ports. Hong Kong signed a Free Trade Agreement with New Zealand two years ago but we are not seeing any progress with other trading partners since that time.

Mainland China's FTAs with the ASEAN countries and Taiwan have discouraged transshipments via Hong Kong and efforts are needed to mitigate the disadvantages. The Hong Kong Logistics Development Council has commissioned a consultancy study on Hong Kong as a

regional distribution hub and has sponsored another study on how to use IT to facilitate transshipment between ASEAN and Mainland China via Hong Kong. These studies are very timely and I look forward to the results. However, clear policies and the concerted efforts of all bureaus involved are needed to achieve this important goal.

Improvement in the Pearl River Delta business environment, at least for the present, seems remote. The double squeeze of weak demand from overseas markets and increasing costs is not going to disappear in the near future. We foresee that the Trade and Industry Department's \$1 billion fund, established to support Hong Kong enterprises in brand building and exploitation of the Mainland domestic market, will help. Promotion and marketing of Hong Kong logistics services should also be targeted at new markets on the Mainland. The Council will closely monitor development trends and work out visits and promotional activities in places as needed.

