



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

■ CHAIRMANS' MESSAGE

Made in Hong Kong Distributed by Hong

Where we were once a "Made in Hong Kong" brand, we are now globally linked as a logistics hub delivering services and products in record time and efficiency anywhere and everywhere.

In November, I was part of a Trade Development Council delegation to Chicago tasked with demonstrating Hong Kong's logistics capabilities and reach to US importers, exporters and other cargo operators. While promoting Hong Kong and its advantages as a hub for distribution in the region, it is important to note that logistics and distribution are but part of the supply chain reaching outside the region and involving various parties that link up the chain.

From its history as the conduit for Mainland production and Western consumers, Hong Kong has refined its role in the supply chain and today has an efficient set-up that can take the product and distribute it in any way,



Willy Lin, Chairman

size and shape required. Take wine, for instance. On Feb 27, 2008, the Financial Secretary announced in the Budget that duties on wine, beer and alcoholic beverages (except spirits) were exempted in order to facilitate import, export and storage in Hong Kong of these beverages.

And just over a year later, the basic aim was achieved. In early October, Hong Kong took top slot among the

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world's major wine markets at weekend auctions where Sotheby's sold US\$8 million worth of fine wine. Hong Kong had grown as a wine hub, taking over from London and New York, after the city abolished wine duties. A Sotheby's spokesperson said that Hong Kong has become Sotheby's most important wine center, ahead of very successful auctions in New York and London.

This just goes to show the strong supply chain elements in place that can support a sophisticated product distribution like wine. Since the implementation of the new policy on Feb 28, 2008, the value of wine imports jumped 90% year-on-year. In the first eight months of 2009, imports amounted to \$2.3 billion, a 42% increase YoY. This does not involve the mere buying and imbibing of wine but the expertise of Hong Kong and its wine dealers, supply chain professionals that have built up their image and reputation as dealers of premium wines, and introducing more foreign brands to the marketplace.

Courses up to masters' level are now offered in universities.

Hong Kong's wine industry has been able to develop fully because of the logistical support available. Freight forwarders see the virtue of setting up wine storage facilities here because of the zero-duty. A certification scheme for local wine storage would soon be in place. Promotions, marketing strategies, design and packaging, are part of Hong Kong's strengths to add value, thus strengthening its competitive edge. "Competition is not really company versus company, but supply chain versus supply chain," according to supply chain expert, Prof. Warren Hausman of Stanford University.

This competitive edge, combined with Hong Kong's logistical strengths, is what makes Hong Kong a strong distribution hub:

- Having a free port policy
- Excellent infrastructure for connectivity and accessibility

- High-tech telecommunications
- World certified cargo security measures
- Cargo facilities/capacity
- Cargo operations and mass presence of operators
- Competitive costs
- Strategic geographic location
- Banking, trade finance, insurance, legal support

This is why, when I assumed Chairmanship of the Advisory Board of the Hong Kong Export Credit Insurance Corporation (HKECIC), I stressed that the need for risk protection is something that must accompany every trade deal that's made. The HKECIC is wholly owned by the Hong Kong government and receives a government guarantee of HK\$30 billion. It protects Hong Kong exporters who trade on credit terms with overseas buyers against non-payment risks and helps them conduct exporting in a prudent manner. It gives Hong Kong added protection to ably maintain its position as a leading logistics hub.

