



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

Time to take advantage of opportunities

I note three important developments for the trading and logistics industry. As Hong Kong as a whole needs to counter the trend of declining economic growth, it is vital to make sure that we won't miss the opportunities that may be brought about by the latest developments.

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Qinghai is seen as a Special Economic Zone (SEZ) seeking to emulate Shenzhen. It was the first place Chairman Xi Jinping officially visited after he took charge of China and the State Council has designated Qinghai as the experimental Shenzhen-Hong Kong economic co-operation zone, conferring on it a series of special advantages and exclusive policies that nowhere else in Mainland China is able to offer.

For instance, Hong Kong professionals can enjoy a 15% income tax cap, and Hong Kong enterprises a 15% profit tax scheme. There is also a requirement that one-third of the members of any arbitration panels have to come from Hong Kong.

Rental incentives, fast and "single-window" business registrations are defined policies. While I understand that the Hong Kong finance, insurance, IT and even the legal professions have been active in registering their interests and exploring opportunities, the logistics industry has lagged very much behind. We must look for the opportunities and get ourselves ready.

I wish to point out that if Hong Kong logistics professionals wish to enjoy the 15% income tax cap, their professional status will first have to be recognised. It is, therefore, important that the industry obtains official recognition and accreditation for its practitioners from the authority. This requires the co-ordinated efforts of the industry as a whole.

Similarly, the China (Guangdong) Free Trade Pilot Zone has just been officially announced. While at the moment little is known about its differences from the China (Shanghai) Free Trade Pilot Zone, the Guangdong project is again designated for enhancing Guangdong-Hong Kong-Macau economic co-operation. Again, we need to engage ourselves in the designing stage of the function of the zone, instead of waiting for the policies to come out.

The Maritime Silk Road is bound to be another important development that will shape the investment and business landscape in the coming decade. Investment would surely be the core theme. Hong Kong, with its well-established financial and professional service sectors, its status of being the world's number one offshore RMB service centre, its cosmopolitan image and connector-role for the East and the West, could be instrumental in realising these investment projects.

However, I believe it is still fair to say that we do not know the markets well

enough. There is an urgent need in both the public and private sectors to be better equipped. We need good people and good businesses, together with the right policy framework and resources, to grasp this opportunity. We need a physical presence over there.

As far as the trading and logistics industry is concerned, I see a great need for a trading and logistics e-platform that facilitates seamless data and document flow. It would be best for Hong Kong if we could take up the engineer role and build the architecture. At least we have to try to make it operate from Hong Kong.

We live in an era of Big Data and the information of trading and logistics in the region is precious. On an actual operations front, we are seeing a very rapid increase in procurement activities from Indo-China and South Asia. The migration of manufacturing activities from China, especially the Pearl River Delta, is likely to accelerate. We will be seeing more investments in these countries and Hong Kong companies should move to tap the market quickly.

It is equally important that we act quickly to booming e-business and internet/mobile sales in Mainland China. We may not have the ability to build an empire like Alibaba, but some Hong Kong companies have succeeded in establishing related businesses like warehouse

alliances, delivery truck platform and alliances.

Hong Kong is also one of the major gateways for products moving into China. If we are to achieve greater penetration and participation by Hong Kong enterprises we need to encourage more studies, more research and gain more market intelligence.

While the first wave of Chinese buying from overseas is just beginning, we are seeing the second wave of overseas buying from Mainland China. The challenges are equally great. While it may not be immediately obvious, it is one of the major factors that has contributed to the flourishing airfreight industry of Hong Kong in recent years. China Post, of course, benefits most from the booming trade. However, a lot of goods actually come to Hong Kong and export under commercial groupage. Many overseas post offices have established their private business operations in Hong Kong, too.

With Hong Kong's strong free port status and efficient operations, we are confident of maintaining our position as the hub for these businesses. However, we need more logistics facilities to cope with the demand, and we need the third runway to be operational quickly.

Before ending, may I wish everybody a successful and rewarding Year of the Goat!