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Shippers'
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香港付貨人委員會



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Hong Kong logistics industry in GBA

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When the term "Greater Bay Area" (GBA) was first quoted, there was some skepticism about how the concept would materialise. Unlike other bay areas in the world such as New York Bay, San Francisco Bay, and Tokyo Bay – all of which are singularly nucleic economic regions – there is a single nucleus consisting of three major cities: Hong Kong, Guangzhou, and Shenzhen.

In the GBA, these three hubs are almost equal in economic strength and mass, yet Hong Kong's market economy structure and legal system are very different from the other two.

However, following the release of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area on 18 February 2019 and many studies thereafter, it has become clear what the GBA should target, and the relative strengths and weaknesses of the GBA member cities.

As a result, there is a better understanding of how the cities could complement each other as the GBA grows.

As far as the logistics industry is concerned, I can see an ample number of opportunities for the industry to seize.

This is to be achieved through

expansion and integration of operations and markets; the establishment and adoption of common standards, technologies, and platforms; realisation of big data analytics and its full potential; and the development of more overseas businesses.

Cross-border trucking and freight forwarding are among the few sectors in the logistics industry that were first opened to Hong Kong companies in the Mainland. Other sectors of the logistics industry have also benefited substantially from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

However, in general, it is fair to say that Hong Kong companies engage mainly in the outbound (and sometimes inbound) logistics businesses.

So far, Hong Kong companies have not been particularly active in the booming domestics market.

With globalisation slowing down and trade conflicts and protectionism on the rise, growth of outbound and inbound international trade will be restricted. In order to prepare for this, Hong Kong logistics companies need to grow bigger in size in order to enhance competitiveness through economy of scale.

GBA will foster market liberalisation and create opportunities for Hong



Kong logistics business to tap into the rapidly growing domestics market, as well as new businesses that come from a much bigger integrated market.

It is not an exaggeration to say that digitalisation of trade is the future. However, for machines to talk to each other, known as internet-of-things (IOTs), there needs standards. And these standards need to be recognised by different international standard authorities.

Standards proposed by Hong Kong institutions and organisations might have a higher chance of being accepted by international authorities. This is especially important, given an increasingly unfavourable business environment imposed on Chinese institutions and businesses lately.

Despite the hundreds of millions of dollars in assistance funds for innovation, research, and development of technologies announced by the Chief Executive in her policies to help Hong Kong catch up, Shenzhen has a clear advantage with an information-and-technology industry that is larger and more sophisticated.

At this point, there is absolutely no need for Hong Kong to redo what Shenzhen has done. Instead, Hong Kong should focus on the yet uncovered sectors, such as research and development, as well as

commercialisation and marketing of research findings by the GBA.

Hong Kong is certainly strong in its intellectual property registration and management, as well as related dispute resolutions. Hong Kong is also strong in overseas promotion, and can certainly excel in all of these areas.

Instead of discrete, small, and stand-alone platforms, the future should be dominated by mega-platforms, and Hong Kong needs to invest in this sooner rather than later.

Data is being collected and accumulated at alarming speeds nowadays. Nevertheless, at present, there is a big "boundary" that blocks data sharing between Hong Kong and the Mainland.

With regards to data analytics, the rule of the game is that the more data that is collected and analysed, the more accurate the results and predictions will be.

If Hong Kong companies are extending their businesses beyond traditional boundaries, then they need to step-up their big data

capabilities. Cooperation under the GBA framework would allow more data sharing and facilitate better business decisions.

Last but not least, being the most cosmopolitan city in GBA, Hong Kong has traditionally been, and still is, the "gateway" for the region.

With the current geo-political developments taking place, Hong Kong's status as a gateway hub is more important than ever before. This applies to movement of goods, investment, people, talents, information, data, technology, etc. Logistics is an essential core in the process, and GBA would offer much more vibrancy and dynamics that are vital for the sustainable development of the industry.

