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Shippers'
Council
香港付貨人委員會



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Chairman

Look on the bright side

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As we embark into the second half of 2017 (and may I say how quickly it has come), I remain uncertain of Hong Kong's trading and shipping industry's prospects for the rest of the year.

In the first three months, China's exports grew 14.8% and Hong Kong grew 10.3% in value terms. Hong Kong Port's container throughput increased 12.6% and its air cargo throughput increased 11.4%. While we have to consider the Chinese New Year holiday's effect, which benefited the results in March in terms of growth rate, the increase figures are truly impressive.

Oddly, these good results are against a background of enhanced anti-globalisation movements and protectionism. While President Trump's trade policies, especially the Sino-American one, are complexed by his adoption of gambling theory and practices, as well as results of his domestic and foreign affairs policies, Hong Kong's trading does not seem to be moving in the direction as anticipated when Trump took the helm. The effects of Brexit as well as the elections in France, Germany and Italy add even more uncertainty to an already delicate situation.

While analysis has been focusing on Hong Kong trading with its traditional trading partners, India has sneakily become Hong Kong's number five export market. For several years already, Hong Kong's exports to the ASEAN countries have been growing far higher than both the United States and the European Union. It

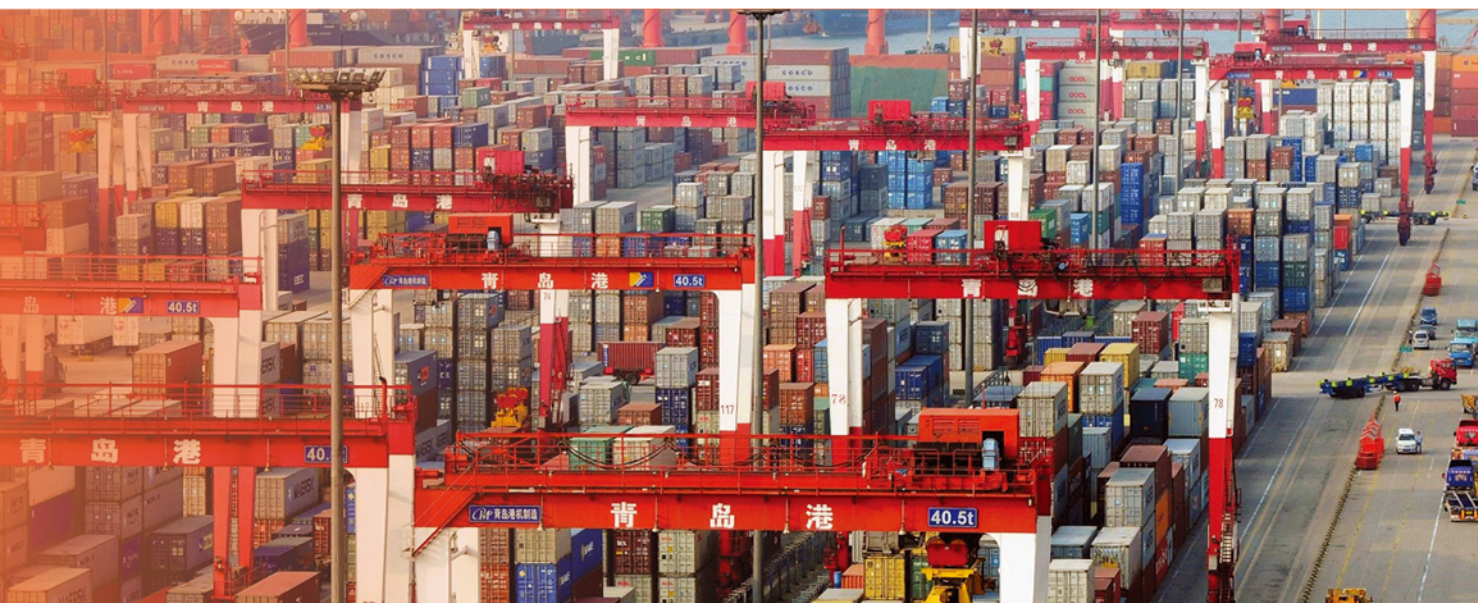
may be premature to say that the "Belt and Road" or the Asia-Pacific Era has arrived, but it would be equally unwise to ignore the fast-changing industry landscape.

In Hong Kong, there are a lot of discussions about "Belt and Road", yet actions lag much behind. Setting up new Economic and Trade Office (ETO) in Jakarta is a correct move and should be followed by more ETOs in South Asia and the "Belt and Road" region; the private sector should act swiftly too.

I felt excited when Premier Li Keqiang declared in March this year that the Guangdong-Hong Kong-Macau Bay Area concept would be formally incorporated into policy level. Some may question its importance as regional co-operation of Guangdong, Hong Kong and Macau is not a novel or groundbreaking partnership. Mainland investments have long been Hong Kong's largest source of investment. So, what is special about this advocacy for the Bay Area development?

Ever since the publication of the Pearl River Delta Development Planning Framework in 2009, efforts have been made to better co-ordinate the planning and development in the region – in infrastructure development, land use planning, economic structure and activities, talent and knowledge development, research and development and so on.

Hong Kong and the Mainland have different political and legal systems, which



can and has lead to some difficulties. Mainland China is still a socialist state and practices continental laws, whilst Hong Kong is a capitalist playground and observes common law. Furthermore, its bay area is unlike ones in other major cities – New York Bay, San Francisco and Tokyo, which are all characterised by dominance of a single nucleus in the area, while Guangzhou, Hong Kong and Shenzhen are quite close in city and population size, as well as in economic mass. This three-nucleus feature is certainly unique for the Guangdong-Hong Kong-Macau Bay Areas. The question is: will this pose difficulties to realisation of the concept?

These concerns are all valid. In some ways, these differences have reduced economic efficiencies of the region. The area would have better air traffic management and flows should development and operations of the five international airports in the region was better planned and co-ordinated. Logistics distribution would be better if it covered wider geographical areas. The same could be applied to land use planning, other infrastructure developments, as well as social and economic activities. Hong Kong also wants more business opportunities on the Mainland than what the current CEPA offers.

It would be different if co-ordination were conducted on national policy level. The comparative advantages of each city will be carefully examined and reinforced. Although Hong Kong adopts a laissez faire system,

history tells us that planning for the future is important. When economies are relatively isolated, they could afford to look only at their own affairs, but this is not the case nowadays. We should opt for synergy and work towards a common goal.

To many people, the main worry of the Bay Area concept is whether it would reduce Hong Kong's autonomy and its unique advantages; there is also concern for over-planned developments. I believe there is no need for such worries.

The "One Country – Two Systems" policy has provided the most prominent cornerstone for Hong Kong. It guarantees that alignment of the Hong Kong system with many other economies of the world. In fact, Hong Kong has benefited and would continue to benefit from the current systems as the "Belt and Road" Initiatives and the "Going-out" strategy of China continue to develop.

Hong Kong has been performing the role of springboard for Chinese investments. There is also a realisation that better risk assessment and management, as well as project management for "Belt and Road" projects are absolutely needed, which again falls within the strength areas of the Hong Kong professional sector.

As Wang Zhen Min, Legal Affairs Department of the Liaison Office of the Central Government in the Hong Kong SAR said during a One Country – Two Systems Forum on April 30, 2017, the Mainland government saw no benefit for Hong Kong to become just another Mainland Chinese city. The wisdom behind will lay the direction for the Guangdong-Hong Kong-Macau Bay Area policy. What we need to do is to identify the positive elements from such vision and concentrate on achieving them.

In other words, we must progress by avoiding negativism and focus only on the bright side of things.

