



The Hong Kong  
Shippers'  
Council

香港付貨人委員會



Willy Lin  
Chairman

## The 2018 Alert: Recognise and plan for risks

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2017 was not a bad year as far as international trade is concerned.

The US economy is on track for steady growth; unemployment rate is low; there are more new jobs and consumers' confidence is improving. The European market may be falling short of that of the US, this is certainly an improvement from when the PIGS (Portugal, Italy, Greece and Spain) economies were struggling through financial crises. However, China is still the main driver of global economic growth and has contributed a GDP increase of nearly 7%. Overall, the performances of developing economies have produced some varying satisfactory results for many Asian economies, yet worrisome results for some South American economies.

In terms of products, Apple has marketed its new smartphones, which has been accompanied by the launching of similar flagship products from many of its competitors. On top of that, there are also other kinds of smart products that are highly sought after. This trade is seeing exponential growth in e-commerce and net/mobile sales, giving rise to new requirements and needs in supply chain management. Thankfully,

the industry is responding fast to such changes, and the race for gaining a competitive edge and to become forerunners is also driving the industry.

We are seeing a vivid trade, and that substantial investment into the future guarantees imminent fast and big changes. I must say, at this juncture of time, I am thrilled with anxiety, expectations and anticipations.

I totally support Chief Executive, Carrie Lam, in injecting more resources into technology research and development, as stated in her policy address delivered in October 2017. I have little hesitation to say that our future would be considerably shaped by technology, the impact of which will come swiftly and significantly.

However, for this policy to succeed, we have to deal with the issue of adoption and application of technology, especially for those technologies developed natively, so that these technologies could be applied and thrive in the real business world. Hong Kong is a metropolis, Asia's World City and it is not difficult for Hong Kong to attract top-notch scientists, technology experts and research personnel. However, we lack the tradition, or an effective





mechanism that links the private sector and the researchers and the research institutions together.

I note in economies like Germany, there is a close partnership between business and institutions like Fraunhofer, while the latter link up research institutions including universities, and manage activities like promotion and project management. Business would sponsor the institutions on a regular basis, which guarantees continuity and sustainability, as well as allowing the researchers to know of what the industry really needs. The institutions on the other hand guarantee proper resource management, quality, deliverables, and to a certain

extent, promotion, both locally and globally.

In Hong Kong, this kind of long-term bonding or partnership is absent or grossly inadequate. Being an industrialist myself, I do understand the industrial sector's hesitation in making commitment. While the government provides assistance in different forms, businesses are usually required to contribute quite substantial portion of the research and development costs, especially when the business wants to have the ownership of the technology. There are successful stories, and yet there are a lot of poor outturns. Although one might argue that it would be part of the commercial risk for businesses,

the government could also help with the mitigation of the risk.

Businesses usually do not mind paying more if the technology is appropriate and could be used. Therefore, the issue is how to deal with lemons. The assistance schemes could allow differential treatments for successful and unsuccessful projects. In addition, the scheme should be designed to make the research institutes understand better the real needs of users which is of paramount importance to success of projects.

I also embrace the Guangdong-Hong Kong-Macao Big Bay Area concept. There would be synergy for Hong Kong and Shenzhen to work closer together on the technology front. If there are freer flow of people, information, funds, and couples with better business facilitation policy and measures, there would be better cooperation, synergy and avoidance of duplication of efforts. I wish trading and logistics would be included as one of the priority areas in the related policy.

I remain cautiously optimistic for 2018. However, it is always advisable to stay alert all the time. Grey Rhino could be real too!

