

# Free Trade and Globalisation – The Hong Kong Experience in Retrospect and the Prospects

## 自由貿易與全球化 — 香港的回顧與展望



Organiser 主辦機構



Trade and Industry Department  
The Government of the Hong Kong Special Administrative Region  
香港特別行政區政府工業貿易署

Co-organisers  
協辦機構

APEC Business Advisory Council, Hong Kong, China (ABAC HKC)  
亞太經合組織商貿諮詢理事會 (中國香港)  
Hong Kong Committee for Pacific Economic Cooperation (HKCPEC)  
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APEC Study Centre  
亞太經合組織研究中心



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**APEC Study Centre**  
亞太經合組織研究中心

## Professor Ng Ka Ho, Travis

吳嘉豪教授

Director of APEC Study Centre,  
Hong Kong Institute of Asia-Pacific Studies, CUHK

香港中文大學香港亞太研究所亞太經合組織研究中心主任

The seminar on “Free Trade and Globalisation - The Hong Kong Experience in Retrospect and the Prospects” was held successfully on 1st December 2017. The seminar was organised by the Trade and Industry Department, The Government of the Hong Kong Special Administrative Region. The Asia-Pacific Economic Cooperation Business Advisory Council, Hong Kong, China (ABAC, HKC) and the Hong Kong Committee for Pacific Economic Cooperation (HKCPEC) were the co-organisers of the event, while the APEC Study Centre, Hong Kong Institute of Asia-Pacific Studies (HKIAPS), The Chinese University of Hong Kong was the supporting organization of this seminar.

In celebration of the 20th Anniversary of establishment of the Hong Kong Special Administrative Region, this seminar brought together government officials, leading scholars and business leaders to look at Hong Kong’s success in retrospect - and more importantly - to explore ways to sustain our success and set the standards even higher for the next 20 years and beyond.

This booklet features highlights of the event and a short writing piece summarising the recent trend of globalisation and the position of Hong Kong in the context of regional integration. In addition, as an integral part of the seminar, undergraduate students from the economic department and the Business School of Chinese University of Hong Kong produced a series of research posters that explore salient economic issues surrounding Hong Kong’s economy in the past 20 years. It is our hope to use this booklet as a platform to share research findings by our students with you.

由香港特別行政區政府工業貿易署主辦，亞太經合組織商貿諮詢理事會（中國香港）、太平洋經濟合作香港委員會協辦，及由香港中文大學香港亞太研究所亞太經合組織研究中心作支持機構的「自由貿易與全球化 – 香港的回顧與展望」研討會在 2017 年 12 月 1 日成功舉辦。

為慶祝香港特別行政區成立 20 周年，是次研討會邀請到政府代表，商界領袖和學者擔任演講嘉賓，一同回顧香港過去 20 年經濟上的成就，並探討未來發展的方向。

這本小冊子載有當日的活動花絮以及一篇短文闡述全球化的概況和香港的定位。另一方面，來自香港中文大學經濟系以及商學院的學生，為這次研討會準備了一系列的研究海報，探討過去 20 年間有關香港經濟的重要議題。我希望透過這本小冊子，能夠向讀者展示中文大學學生研究的成果。





## Morning Session

09:30-10:00 □ Registration

10:00-10:03 □ Welcoming Remarks

Speaker:

**Professor Fanny M.C. Cheung, SBS, OBE, JP**  
Pro-Vice-Chancellor, The Chinese University of Hong Kong;  
Co-Director, Hong Kong Institute of Asia-Pacific Studies

10:03-10:18 □ Opening Speech

Speaker:

**Mr Edward Yau Tang-wah, GBS, JP**  
Secretary for Commerce and Economic Development,  
The Government of the Hong Kong Special Administrative Region

10:18-10:25 □ Photo Session

10:25-10:45 □ Keynote Speech: “Free Trade and Globalisation – Impacts on Hong Kong’s Economy”

Speaker:

**Professor Lawrence J. Lau, GBS, JP**  
Ralph and Claire Landau Professor of Economics,  
The Chinese University of Hong Kong

## THEMATIC DISCUSSION 1

### “Globalisation and Regional Integration – The Asian Perspectives”

Moderator:

**Professor Richard Y.C. Wong , SBS, JP**

Chair of Economics, The University of Hong Kong

10:45-11:00 □ **Topic: “New Dimensions of Regional Cooperation and Development”**

Speaker:

**Mr Najeeb Haider**

Principal Strategy Officer, Strategy, Policy & Budget Department,  
Asian Infrastructure Investment Bank (AIIB)

*AIIB is a multilateral financial institution and is dedicated to providing financial support for infrastructure development and regional connectivity in Asia. What are the opportunities that AIIB creates for the Asian region, especially for Hong Kong? In what ways can AIIB strengthen regional cooperation? What are the benefits for the world?*

11:00-11:20 □ **Coffee Break**

11:20-11:35 □ **Topic: “Regional Free Trade Agreements - The Prospect of Asia-Pacific Economic Integration”**

Speaker:

**Mr Eduardo Pedrosa**

Secretary General, Pacific Economic Cooperation Council (PECC)

*The Asia-Pacific region has been the major growth engine for the world economy. Economic growth is picking up but there remain concerns about sluggish trade growth as well the impact of rapid technological change on the region’s economies. With the evolving international trading scene, what would be the future prospects of economic integration in the region? As progress of discussion in the multilateral forum has been slow, are free trade agreements the future of economic growth?*

11:35-12:20 □ **Panel Discussion and Q&A Session**  
(by Professor Richard Y.C. Wong, SBS, JP)

12:20-12:30 □ **Conclusion of Morning Session**  
(by Professor Richard Y.C. Wong, SBS, JP)

12:30-14:00 □ **Lunch Break**

## Afternoon Session

### THEMATIC DISCUSSION 2

#### “Globalisation and Regional Integration – Hong Kong’s Perspectives and Responses”

Moderator:

**Professor Sung Yun Wing**

Associate Director, Economic Research Centre,  
Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong

14:15-14:30 □ **Topic: “The Role of Hong Kong Companies under Mainland China’s Initiatives in Globalisation and Regional Integration”**

Speaker:

**Dr Jonathan K.S. Choi, GBS, BBS, JP**

Chairman, The Chinese General Chamber of Commerce of Hong Kong;  
Hong Kong, China’s Representative to the APEC Business Advisory Council (ABAC HKC)

*Mainland China has taken on a leadership role in promoting globalisation and regional integration. As Hong Kong is a free and open economy at the doorstep of the Mainland, what roles can Hong Kong companies play in the visionary “Belt and Road Initiative”?*

14:30-14:45 □ **Topic: “Regional Economic Integration and Cooperation - Hong Kong in the Asia-Pacific Region”**

Speaker:

**Mr Anthony John Liddell Nightingale, CMG, SBS, JP**

Director, Jardine Matheson Holdings Ltd.; Former Hong Kong, China’s Representative to the APEC Business Advisory Council (ABAC HKC)

*Hong Kong sees the importance of regional economic integration and has been an active member of various regional fora. What roles can Hong Kong play in the Asia-Pacific region? In particular, with the skepticism expressed at various quarters on the benefits of free trade and globalisation, how far has the impact of anti-globalisation sentiments affected regional economic integration? How should Hong Kong position itself in the region to further strengthen regional economic integration?*

14:45-15:00 □ **Topic: "Challenges and Opportunities - The Dilemma of Globalisation for Externally-Oriented Economies"**

Speaker:

**Dr Patrick Low**

Director, The AsiaGlobal Fellows Program, Asia Global Institute,  
The University of Hong Kong; Former Chief Economist, World Trade  
Organisation (WTO)

*While globalisation brings significant benefits to externally-oriented economies through increased trade and investment flows, opportunities of globalisation do not come without risks. What can these economies do to balance the various challenges and opportunities brought by globalisation?*

15:00-15:45 □ **Panel Discussion and Q&A Session**  
(by Professor Sung Yun Wing)

15:45-15:55 □ **Conclusion of Afternoon Session**  
(by Professor Sung Yun Wing)

15:55-16:00 □ **Closing Remarks**

16:00 □ **End of Seminar**



## 上午環節

09:30-10:00 □ 登記

10:00-10:03 □ 歡迎辭

講者：

張妙清教授，SBS, OBE, JP

香港中文大學副校長、香港亞太研究所聯席所長

10:03-10:18 □ 開場發言

講者：

邱騰華先生，GBS, JP

香港特別行政區政府商務及經濟發展局局長

10:18-10:25 □ 合照環節

10:25-10:45 □ 主題演講：

「自由貿易與全球化－對香港經濟的影響」

講者：

劉遵義教授，GBS, JP

香港中文大學藍饒富暨藍凱麗經濟學講座教授

## 專題討論 (一)

### 「從亞洲角度看全球化與區域融合」

主持人：

王于漸教授, SBS, JP  
香港大學經濟學講座教授

10:45-11:00

□ 主題：

#### 「區域合作和發展的新方向」

講者：

Mr Najeeb Haider

亞洲基礎設施投資銀行 (亞投行) 戰略、政策及預算部首席策略師

亞投行是多邊金融機構，致力為亞洲區內的基建發展和建設區域性互聯互通提供財務支援。亞投行為亞洲地區，尤其是香港創造了什麼機遇？亞投行可如何加強區內合作？這對全球又帶來什麼益處？

11:00-11:20

□ 茶歇

11:20-11:35

□ 主題：

#### 「區域自由貿易協定 – 亞太地區經濟融合的前景」

講者：

Mr Eduardo Pedrosa

太平洋經濟合作議會秘書長

亞太地區一直是全球經濟的主要增長引擎。然而，在經濟增長的同時，全球貿易增長疲弱以及科技急速發展對區內經濟體的影響，仍然備受關注。隨著國際間貿易環境不斷轉變，區內經濟融合的前景如何？鑑於全球各國在多邊貿易體制下的磋商進度緩慢，自由貿易協定會否是未來推動經濟增長的出路？

11:35-12:20

□ 嘉賓討論及問答環節 (由王于漸教授, SBS, JP 主持)

12:20-12:30

□ 總結上午環節 (王于漸教授, SBS, JP)

12:30-14:00

□ 午休



## 下午環節

### 專題討論 (二)

#### 「全球化與區域融合 – 香港的角度與回應」

主持人：

宋恩榮教授

香港中文大學香港亞太研究所經濟研究中心副主任

14:15-14:30 □ 主題：

#### 「香港公司在中國內地的全球化和區域融合倡議下所扮演的角色」

講者：

蔡冠深博士，GBS, BBS, JP

香港中華總商會會長、亞太經合組織商貿諮詢理事會中國香港代表

中國內地在推動全球化和區域融合已擔當起領導地位。香港作為鄰近內地的自由和開放型經濟體，香港公司在內地的「一帶一路」倡議中應扮演什麼角色？

14:30-14:45 □ 主題：

#### 「區域經濟融合與合作 – 亞太地區內的香港」

講者：

Mr Anthony John Liddell Nightingale, CMG, SBS, JP

怡和控股有限公司董事、前亞太經合組織商貿諮詢理事會中國香港代表

香港向來意識到區域經濟融合的重要性，而香港一向是多個區域組織的活躍成員。香港可以在亞太地區扮演什麼角色？尤其當各方對自由貿易和全球化帶來的好處提出質疑時，反全球化情緒對區域經濟融合帶來多大影響？香港在區內又該如何定位以進一步加強區域經濟融合？

- 14:45-15:00 □ 主題：  
「挑戰與機遇 – 全球化為外向型經濟體帶來的兩難」  
講者：  
Dr Patrick Low  
香港大學亞洲環球學人總監、前世界貿易組織首席經濟師
- 全球化透過增加貿易和投資往來，為外向型經濟體帶來可觀利益，同時也帶來風險。這些經濟體應如何平衡由全球化所產生的各種挑戰和機遇？
- 15:00-15:45 □ 嘉賓討論及問答環節（由宋恩榮教授主持）
- 15:45-15:55 □ 總結下午環節（宋恩榮教授）
- 15:55-16:00 □ 結束發言
- 16:00 □ 研討會結束



## Welcoming Remarks 歡迎辭

### Professor Fanny M.C. Cheung, SBS, OBE, JP 張妙清教授, SBS, OBE, JP

Pro-Vice-Chancellor, The Chinese University of Hong Kong;  
Co-Director, Hong Kong Institute of Asia-Pacific Studies  
香港中文大學副校長、香港亞太研究所聯席所長

Professor Fanny M.C. Cheung is currently Choh-Ming Li Professor of Psychology and Pro-Vice-Chancellor for Research overseeing the governance of interdisciplinary research institutes as well as knowledge transfer at CUHK. She is also Co-Director of the Hong Kong Institute of Asia-Pacific Studies at Chinese University of Hong Kong.

Professor Cheung obtained her bachelor's degree in Psychology from the University of California, Berkeley, and Ph.D. in Psychology from the University of Minnesota. Her research expertise lies in cross-cultural personality assessment and psychopathology, personality and vocational behavior, gender equality, and women leadership. Professor Cheung has published and lectured widely and internationally. Her academic publications total over 200 internationally refereed journal articles, book chapters, books and monographs. Her academic honours and awards include the IAAP Distinguished Scientific Contribution Award 2014, APA Award for Distinguished Contributions to the International Advancement of Psychology 2012, and Distinguished Leadership Award for Internationals from the University of Minnesota (2003).

Professor Cheung is dedicated to public service and has served on many government committees and advisory bodies, including the Electoral Affairs Commission, Advisory Group on Eliminating Discrimination against Sexual Minorities, the Women's Commission and the Independent Police Complaints Council. She was appointed as Hong Kong Affairs Advisor from 1995 to 1997, served as the Founding Chairperson of the Hong Kong Equal Opportunities Commission from 1996 to 1999.

張妙清教授為香港中文大學卓敏心理學講座教授及中大的副校長(研究),負責中大跨學科研究所的管治,以及知識轉移事務。張教授亦同時擔任香港亞太研究所聯席所長。

張教授於美國加州大學柏克萊分校及明尼蘇達大學分別取得心理學學士及博士學位。她的研究專長包括跨文化個性測量及心理病理學、個性與職業行為、性別平等、婦女領導等。張教授經常於世界各地發表學術文章及演講,其學術著作包括超過二百份國際學術期刊、文章及書籍。她的學術成就包括由國際應用心理學會頒發的傑出科學貢獻獎(2014年)、美國心理學會頒發的推動心理學國際發展傑出貢獻獎(2012年),以及美國明尼蘇達大學頒發的傑出國際領袖獎(2003年)。

張教授一直積極參與各項公職及社會服務,擔任多個政府委員會及諮詢組織的委員或主席,包括選舉管理委員會、消除歧視性小眾諮詢小組、婦女事務委員會、獨立監察警方處理投訴委員會等。張教授1995至1997年獲聘為香港事務顧問、1996至1999年出任香港平等機會委員會首任主席。



## Opening Speech 開場發言

### Mr Edward Yau Tang-wah, GBS, JP 邱騰華先生, GBS, JP

Secretary for Commerce and Economic Development,  
The Government of the Hong Kong Special Administrative Region  
香港特別行政區政府商務及經濟發展局局長

Mr Yau assumed the post of the Secretary for Commerce and Economic Development on July 1, 2017. His portfolio covers policy areas from trade, commerce to telecommunications and broadcasting, and from promotion of creative industries, intellectual property and consumer protection to boosting inward investment and tourism development.

Mr Yau has his full career in the public service. Before taking up the current post, Mr Yau was the Director of the Chief Executive's Office from 2012 to 2017, assisting the Chief Executive in formulating policies and setting policy goals and priorities. He was the Secretary for the Environment from 2007 to 2012, overseeing policies on environmental protection, energy, nature conservation and sustainable development.

Mr Yau started his civil service career as an Administrative Officer in 1981. During his long service as a civil servant, he held various positions, including Director of Information Services, Deputy Secretary for Education and Manpower, Deputy Director-General of Trade and Industry as well as Director-General of the Hong Kong Economic and Trade Office in Washington, DC, USA.

Mr Yau graduated from the University of Hong Kong. He received further education at Oxford University and at Harvard University.

邱先生由 2017 年 7 月 1 日起出任商務及經濟發展局局長，負責的範疇涵蓋商貿、電訊和廣播政策，亦包括推動創意產業、保護知識產權和消費者權益，以及促進外來投資和旅遊業發展。

邱先生一直從事政府公務。在出任商務及經濟發展局局長前，於 2012 至 2017 年期間擔任行政長官辦公室主任，協助行政長官制訂政策及訂立施政方針、目標和優次。他於 2007 至 2012 年出任環境局局長，負責環境保護、能源、自然保育及可持續發展的政策。

邱先生於 1981 年加入公務員行列，任職政務主任。他任職公務員多年間，曾出掌不同部門，包括擔任政府新聞處處長、教育統籌局副秘書長、工業貿易署副署長和香港特別行政區政府駐美國華盛頓經濟貿易辦事處處長。

邱先生畢業於香港大學，其後分別於牛津及哈佛大學進修。



### **Dr Jonathan K.S. CHOI, GBS, BBS, JP** **蔡冠深博士, GBS, BBS, JP**

Chairman, The Chinese General Chamber of Commerce of Hong Kong; Hong Kong, China's Representative to the APEC Business Advisory Council (ABAC HKC)

香港中華總商會會長、亞太經合組織商貿諮詢理事會中國香港代表

Dr Choi is Chairman of the Hong Kong-based Sunwah Group, Chairman of the Toronto-listed Sunwah International Limited, Chairman of the Hong Kong-listed Sunwah Kingsway Capital Group and Chairman of VinaCapital Group of Vietnam.

Dr Choi is active in community and international affairs which is evident in the wide range of public positions he holds. These mainly include: Deputy Director of the Committee for Education, Science, Culture, Health and Sports of the National Committee of CPPCC of the PRC; Hong Kong, China's Representative to the APEC Business Advisory Council and Co-chair of ABAC Regional Economic Integration Working Group; Co-chair of SME Development Taskforce of B20 2016 Host Committee; Executive Director of China Overseas Friendship Association; Standing Committee Member of All-China Federation of Industry and Commerce; Co-Chair of the Belt & Road Industrial and Commercial Alliance (BRICA); Chairman of the Hong Kong Chinese General Chamber of Commerce; Council Member of Hong Kong Trade Development Council; Chairman of the Small and Medium Enterprises Committee of HKSAR; Founding Chairman of the Hong Kong - Vietnam Chamber of Commerce; Founding Chairman of Hong Kong - Korea Business Council and Chairman of the China Hong Kong Israel Technology Cooperation and Promotion Center, etc.

蔡冠深博士是香港新華集團主席、在多倫多上市的新華國際金融集團主席、在香港上市的新華滙富金融集團主席及越南 VinaCapital 集團主席。

蔡博士熱心社會及國際事務，主要公職包括：全國政協教科文衛體委員會副主任、亞太經合組織商貿諮詢理事會中國香港代表及區域經濟一體化工作小組聯合主席、2016年二十國集團工商界活動(B20)中小企業發展工作組聯合主席、中華海外聯誼會常務理事、中華全國工商業聯合會常務委員、一帶一路工商協會聯盟共同主席、香港中華總商會會長、香港貿易發展局理事會理事、香港中小型企業委員會主席、香港越南商會創會會長、香港韓國商會創會會長、中國香港以色列科技中心主席等。



## Mr Najeeb Haider

Principal Strategy Officer, Strategy, Policy & Budget Department,  
Asian Infrastructure Investment Bank (AIIB)

亞洲基礎設施投資銀行（亞投行）戰略、政策及預算部首席策略師

Mr Najeeb Haider is Principal Strategy Officer of the Asian Infrastructure Investment Bank (AIIB). He is responsible for the Bank's private sector and capital mobilization strategy. Prior to joining AIIB in September 2016, he worked for Citicorp International Limited (CIL).

Mr Haider spent 21 years with CIL in the project and infrastructure finance business, and his last position held was Managing Director and Asia Pacific Head for the business. He was based out of Hong Kong for 19 years and prior to that in Karachi. Previously he worked in the corporate banking departments of the Chase Manhattan Bank for 4 years and Bank of America for 2 years.

Mr Haider holds BBA and MBA degrees from the Institute of Business Administration, University of Karachi.

Mr Najeeb Haider 為亞洲基礎設施投資銀行（亞投行）戰略、政策及預算部首席策略師，負責銀行的私營機構及資金調動策略。Mr Haider 在 2016 年 9 月加入亞投行前，曾服務於花旗國際有限公司。

Mr Haider 在花旗國際有限公司從事項目和基礎設施融資業務達二十一年，最後任職董事總經理兼亞太區業務總監。他先於卡拉奇工作，其後派駐香港十九年。在此之前，他曾在大通曼哈頓銀行和美國銀行的企業銀行部門工作分別任職四年及兩年。

Mr Haider 持有卡拉奇大學工商管理學院的工商管理學士和工商管理碩士學位。





### Professor Lawrence J. Lau, GBS, JP 劉遵義教授, GBS, JP

Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong

香港中文大學藍饒富暨藍凱麗經濟學講座教授

Professor Lawrence J. Lau received his B.S. degree (with Great Distinction) in Physics from Stanford University in 1964 and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley in 1966 and 1969 respectively. He joined the faculty of the Department of Economics at Stanford University in 1966, becoming Professor of Economics in 1976 and the first Kwoh-Ting Li Professor in Economic Development at Stanford University in 1992. He became Kwoh-Ting Li Professor in Economic Development, Emeritus, at Stanford University in 2006. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of The Chinese University of Hong Kong. From 2010 to 2014, he served as Chairman of CIC International (Hong Kong) Co., Limited. Since 2007, Professor Lau has also been serving concurrently as Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong.

Professor Lau is a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference and a Vice-Chairman of its Subcommittee of Economics. In addition, he currently serves as a Vice-Chairman of the China Center for International Economic Exchanges, a Vice-President of the China Science Center of the International Eurasian Academy of Sciences, a Vice-Chairman of the China Society for Finance and Banking, an Adviser to the National Bureau of Statistics of the People's Republic of China, a member of the International Advisory Council of the China Development Bank. Professor Lau also serves as a member of the Exchange Fund Advisory Committee of the Hong Kong Special Administrative Region, and Chairman of its Governance Sub-Committee and Member of its Currency Board Sub-Committee, Chairman of the Board of Directors of The Chinese University of Hong Kong (Shenzhen) Finance Institute, a Vice-Chairman of Our Hong Kong Foundation and a member of the Board of Directors of Chiang Ching-Kuo Foundation for International Scholarly Exchange.

劉遵義教授 1964 年取得史丹福大學物理學理學士學位，並先後於 1966 年及 1969 年取得加州大學柏克萊分校經濟學文學碩士與哲學博士學位。他自 1966 年起任教於史丹福大學經濟系，1976 年晉升為正教授，並在 1992 年出任該校首任李國鼎經濟發展講座教授。劉教授 2006 年自史丹福大學退休並出任李國鼎經濟發展榮休講座教授。2004 至 2010 年間劉教授擔任香港中文大學校長。2010 至 2014 年間，劉教授擔任中投國際（香港）有限公司的董事長，並自 2007 年至今兼任香港中文大學藍饒富暨藍凱麗經濟學講座教授。

劉教授現任中國人民政治協商會議第十二屆全國委員會委員及其經濟委員會副主任。劉教授是中國國際經濟交流中心副理事長、國際歐亞科學院中國科學中心副主席、中國金融學會副會長，也是中華人民共和國國家統計局顧問、中國國家開發銀行國際顧問委員會成員、香港金融管理局外匯基金諮詢委員會委員和其轄下管治委員會主席、香港中文大學（深圳）高等金融研究院理事會理事長、團結香港基金副主席以及蔣經國國際學術交流基金會董事會成員。



## Dr Patrick Low

### 羅柏年博士

Director, The AsiaGlobal Fellows Program, Asia Global Institute,  
The University of Hong Kong; Former Chief Economist at the World  
Trade Organisation (WTO)

香港大學亞洲環球學人總監、前世界貿易組織首席經濟師

Dr Patrick Low is currently AsiaGlobal Fellows Program Director at the Asia Global Institute, as well as Visiting Professor in the Faculty of Business and Economics at The University of Hong Kong. Prior to that he was the Vice President of Research at the Fung Global Institute. He served as Chief Economist at the World Trade Organization from 1997 to 2013, having previously worked at the General Agreement on Tariffs and Trade (GATT) Secretariat from 1980 to 1987. After joining the WTO in 1995, he worked on trade in services for two years before his appointment as Chief Economist.

From 1999 to 2000 he also served as World Trade Organisation (WTO) Director-General Mike Moore's Chief of Staff. Between leaving the GATT and joining the WTO, Dr Low taught economics at El Colegio de México in Mexico City, from 1987 to 1990, and during this time worked as a consultant for a range of governments and inter-governmental institutions. From 1990 to 1994 he worked as a senior economist in the World Bank's research complex (International Trade Division). His main areas of research at the Bank were trade policy, trade and the environment, fiscal policy and customs reform.

Dr Low was also an Adjunct Professor of International Economics at the Graduate Institute of International and Development Studies, Geneva, during his tenure as Chief Economist at the WTO. Dr Low holds a BA in Economics from the University of Kent and a Ph.D. in Economics from Sussex University, both in the UK, and has written widely on a range of trade policy issues.

羅柏年博士目前是香港大學亞洲環球研究所「亞洲環球學人」計劃總監，以及經濟及工商管理學院的訪問教授，亦曾擔任馮氏集團利豐研究中心的副主席（研究）。

羅博士在 1980 至 1987 年間於關稅暨貿易總協定 (GATT) 秘書處工作。羅博士於 1995 年加入世界貿易組織，在首兩年主要從事服務貿易有關的工作；到了 1997 至 2013 年，他出任世貿的首席經濟師，並在 1999 至 2000 年間同時擔任前世貿總幹事 Mike Moore 的幕僚長。

在 1987 年至 1990 年，羅博士在墨西哥城的 El Colegio de México 任教經濟學，並為多國政府及跨政府組織擔任顧問。在 1990 至 1994 年，他在世界銀行國際貿易部擔任高級經濟師，主要研究範圍是貿易政策、貿易與環境、財政政策及關稅改革。

羅博士在擔任世貿首席經濟師時，同時是日內瓦高級國際關係及發展學院的國際經濟學兼任教授。他持有英國肯特大學經濟學學士學位，以及英國薩塞克斯大學經濟學博士學位，並在貿易政策方面著作豐碩。



### Mr Anthony John Liddell Nightingale, CMG, SBS, JP

黎定基先生, CMG, SBS, JP

Director, Jardine Matheson Holdings Ltd.; Former Hong Kong, China's Representative to the APEC Business Advisory Council (ABAC HKC)

怡和控股有限公司董事、前亞太經合組織商貿諮詢理事會中國香港代表

Anthony Nightingale joined the Board in 1994 and was Managing Director of the Company from 2006 to March 2012 when he stepped down from executive office. He is a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic and Mandarin Oriental and a commissioner of Astra. He is also a non-executive director of Schindler Holding Limited, Prudential plc., Vitasoy International Holdings Limited and Shui On Land Limited.

Mr Nightingale was appointed as an ABAC Representative of Hong Kong, China from 2005 to 2017. He is a director of the UK-ASEAN Business Council, a council member of the Employers' Federation of Hong Kong, an Honorary Professor of the School of Business of the Hong Kong Baptist University and a member of the HKUST Business School Advisory Council. He is a past chairman of the Hong Kong General Chamber of Commerce.

Mr Nightingale was born in Yorkshire, United Kingdom in 1947. He was educated at Uppingham School and graduated from Cambridge, with a Degree in Classics.

Mr Nightingale is married with two children.

黎定基於 1994 年加入怡和控股董事局，並於 2006 年出任怡和控股常務董事，直至 2012 年 3 月退任。他是牛奶國際控股有限公司、置地控股有限公司、怡合集團有限公司、怡和策略控股有限公司及文華東方國際有限公司之董事及 Astra 之委員。他亦是 Schindler Holding Limited、保誠、維他奶國際集團有限公司及瑞安房地產有限公司之非執行董事。

黎定基於 2005 至 2017 年間，獲委任為亞太經合組織商貿諮詢理事會中國香港代表。他現為 UK-ASEAN Business Council 董事、香港僱主聯合會諮議會成員、香港浸會大學工商管理學院榮譽教授及香港科大商學院顧問委員會成員，並曾任香港總商會主席。

黎定基於 1947 年在英國約克郡出生，在 Uppingham 學院完成中學，畢業於劍橋大學，獲古典文學學位。

黎定基已婚，有兩名子女。



## Mr Eduardo Pedrosa

Secretary General, Pacific Economic Cooperation Council (PECC)  
太平洋經濟合作議會秘書長

Mr Eduardo Pedrosa is the Secretary General of the Pacific Economic Cooperation Council and coordinator of its State of the Region Report. Mr Pedrosa first joined PECC as its Director (Policy Program) in 2001 where his responsibilities included the management and coordination of the Council's research program. Before moving to Singapore, he was the coordinator of the Konrad-Adenauer-Stiftung's Southeast Asia cooperation program based in Manila and also the co-editor of its journal on regional economics and politics. He has also worked for the government of the Philippines and the Economist Intelligence Unit. He is a graduate of the London School of Economics and Political Science.

He has authored a number of papers including "Towards an ASEAN Economic Community: Matching the Hardware with the Operating System" and "Implications of an Uncertain Global Economy on Integration Initiatives" and was the co-editor of "An APEC Trade Agenda: The Political Economy of a Free Trade Area of the Asia Pacific".

Mr Eduardo Pedrosa 為太平洋經濟合作議會秘書長，及議會所發表的《太平洋地區諮情報告》的統籌人。Mr Pedrosa 於 2001 年加入太平洋經濟合作議會，擔任政策計劃總監，職責包括管理和統籌該會的研究計劃。在移居新加坡前，他曾擔任德國阿登納基金會 (Konrad-Adenauer-Stiftung) 以馬尼拉為基地的東南亞合作計劃的統籌人，以及該會的區域經濟及政治期刊的聯合編輯。他亦曾於菲律賓政府及經濟學人智庫工作。Mr Pedrosa 畢業於倫敦政治經濟學院。

Mr Pedrosa 曾撰寫包括 "Towards an ASEAN Economic Community: Matching the Hardware with the Operating System" 及 "Implications of an Uncertain Global Economy on Integration Initiatives" 等論文，又曾與其他作者合編《An APEC Trade Agenda: The Political Economy of a Free Trade Area of the Asia Pacific》一書。



### Professor Sung Yun Wing 宋恩榮教授

Associate Director, Economic Research Centre, Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong

香港中文大學香港亞太研究所經濟研究中心副主任

Professor Sung Yun Wing received his B.Soc.Sc. (Honours) in Economics from University of Hong Kong, and his Ph.D. in Economics from University of Minnesota. He is currently Associate Director of Shanghai – Hong Kong Development Institute, Associate Director of the Economic Research Centre, Hong Kong Institute of Asia-Pacific Studies, and Adjunct Professor of the Economics Department at the Chinese University of Hong Kong. He is also a member of the Editorial Board for various international journals, Co-convenor (Research) of Path of Democracy, and sits on multiple Expert Advisory Panels in Hong Kong SAR and Mainland China. He received the “Sun Yefang Economic Science Award”, one of the highest honours in Economics in Mainland China, in 2008 and the “Zhang Peigang Prize for Outstanding Scholarship in Development Economics” in 2009. His research interest covers international trade, economic development, and regional trade and investment flows between Mainland China, Hong Kong, and Taiwan.

宋恩榮教授為香港大學學士、明尼蘇達州立大學博士，現任香港中文大學之滬港發展聯合研究所副所長、香港亞太研究所經濟研究中心副主任及經濟系客座教授，並為眾多國際經濟學報之編委成員，亦為民主思路聯席召集人（研究）及香港特區和內地眾多專家諮詢委員會委員。曾獲頒中國經濟學領域最高榮譽獎項之一的孫冶方經濟學獎（2008年）及張培剛發展經濟學優秀成果獎（2009年）。研究專長為國際貿易與經濟發展及中、港、台三地之投資及貿易。



## Professor Richard Y.C. Wong, SBS, JP 王于漸教授, SBS, JP

Chair of Economics, The University of Hong Kong  
香港大學經濟學講座教授

Professor Wong is Professor of Economics and Philip Wong Kennedy Wong Professor in Political Economy, and formerly the Deputy Vice-Chancellor at The University of Hong Kong.

He is active in advancing research on economic policy studies in Hong Kong and China through his work as founding Director of the Hong Kong Centre for Economic Research since 1987. He writes a weekly political economy column for the Hong Kong Economic Journal and South China Morning Post.

Although trained as a labour economist, Professor Wong's main research interest now is in the political economy of public policy. His current research focuses are property and housing in Hong Kong and on the origins of deep contradictions in Hong Kong. His recently published books include: 『香港深層次矛盾』, 『香港長遠房屋策略和港人港地』, *Diversity and Occasional Anarchy: On Deep Economic and Social Contradictions in Hong Kong*, 『香港奇跡已經幻滅?』, 『芝大經濟學派與市場社會秩序』, *Hong Kong Land for Hong Kong People: Fixing the Failures of Our Housing Policy*, 『面對不均再創奇蹟』, *Fixing Inequality in Hong Kong*.

He had served on numerous public bodies including the HK SAR Government's Exchange Fund Advisory Committee and Commission on Strategic Development - Committee on Economic Development and Economic Cooperation with the Mainland.

He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the HKSAR Government.

王于漸教授現為香港大學經濟學講座教授、黃乾亨黃英豪政治經濟學教授，前為香港大學首席副校長。

他於1987年創立香港經濟研究中心，透過該中心的工作，推動有關香港經濟政策問題研究；並於〈信報〉及〈南華早報〉撰寫每週政經評論專欄。

他目前的研究重點是關於產業、房屋、勞動力和人口的政治經濟以及香港深層次矛盾，並於最近出版了《香港深層次矛盾》、《香港長遠房屋策略和港人港地》、《香港奇跡已經幻滅?》、*Diversity and Occasional Anarchy: On Deep Economic and Social Contradictions in Hong Kong*、《芝大經濟學派與市場社會秩序》、*Hong Kong Land for Hong Kong People: Fixing the Failures of Our Housing Policy*, 『面對不均再創奇蹟』, *Fixing Inequality in Hong Kong* 等書。

王教授歷任多個政府委員會的委員，包括香港特別行政區政府外匯基金諮詢委員會及策略發展委員之經濟發展及與內地經濟合作委員會等。他在1999年獲香港特別行政區政府頒贈銀紫荊星章，以表揚他對香港教育、房屋、工業及科技發展所作出的貢獻，並於2000年獲委任為太平紳士。





The seminar on “Free Trade and Globalisation - The Hong Kong Experience in Retrospect and the Prospects” held at The Great Room, W Hong Kong hotel, Kowloon, Hong Kong, 1 December 2017.



From left: Professor Anthony Fung, Professor Sung Yun Wing, Mr Najeeb Haider, Professor Fanny Cheung, Professor Lawrence Lau, Mr Edward Yau, Professor Richard Wong, Ms Salina Yan, Mr Eduardo Pedrosa, Dr Patrick Low, and Professor Matthew Lee.



Welcome Remarks delivered by Professor Fanny Cheung, the Pro-Vice-Chancellor of The Chinese University of Hong Kong (CUHK) and Co-director of Hong Kong Institute of Asia-Pacific Studies, CUHK.



Opening Speech delivered by Mr Edward Yau, Secretary for Commerce and Economic Development, The Government of the Hong Kong Special Administrative Region.





Keynote Speech on “Free Trade and Globalisation – Impacts on Hong Kong Economy” delivered by Professor Lawrence Lau, the Ralph and Claire Landau Professor of Economics of CUHK.



Speech on “New Dimensions of Regional Cooperation and Development” delivered by Mr Najeeb Haider, the Principal Strategy Officer of the Strategy, Policy & Budget Department of the Asian Infrastructure Investment Bank.



Speech on "Regional Free Trade Agreements – The Prospect of Asia-Pacific Economic Integration" delivered by Mr Eduardo Pedrosa, the Secretary General of the Pacific Economic Cooperation Council.



Panel Discussion on "Globalisation and Regional Integration – The Asian Perspective" chaired by Professor Richard Wong, the Chair of Economics of University of Hong Kong.





Speech on “The Role of Hong Kong Companies under Mainland China’s Initiatives in Globalisation and Regional Integration” delivered by Dr Jonathan Choi, the Chairman of the Chinese General Chamber of Commerce of Hong Kong and Hong Kong, China’s Representative to the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC HKC).



Speech on “Regional Economic Integration and Cooperation – Hong Kong in the Asia-Pacific Region” delivered by Mr Anthony Nightingale, Director of Jardine Matheson Holdings Limited and former HKC’s representative to ABAC.



Speech on "Challenges and Opportunities – The Dilemma of Globalisation for Externally-Oriented Economies" delivered by Dr Patrick Low, Director of the AsiaGlobal Fellows Program of the Asia Global Institute of the University of Hong Kong and former Chief Economist of the World Trade Organization.



Panel Discussion on "Globalisation and Regional Integration – Hong Kong's Perspectives and Responses" chaired by Professor Sung Yun Wing, Associate Director of the Economic Research Centre of Hong Kong Institute of Asia-Pacific Studies, CUHK.





Closing Remarks by Ms. Salina Yan, Director-General of Trade and Industry, The Government of the Hong Kong Special Administrative Region.



Photo shows (from right) Mr Edward Yau and Professor Fanny Cheung viewing the display panels prepared by CUHK undergraduate students at the seminar on "Free Trade and Globalisation - The Hong Kong Experience in Retrospect and the Prospects".



Mr Edward Yau, Professor Fanny Cheung, Ms Salina Yan and Professor Michael Fung join undergraduate students from CUHK for a group photo after the poster presentation session.

## Free Trade and Globalisation –

The Hong Kong Experience in Retrospect and the Prospects

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Economic theory advocates free trade. Through specialisation in production of goods and services where countries have a comparative advantage, there will be an increase in economic welfare for all countries - if they are allowed to trade without obstacles. The two concepts: economic globalisation and trade liberalisation go hand in hand. Economic globalisation is the process through which economies around the world have become increasingly integrated as a result of increased cross-border trade and investment. Therefore, freedom to trade provides a conducive environment for globalisation to thrive.

Economic globalisation is hardly a new phenomenon. In fact, it has been going on for hundreds of years: The Silk Road between China and the West in the Han Dynasty; the Spanish conquests of Latin America and the Philippines; the Portuguese ventures to India, China, Taiwan and Japan; the Dutch and English East India Companies; and the China Clippers of the United States.

### Recent Trend of Globalisation

The last couple of decades saw an acceleration of economic globalisation. According to data from the World Bank, world trade in goods and services as a percentage of world gross domestic product (GDP) was on average some 50% from 1988 to 2016 whereas the comparative figure for 1960 to 1987 was around 30%. The regional trade structure has also become exceedingly complex.

But with the emergence of anti-globalisation sentiment and protectionism after the 2008–2009 Global Financial Crisis, the pace of economic globalisation has been slowing down after 2010. The central problem lies at the heart of globalisation is that the distribution of the gains within each domestic economy. While globalisation brings net benefit to an economy in aggregate, increased competition from abroad may bring disruption to the labour market leading to displacement of less efficient domestic companies and workers.

### Regional Integration of Hong Kong

Ranked as the world's freest economy for the 24th consecutive year by the Heritage Foundation in 2018, Hong Kong has always been a staunch supporter of trade liberalisation and economic integration. Indeed, according to data from the World Bank Group, Hong Kong's trade in goods and services as a percentage of GDP, a classic measure of trade openness of an economy, came in at an average of 335.8% during the 20 years since 1997, the second highest in the APEC region.

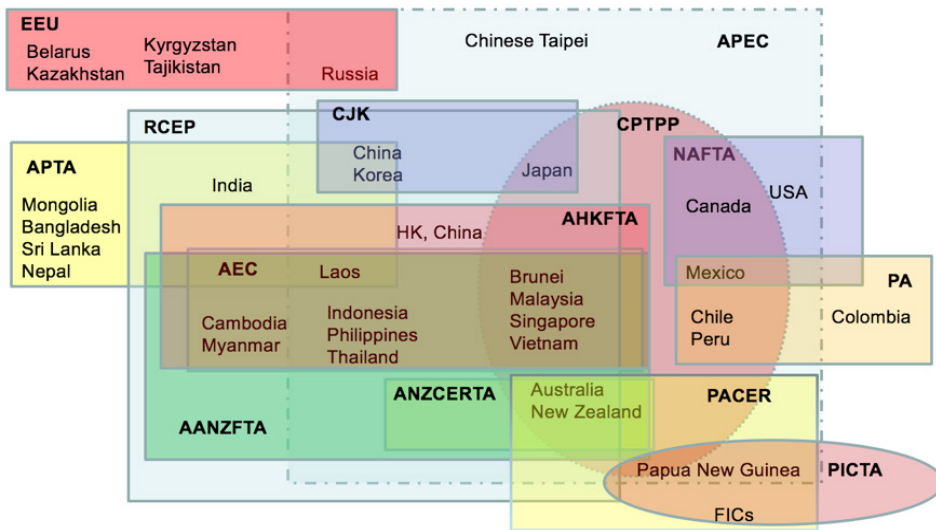


Figure 1: Complex Regional Trade Structure<sup>1</sup>

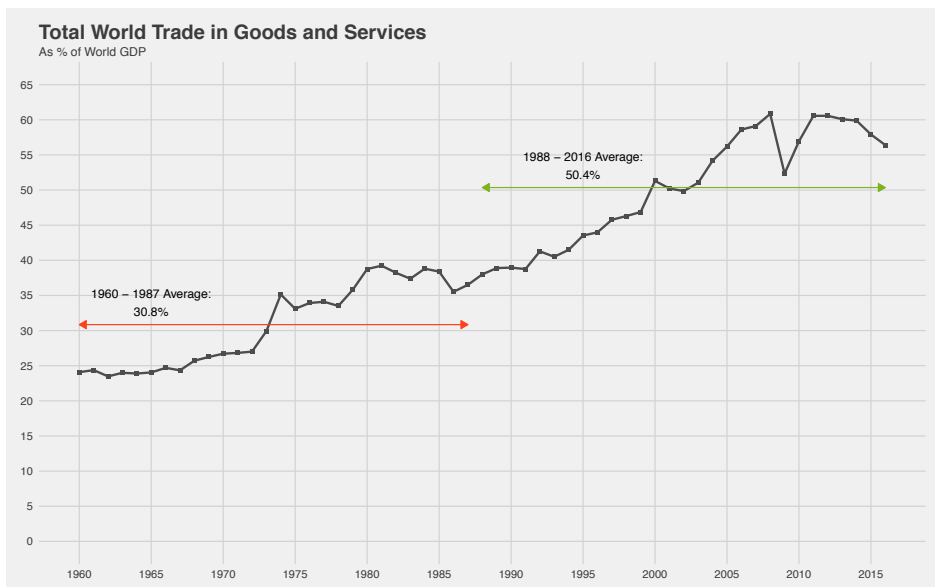


Figure 2: Globalisation Trend<sup>2</sup>

In 2016, Hong Kong was the world's 7th largest trading entity in goods and the 17th largest commercial services trading entity.<sup>3</sup> In the same year, the total value of merchandise trade came in at US\$974 billion, around three times of nominal GDP, while total trade in service amounted to US\$172 billion.<sup>4</sup> Trading and logistics contributes around 22% of Hong Kong's GDP, employing about 730,700 people.

On the other hand, Hong Kong's economic performance during the 20 years from 1997 had been robust. According to data from International Monetary Fund (IMF) World Economic Outlook released in October 2017, adjusted for inflation, Hong Kong's economy grew at an average rate of 3.4% per annum during 1997 to 2016, a faster pace than its developed counterparts such as Canada, the United States and Japan. Hong Kong's real GDP per capita, measured in constant Purchasing Power Parity (PPP) international dollar, in the 20 years from 1997 was on average \$42,667.5, making Hong Kong the 4th wealthiest economy in the APEC region. On the fiscal front, general government gross debt represented only slightly more than 1% of GDP in the same period, the second lowest among all 21 APEC economics.

Hong Kong first started out as an entrepôt bridging Mainland China and other parts of the world, then it evolved to become one of the most important international trade and finance centre in the Asia-Pacific region. The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) was signed in 2003 and subsequently enriched by ten Supplements and four subsidiary agreements. It is a comprehensive free trade agreement which covers four key pillars, namely trade in goods, trade in services, investment, and economic and technical cooperation. It is conducive to accelerating the economic integration and enhancing the long term economic development of the Mainland and Hong Kong.

Real GDP Growth (%)		Real GDP Per Capita (PPP, 2011 International dollars)		General Government Gross debt (% of GDP)		Trade (% of GDP)	
China	9.2	Brunei Darussalam	81,627.2	Japan	186.7	Singapore	369.7
Viet Nam	6.5	Singapore	63,958.5	Singapore	93.5	<b>Hong Kong</b>	<b>335.8</b>
Singapore	5.1	USA	48,601.9	USA	81.8	Malaysia	179.1
Philippines	4.8	<b>Hong Kong</b>	<b>42,667.5</b>	Canada	81.3	Viet Nam	138.7
Peru	4.7	Australia	40,317.4	Philippines	49.7	Thailand	123.9
Malaysia	4.6	Canada	39,804.6	Thailand	45.2	Papua New Guinea	115.6
Indonesia	4.2	Japan	35,453.1	Malaysia	44.7	Brunei Darussalam	102.1
Republic of Korea	4.1	Chinese Taipei	34,359.2	Mexico	44.1	Philippines	84.4
Chile	4.0	New Zealand	30,593.2	Viet Nam	43.6	Republic of Korea	80.3
Chinese Taipei	4.0	Republic of Korea	26,726.2	Indonesia	39.6	Canada	69.0
Papua New Guinea	3.6	Russian Federation	19,998.8	Chinese Taipei	32.8	Chile	65.5
Russian Federation	3.5	Malaysia	19,313.8	Peru	32.4	New Zealand	58.9
<b>Hong Kong</b>	<b>3.4</b>	Chile	17,797.7	Papua New Guinea	31.7	Mexico	58.1
Australia	3.2	Mexico	15,726.6	China	29.7	Indonesia	54.1
Thailand	3.1	Thailand	12,054.7	Republic of Korea	26.1	Russian Federation	53.8
New Zealand	2.8	Peru	8,661.1	New Zealand	24.7	China	47.3
Mexico	2.8	Indonesia	7,740.8	Russian Federation	23.4	Peru	44.7
Canada	2.5	China	7,508.9	Australia	21.2	Australia	40.7
USA	2.3	Philippines	5,234.6	Chile	11.4	Japan	27.0
Japan	0.8	Viet Nam	3,867.2	<b>Hong Kong</b>	<b>1.1</b>	USA	26.3
Brunei Darussalam	0.7	Papua New Guinea	2,810.3	Brunei Darussalam	1.0	Chinese Taipei	#N/A

Figure 3: Macroeconomic Indicators (1997-2016 Average) in APEC<sup>5</sup>



Today, the economic integration between Hong Kong and China has reached new heights. As of January 2018, a total of 1,062 mainland companies were listed in Hong Kong. Hong Kong is also the global hub of offshore Renminbi business, accounting for 76% in overall cross-border Renminbi payments all over the world in 2017.

Hong Kong has been actively forging closer ties with other important trading partners in the region. In November 2017, Hong Kong and the Association of Southeast Asian Nations (ASEAN) signed a Free Trade Agreement and a related Investment Agreement. The agreements encompass trade in goods, trade in services, investment, economic and technical co-operation, dispute settlement mechanisms and other related areas. In the face of rising protectionist sentiment in the world, these agreements reiterate Hong Kong's commitment to free and open trade, and serve as a salient building block for deeper regional and global economic integration.

## Free Trade and Globalisation

Economic globalisation has propelled massive growth of world trade in the last 30 years – and through world trade world income. Economic theories predict international trade to be a positive sum game – trade brings net benefits to countries who participate in it and creates winners on a global basis. Free trade brings efficiency as production is concentrated in the most productive firms regardless of their geographical locations. The most productive ones expand while less productive ones shrink, thereby achieving greater economic efficiency in the aggregate.

In practice, economic globalisation does pose a number of challenges. Increased competition from foreign firms inevitably brings disruption to the structure of the local economy. Less efficient firms and workers are vulnerable to economic dislocations and there lacks a market mechanism to guarantee gains from trade are evenly distributed within an economy.

Attempts to reverse economic globalisation would be the wrong response to these challenges. The answer to disruptions brought to local community lies not in trade protectionism, but in improving domestic industries' resilience to external shocks, and in building a fairer system for distributing gains from trade within the local economy. Economic theories tell us that no one should have to lose as a result of globalisation- everyone can be made better off, because in principle, the gains that come with free trade and globalisation should more than offset the losses. Hong Kong's experience in the past 20 years – Hong Kong's success – is the most compelling testimony.

## Endnotes

1. Source: Presentation delivered by Mr. Eduardo Pedrosa, Secretary General, Pacific Economic Cooperation Council on 20th Anniversary of the HKSAR Seminar "Free Trade and Globalisation: The Hong Kong Experience in Retrospect and the Prospects" held on 1 December 2017.
2. Source: The World Bank Group
3. Source: World Trade Organization
4. Source: The Census and Statistics Department, HKSAR Government
5. Source: The World Bank Group and IMF World Economic Outlook (WEO)



## Review of Trading and Logistics Industry in Hong Kong over the Last Two Decades

XU Ruihong Russle, ZHU Jiaqi Jacky, ZHONG Yan Ryan

(BBA in Integrated BBA)



The year of 2017 marked the 20th anniversary of Hong Kong's return to China, which is a milestone in Hong Kong's history as well as China's. Our research focuses on the performance of external trading and the logistics industry over the last two decades, which is one of the most significant sectors of Hong Kong economy.

Although the trade balance has been deficit since 1997, the merchandise trade developed healthily. Since 1997, the value of merchandise trade increased steadily, total imports increased from approximately HK\$1,600,000 million to HK\$4,000,000 million. While the exports increased from around HK\$1,500,000 million to HK\$3,600,000 million, of which re-exports account for more than 85%.

During the severe Asian financial crisis in 1997 and the global financial crisis in 2008, the merchandise trade value performed a slight drop during the crisis period. Nevertheless, the constantly expanding of trading with Mainland China contributed a lot to the rapid recovery from the financial crisis and provide a sustaining potential of growth. Mainland China and the United States are two main export destinations of Hong Kong, and for the last two decades, among which the share of Mainland China keep growth from 35% to 54%, and it has been the largest trade partner of Hong Kong.

As a key process of the trading economy, logistics industry did not grow with the merchandise trade simultaneously. A significant factor to measure the activeness of an industry is the number of establishment or employee. The number of establishment decreased in general, while the number of employee in the logistics industry increased in the past 20 years. Having developed more than 50 years, the logistics industry is quite mature in Hong Kong, which means that it was no longer an emerging or growing market with severe competition and merging. A constant decrease in the number of establishments represents a slightly negative market, as many companies go bankrupt because of the high cost and limited revenue. But the existed companies were getting larger and larger and obtained a higher market share. As a matter of fact, the logistics industry faced a high and growing labour cost and a world highest prime logistic property rent in the world.

Hong Kong still has its unique advantages, including a perfect geographic location between China and its one of the largest markets South East Asia, the convenient distribution channel and the world-leading infrastructures. The newly constructed Hong Kong-Zhuhai-Macau Bridge and the High-Speed Railway will greatly reduce transportation time and improve mobility. The Chinese government put forward the "China's Greater Bay Area" plan in 2017, in which linked Hong Kong, Macau, Guangzhou, Shenzhen and other seven cities into an integrated economic and business hub. To maintain the status of trading and logistics centre, Hong Kong should actively participate in the regional collaboration.

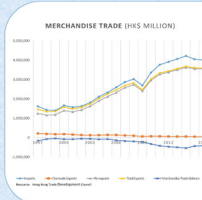


### Review of Trading and Logistics Industry in Hong Kong over the Last Two Decades

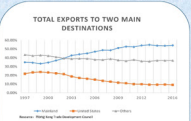
XU Ruihong Russle, ZHU Jiaqi Jacky, ZHONG Yan Ryan  
CUHK, Hong Kong



### Overview of Merchandise Trading and Logistics Industry in Last Two Decades



- Overall increased steadily, except the year of global financial crisis.
- Although facing long-time negative balance, the merchandise trade is developing healthy.
- Re-exports account for more than 85% of total exports.
- Local industry is losing competitiveness in the world market.
- Domestic exports share was dropping over the period and reached less than 1.2% in 2016.



- Mainland China and the United States are the two main export destinations.
- Mainland China has been the first major trade partner of HK since 2000.
- Its share has been growing to more than a half.

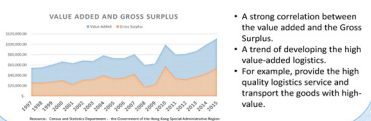


- One of the most trade-oriented economies, and ranked the 8th largest merchandise trading entity in 2015.
- HK Airport ranks 1st in the world regarding international air cargo throughput.
- HK Port is the world's 5th busiest in handling containerized cargo.

### Insight of the Logistics Industry



- The Logistics Industry is quite mature in Hong Kong.
- No longer been an emerging or growing market with severe competition and merging.
- A constant decrease in the number of establishments represents a slightly negative market, as many companies go bankrupt because of the high cost and limited revenue.



- A strong correlation between the value added and the Gross Surplus.
- A trend of developing the high value-added logistics.
- For example, provide the high quality logistics service and transport the goods with high-value.

### Opportunities

- "China's Greater Bay Area" plan, put forward by the Chinese government in 2017.
- Link Hong Kong, Macau, Guangzhou, Shenzhen and other seven cities into an integrated economic and business hub.
- Hong Kong will play a role of logistics and distribution center.

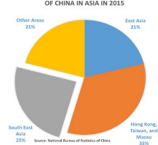


### Perfect Geographic Location

- South East Asia has become the biggest foreign business partner of China in Asia.
- The value of export and import with SEA accounts for 20% of total amount of China.
- Huge demand for delivery between these two regions.



TOTAL VALUE OF EXPORT AND IMPORT OF CHINA IN ASIA IN 2015



- As a transit center: HK can provide necessary sorting or other essential services to a coming cargo, and then distribute to the destinations.

### Challenges Ahead

#### High and Growing Labor Cost



- Compensation is one of the major expenses for a logistics company.
- It represents nearly 20% of the operating expense in a year.
- It kept increasing in last ten years on average, and the average annual growth rate is 5% in last five years.

#### High Property Rent

- Hong Kong obtains the highest Prime Logistic Rent in the World.
- Nearly 44% larger than the second.
- Multistory properties are less efficient than traditional single-story logistics.
- Limited Development Space.



#### Nevertheless

- High labor and property cost is last for years.
- In the International Division of Labor theorem, high labor cost and high property rent can eliminate the inferior logistics provider.
- It can result in a more efficient market division.

### Convenient Distribution Ways

- The new transport network will reduce the delivering time between cities sharply:
  - Before the Hong Kong-Zhu Hai-Macau Bridge put into use, it will spend you 2 hours in driving from Hong Kong to Zhu Hai.
  - After that, it will be only thirty minutes instead.
- An advanced air cargo system:
  - Hong Kong International Airport can provide direct cargo flight to 141 cities and regions, including 35 cities in mainland China, which means it covers most of possible distribute destinations.



### World-leading infrastructure

- Hong Kong's quality of overall infrastructure is on the third place around the world.
- It guarantees that Hong Kong has ability to be qualified as a logistics and distribution center in Greater Bay Area.

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## Highlight of Hong Kong Tourism in 20 years

Ng Wai Yee, Chow Wai Lam & Chan Yuk Chi

(BBA in Professional Accountancy)



Tourism is composed of 4 main sectors namely:

1. Food and beverage (F&B) service;
2. Retail trade;
3. Cross-boundary passenger transport service;
4. Accommodation service;

and is one of the 4 pillar industries of Hong Kong. Tourism is estimated to have generated 7% of total employment and 5% of GDP in 2016.

In 2003, Hong Kong tourism experienced a major setback due to the outbreak of SARS virus. In July the same year, the Individual Visit Scheme (IVS) was launched to give a much required boost to help the industry to recover. As a result, the number of tourists increased by 44.63% in 2004.

Then fast forward to 2009, during the onset of Global Financial Crisis, the impact on Hong Kong's tourism was relatively muted. This is mainly due to the strong support by tourists from the Mainland of China whose total expenditure increased by some 20%.

During the period from 2010 to 2013, tourism continued to prosper. But in 2014, there were signs indicating the industry was approaching a bottleneck. For instance, Ocean Park, one of the major tourist attractions, was approaching 130% of its maximum capacity. And in 2016, the number of mainland tourists dropped by 3 million while other indicators such as overnight visitors' per capita spending and total tourism expenditure also recorded a decline.

Going forward, fostering diversification – in terms of identifying other international tourist originating countries and exploring new modes of tourism – is the key to promote future development of the industry.

### Highlight of Hong Kong Tourism in 20 years



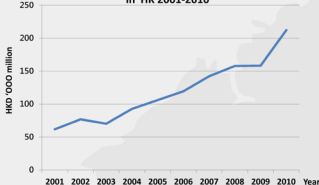
### What is tourism?

- One of the four key industries, which includes inbound and outbound tourism
- Four main sectors include F&B services, retail trade, cross-boundary passenger transport and accommodation services
- The following is mainly generated by inbound tourism:
  - 7% of total employment (2016)
  - 5% of GDP (2016)

### 2008 – 2010

#### Global financial crisis with a less significant decline in 2009

Total Tourism Expenditure associated to Inbound Tourism in HK 2001-2010



- Tourism mainly supported by Mainland tourists
  - Arrivals and total expenditure by all regions decreased except Mainland tourists:
    - Their total expenditure increased by 20.15%
    - Per-capita spending surged by 16.63%
    - Tourist arrivals increased by 6.5%
- Tourism continued to prosper after 2010

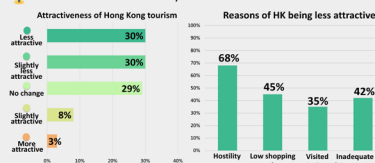
### 2015 - 2016

#### Hong Kong tourism entered a harsh winter

- Mainland tourists decreased by 3 millions in 2016



#### A Financial Times survey on Mainland tourists revealed:

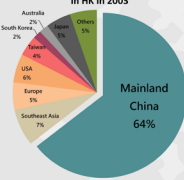


### 1997

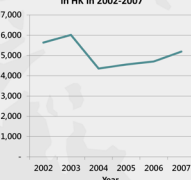
### 2003 - 2004

- Breakout of SARS, largest decline and rebound
- Ambiguous immediate effect of Individual Visit Scheme (IVS) launched in July 2003
- Mainland tourists' total expenditure dropped 0.92% despite a 44.63% increase of tourists in 2004

Composition of total spending by tourists in HK in 2003



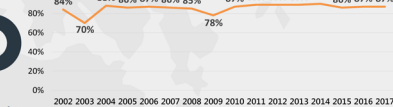
Per-capita spending by Mainland tourists in HK in 2002-2007



### 2014

#### Approaching saturation

- Hotel occupancy rate remained >85% in last decade except 2009



- Major transportations and attractions nearly overloaded
- Airport reaching 100% usage on or before 2030
- Ocean Park approaching 130% of maximum capacity

### Leading to future

#### What about now?

"I think we can be sure that we have come out of the bottom of the trough"  
 – Secretary for Commerce and Economic Development Edward Yau Tang-Wah, on an interview about Hong Kong tourism

#### To foster diversification

- Focus on high value-added tourists from foreign countries
  - Example: Belt and Road countries, Southeast Asian countries
- Develop and explore various kinds of tourism
  - Example: cultural, heritage, green and creative tourism
- Promote smart tourism and upgrade service quality
  - Example: To increase Wi-Fi spots, improve mobile technology and safeguard the rights of tourists

For references, please refer to



## Review of Hong Kong Financial Services Industry over the last two decades

Tam Kit Ying, Kwok Yip Ling & So Chi Shan

(BBA in International Business and Chinese Enterprise)



In the past 20 years, the financial industry has been emphasized as one of the four pillars of Hong Kong's economy. It has made tremendous contribution to Hong Kong, especially in the aspects of creating job opportunities, GDP growth and government revenue. Despite having challenges from the financial crisis, the financial services sector overcame each and every one of them and created milestones with continuous adaption to new changes. The following four factors are crucial to the growth of the sector, namely the free flow of capital and information, close relationship with China, strategic location in Asia and the help of globalization.

The first and foremost factor lies in the free flow of information and capital. With state-of-art communication technology and infrastructure, Hong Kong allows the rapid transmission of information of the global financial market. Simple tax regime and no foreign exchange control also build a healthy business operating environment in Hong Kong. Government will continue to reduce limitations in legal structure. These local factors can attract funds and investments, broaden the variety and scope of business, while facilitating investor portfolio allocation.

The second factor is the close relationship with China. Being one of the Special Administrative Regions of China, Hong Kong benefited from numerous trade policies. It was also the first and largest offshore Renminbi market. Banks offer a variety of Renminbi services and investment opportunities and help attracting capital from the Mainland. Apart from that, Mainland China also contributed a lot to the insurance industry. Life insurance sold to Mainland customers increases in the past decades and it accommodates for half of the total sales of life policies in Hong Kong. This shows how a close relationship with China contributes to the financial services industry.

The strategic location at the heart of Asia brings geographical advantage to Hong Kong. Having similar time zone with booming Asian economies and well-established transportation network, it is convenient for Hong Kong to connect with other countries, such as Japan, Singapore and Taiwan. The strong ties to the booming Asian market and ease to commute regularly help Hong Kong to act as a regional financial centre and benefit from the economic growth and wealth creation in Asia.

Under economic globalisation, Hong Kong acquires extensive international connections including playing a proactive role in APEC. The close relationships with other economies allow Hong Kong to obtain comprehensive and up-to-date information about the development of world's financial markets, enabling Hong Kong to respond to changes in the world's market actively and effectively. In addition, tremendous well-known international financial institutions choose Hong Kong for setting up branches, thus attracting more foreign investments, stabilising Hong Kong's financial industry and reinforcing Hong Kong's position as an international financial hub.

The continuous success of Hong Kong's financial industry in the future needs to be sustained by fully taking advantage of technology innovations. Nowadays, FinTech services have been developed rapidly worldwide, especially in the emerging countries. Therefore, to maintain Hong Kong's competitiveness, we should put emphasis on establishing competitive FinTech markets such as e-payment.



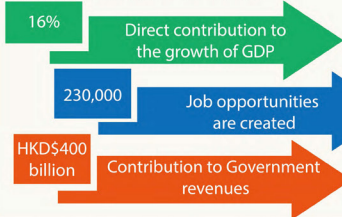
## Hong Kong in the Past 20 Years

### Review of Hong Kong Financial Services Industry over the last two decades

#### What makes the Financial Services Sector so SUCCESSFUL?

##### Background

In the past 20 years, the financial industry has been emphasized as one of the four pillars of Hong Kong's economy. It made tremendous contribution and created milestones with continuous adaption to new changes.



##### Factor 1: Free flow of information and capital

State-of-art communication technology and infrastructure

- Regional headquarters of 95 international media groups.
- Mobile phone penetration rate 95%
- 8 submarine cable landing stations

No restriction on foreign currency

Low and simple tax regime

- Attract funds and investments
- Facilitate investor portfolio allocation
- Broaden the variety and scope of business

##### Factor 2: Close Relationship with China

Strong driving force to the financial services industry

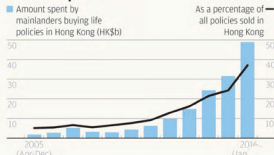


Hong Kong was the first and largest offshore renminbi market since 2004.



The number of life policies sold tripled from 3.4 million 20 years ago to 12.66 million in 2017.

##### Insurance spike



##### Factor 3: Strategic Location in Asia



Well-established international transportation network



Similar time zone with most prosperous Asian economies



Convenient to connect with other countries



Over 100 airlines offer flights to about 190 locations.

##### Top Global IPO by Stock Exchange



##### Factor 4: Help of Globalisation



Extensive international connections



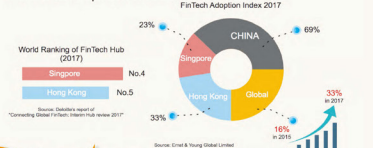
Well-known international financial institutions choose HK for setting up branches and subsidiaries



Global FinTech services has been developed rapidly, with a VC deal value over USD\$17.4 billion.

In 2017, the emerging countries have an average Fintech adoption rate of 46%, which is much higher than the global average.

Aiming at increasing the competitiveness in the global battlefield, maturer development of Fintech is inevitable in HK.



Manufacturing-oriented economy to Financial-based economy

Source: HKMA

Asian Financial Crisis  
Handover of Hong Kong

SARS  
Signing of CEPA

ICBC issued the first batch of A shares and H shares

US Financial Crisis (Hang Seng Index declined for almost 50%)

Launch of Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect

1980s

1997

2003

2006

2007-2008

2014-2016



## Professional & Producer Services Industry of Hong Kong over the Last Two Decades

Ma Tsz Yu Ranita, Ngai Suet & So Hoi Tong Helen

(BBA in Global Business Studies)



Professional services and producer services industry (PPS) is one of the 4 pillar industries of Hong Kong, and the strength of Hong Kong's PPS is what underpins her aspiration to be the major services hub in the region.

Professional services cover areas such as legal, accounting, auditing, architecture and engineering activities and others. Producer services, on the other hand, refer to services used by other producers in the local economy and exports of services. Around 20% of the total value added generated by 4 traditional pillar industries of Hong Kong (the other 3 being financial services, trading and logistics, and tourism) comes from PPS. From 2010 to 2015, the growth in the number of workers in PPS was around 45.2%, partially driven by the fact that there are more professionals available in the labour market due to increasingly more universal higher education.

The developed financial infrastructure and robust legal system provide a conducive environment for PPS to develop. Indeed, Hong Kong has been chosen by a significant number of Mainland enterprises as their “going out platform” for finding business partners and conducting business.

However, high rental and labour costs in Hong Kong impose restrictions for future development of PPS. In addition, PPS in Hong Kong is facing intense competition from professionals in Mainland China.

# Professional and Producer Services Industry of Hong Kong over the Last Two Decades

The Chinese University of Hong Kong



## WHAT IS PROFESSIONAL AND PRODUCER SERVICES?

**Professional services and producer services industry (PPS)** is one of the four key industries in Hong Kong, taking about **20% of the total value added in the four key industries** and providing **520000 jobs**. There is a slight increase in its contribution to labour force, but that to GDP remains stable.

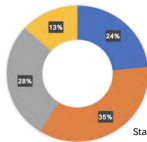
The clients are from **Hong Kong, the Mainland of China and throughout the world**. Hong Kong's strength in professional services underpins her development as a regional services hub.

### Professional services include:

- Legal
- Accounting
- Auditing
- Architecture and engineering activities
- Technical testing and analysis
- Scientific research and development
- Management and management consultancy activities
- Information technology related services, advertising
- Specialized design and related services

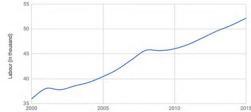
**Producer services** refer to services used by other producers and exports of services producer services.

### Value added distribution within the industry in 2015



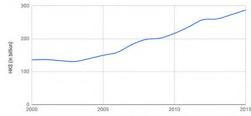
Stable distribution in this decade showing the industry is developed

### Number of Workers in PPS



- **45.2%** rise from 2000 to 2015
- **Supply of professionals increases with more universal higher education**

### Yearly value added of PPS



- **111.5%** rise from 2000 to 2015

### Real increase in value added in different sections of the PPS from 2002 to 2012



## STRENGTHS & OPPORTUNITIES

### Developed Financial Infrastructure

Freest economy in the world and home to 71 of the world's 100 largest banks and numerous international firms

### Robust Legal System

Independent judiciary based on internationally recognized Common Law

### Customer Preferences

Over 60% of mainland enterprises prefer Hong Kong as their "going out" platform to seek partners and conduct business

## THREATS & CONCERNS

### Internal weaknesses:

- High rental and labour cost
- Declining English ability and other skills

### External threats:

- Intense competition with Chinese professionals
- Greater supply thus lower labour costs
- Familiar with Chinese legal and social practices

### High risk in expanding to China

- Political – international disputes and social instability
- Legal – differences in Hong Kong Common Law and China Civil Law
- Financial – less transparent and developed financial structure

## BELT AND ROAD INITIATIVE

### Broadening Customer Base



**69 countries, 2346 possible pairs for trades**

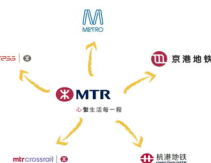
**Offshore trading services** includes trading for foreign companies, multiple sourcing, contract and price negotiation.

Hong Kong handles **20% of China's offshore trading**, thus increased participation of nearby countries offers massive potentials

### Example - Export of Services

#### MTR

- Export of management and consulting services for railway systems
- Operated in **UK, Sweden and Australia**
- Signed with **China Railway** to expand overseas
- In 2017, bid for the contract to build a 350 km **high-speed rail link between Malaysia and Singapore**



## Trading in a Globe City – How does Globalisation Impact International Trade?

Chong Cheuk Long Conrad, Mak Yan, Tang Kin Yip & Chan Cheuk Lam

(BBA in International Business and Chinese Enterprise)



In this poster, discussion focuses on the economic globalisation tide since the 1970s, a time when international trade in today's understanding came in shape. Two main drivers in this trend of globalisation are comparative advantage of countries on trade (Ricardo, 1817) and economies of scale fully exploited in extended market (Krugman, 1979). According to figures from the World Bank, World GDP grew 2.97 times from 1970 – 2015, while foreign direct investment (FDI) and nominal export value increased by 228 times and 55.5 times, respectively.

The formation of global supply chain which encourages production in different countries has helped push forward the pace of globalisation. This dispersed production process also allows economies to specialise in certain stages of production they are efficient in, which in turn facilitate faster growth. In addition, increasingly integrated market means growth opportunities. For instance, Multinational Corporations (MNCs) may be motivated to undertake FDI to get into foreign markets where they could generate greater profits – and this can lead to job creation in host countries.

A paper published by Broda and Weinstein (2004) suggested that globalisation led to a massive growth in product variety in the US. From 1972 to 2001, the number of imported product varieties has increased by around four times. There are also various studies that show that globalisation influences ways of life of various countries such as their food consumption pattern

Nonetheless, globalisation also has its shortcomings. The major problem is that gains are often not evenly distributed across skill level. A paper by Sachs and Shatz (1996) showed that during 1979 to 1990, US manufacturing sector experienced a drop in total employment by 14.2%. Furthermore, employment of low-skilled workers dropped by 20% whereas employment of high-skilled workers recorded a rise by 10.5%.

# TRADING IN A GLOBE CITY

## HOW DOES GLOBALISATION IMPACT INTERNATIONAL TRADE?



In this poster, discussion focuses on the economic globalization tide since the 1970s, a time when international trade in today's understanding came in shape. Two main drivers in this trend of globalization are **comparative advantage of countries on trade** (Ricardo, 1817) and **economies of scale fully exploited in extended market** (Krugman, 1979).

Growth from 1970 – 2015...



**2.97 times**  
World Real GDP



**228 times**  
Foreign Direct Investment



**55.5 times**  
Nominal Export Value

(World Bank, 2017)

## Economic Globalization in Progress

### Dispersed production process facilitates specialization and growth

Formation of global supply chain encourages production in different countries. Trade openness positively associated with growth.

Trade Openness & GDP Growth in Africa (1980 to 2008)



**38** countries studied suggested an 0.59% per-capita GDP growth with each 1% of trade expansion

(Harrison, 1995) (Osei-Yeboah et.al, 2012)

### Increasingly integrated market offers new opportunities

Foreign direct investments (FDI) offer MNCs growth opportunities, leading to job creation in host countries.

US Firm s' Foreign Affiliates in China (1999 to 2009)



**8X** increase in value added  
**4X** increase in employment

(Barefoot & Mataloni, 2011)

### Cross-border trade leading to life quality improvement



In the US, from 1972 to 2001, the varieties of goods imported increased from **74,667** to **259,215**. There was also a **3%** increase in US welfare.

(Broda & Weinstein, 2004)

### Globalization is leading to changing food pattern...



Expanding processed food and soft drinks sector with significant FDI in India. Urban population consumed **29.4** more times of biscuits from 1987/88 to 1999/2000.

(Vepa, 2003)



Imports of meat and products increased by **88.8** times comparing 1993 and 1999 in the Philippines.

(Pedro, Barba & Candelaria, 2003)

## Undesirable Effects

### Lower-skilled workers losing jobs



US low-skilled-intensive import-competing manufacturing sector (1979-1990) :

Total employment dropped by **14.2%**

Lower-skilled workers observed **20% drop**

Higher-skilled workers observed **10.5% rise**.

(Sachs & Shatz, 1996)

### Growth in exchange of pollution



Rich countries impose stricter environmental regulations. Firms relocated production.

Poorer countries that accepted pollution-intensive industries, have per capita income increase in exchange of pollution.

(Cole, 2004)

## Creative & Cultural Industries – The Driving Force to a New Era of Creative Economy

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(BSc in Global Economics and Finance)



Creative and Cultural Industries (CCI) is one of the most dynamic and prosperous economic sectors in Hong Kong. This poster aims to introduce the important milestones of the Industries in the past decades with an in-depth analysis on its contribution to the local economy and employment. The poster also discusses the proactive role of the government as a facilitator, followed by the comments on the Industries' future.

As stated in the 2009 - 2010 Policy Address, CCI is one of the six industries where Hong Kong enjoys clear advantage. Creative and Cultural Industries (CCI) is defined as a set of knowledge-based activities that deploy creativity and intellectual capital as primary inputs. The end goods and services should show cultural, artistic and creative components. The wide coverage of the industries includes advertising, architecture, design, film, music, computer games and interactive media etc. CCI is known as the major driver of digital economy with a contribution of 4.7% to local GDP and accounts for 5.7% of employed population.

To enhance the innovation capacity of the economy, the government has launched various initiatives to support the Industries. In June 2009, the government established Create Hong Kong office dedicated to promoting the development of Industries' growth in Hong Kong. The poster highlighted 3 sectors with the highest and constant growth rate in the analysis. They are Design, Film, Video & Music and Television & Radio.

Despite the generous and continued support from the government, the development of CCI shows signs of saturation with a declining growth trend. The CCI's growth (share of GDP) has maintained at 3-5% in the past ten years, far below the government expectation of 15%. To further promote the competitiveness of the Industries, the report has identified three greatest challenges that hinder the growth and followed by corresponding measures. The three challenges include the unexplored high-end international market, the limited role and impact of CreateHK and the increasing financial expenses. To address the above hindrances, the report suggests recommendation of expansion to mainland and overseas markets, formulation of favourable policies and regulations and provision of multiple low-cost financing channels.

Creative capacity would be a determining factor to the city's long-term economic success. To continue our legend as a design and innovative hub in the Asian Region, collaborative efforts from the government, the business and the society are needed.



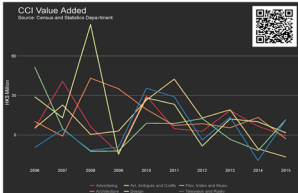
### OBJECTIVE

- To analyze the development of Creative & Cultural Industries in the past 15 years
- To evaluate the industries' contribution to the local economy
- To examine the role of government as a facilitator
- To comment on the industries' future opportunities and challenges

### INTRODUCTION

**Background:** In the 2009 - 2010 Policy Address, the government has accepted the recommendations of the Task Force on Economic Challenges and identified Six Industries where Hong Kong enjoys clear advantages.

**Definition:** The industries are defined as a set of knowledge-based activities that deploy creativity and intellectual capital as primary inputs. The end goods and services should show cultural, artistic and creative components.



### IMPORTANCE

#### Key Facts (2015)

- GDP Contribution: \$109,000 million (4.7%)
- Employment: 213,000 people (5.7%)

#### Global Context – CCI Revenue

- The industries have footprints everywhere!
- Asia Pacific: US \$743 bn
- Europe: US \$709 bn
- North America: US \$20 bn
- Latin America & Caribbean: US \$124 bn
- Africa & Middle East: US \$58 bn

### THE ROLE OF GOVERNMENT

Being an important economic driver, the industries have boosted the innovation capacity of the economy. The eleven sectors under creative industries include Advertising, Amusement Services, Architecture, Art, Antiques & Crafts, Cultural Education etc. Hong Kong has around 40,500 cultural and creative industry-related establishments, with 213,100 practitioners engaged. We have highlighted 3 sectors with the highest and constant growth rate in the analysis, they are Design, Film, Video and Music and Television & Radio. Apart from policies helping individual sectors, the government has also established Create Hong Kong office dedicated to promoting the development of creative industries in Hong Kong under the Commerce and Economic Development Bureau (CEDB) in June 2009.

### CASE STUDY

**NESTA (UK)**  
Engagement with civil society

NESTA is an innovation non-profit that aims at promoting creative economy. It helps arts and cultural organizations develop new sources of funding and reach new audiences.

### ANALYSIS

#### Art & Design

Hong Kong has become the design hub in the Asian region with the government's multi-initiatives and landmark projects in support of creative industries

#### DesignSmart Initiative:

Financial Secretary announced in his Budget Speech. With the creation of a \$250 million fund, the purpose was to encourage more product design activities

Hong Kong InDesign Centre  
2001

Design Support Programme  
InnoCentre Programme  
2004

The Jockey Club Creative Art Centre  
Design Incubation Programme (DIP)  
2006

South Island Cultural District  
represents 24 international and local art galleries, artist studios and art installations in Wong Chuk Hang, Tin Wan and Ap Lei Chau  
2013

PMQ  
designed to be a center for heritage, performances and arts orgs  
2014

West Kowloon Cultural District  
A HK\$24 billion project that encompasses 17 art and cultural venues (40-hectare waterfront site). Inside WKCD, there will be Xiqu (Chinese Opera) Centre and M+ museum, Asia's first interactive museum for 20th and 21st century visual culture  
2020

#### FILM, VIDEO & MUSIC

In 2015, the value added of the film, video and music domain was \$3.5 billion (3.2% of the total). To encourage the growth of this sector, the government has implemented different policies:

- Financial assistance: Film Development Office, Film Guarantee Fund (since 2003), max. commitment is HK\$30 million and Film Development Fund (HK\$300 million in 2007, additional HK\$200 million in 2015) were established.
- FILMART: largest film and TV market event in Asia attracting global visitors of over 8,000 in 2017
- Cinema development: In the 2017 Policy Address, new measures were introduced to facilitate cinema development (e.g. cinema requirement in the land lease in Shatin and Kai Tak)

#### TELEVISION & RADIO

In 2015, the value added of the television and radio domain was \$7.2 billion (6.6% of the total)

- Television Channels: over 800 local and overseas television channels in various languages through free-to-air (FTA) terrestrial and satellite reception
- Radio Channels: 18 radio channels (both analogue and digital)
- Broadcasting (FTA Licences): As of 2017, there are 11 channels telecasted by 4 licenses in total
- HKTV: ViUTV Channel 99 (April 2016), The English Channel (May 2017)
- FTV: Cantonese Channel (May 2017)

### OUR FUTURE

- The development of Hong Kong's CCI shows signs of saturation with a declining growth trend.
- CCI's growth (share of GDP) has maintained at 3-5% in the past ten years, far below the government expectation of 15%
- There is a stark contrast between the rapid development of CCI: Global market vs. Hong Kong market

#### Challenges

The advantages of CCI resources have not been fully utilized. The high-end international market is underexplored, and the expansion of CCI relies heavily on the Chinese market. Also, the value of HK's total exports of cultural & creative goods decreased from HK\$5.38bn (2012) to HK\$4.88bn (2015).

The Government set up CreateHK under CEDB (2009) in a bid to drive development. However, it lacks the power to formulate policy and its industry support section is limited to certain roles. Moreover, the questions still remain over the effectiveness of such supports (e.g. Design Incubation Program supported only 170 design start-ups btw 2005-2015)

A lot of HK's CCI firms face financial difficulties due to: 1) high cost of urban space and 2) competitive business environment.



Please scan the above QR code!

#### Solutions

The diverse culture and the position of Hong Kong as an international market are valuable resources that could enrich the contents of CCI. Accordingly, Hong Kong should:

- Explore markets other than China
- Leverage its role as a window to different markets
  - Platform: introduce and promote CCI firms from mainland China to the international market
- Train local talents through foreign CCI firms
  - offer attractive terms (e.g. rebates, tax concessions, free rentals) to ventures that recruit local talents

The central agency should provide sufficient policy & formulate legislation that would cultivate CCI on a long-term basis.

- Broaden the development focus
  - The development of CCI has been concentrated on a few component domains
- In the 2017 Policy Address, most of the government's focus is one the film industry. Besides film, design, animation and comics, other creative sectors were not mentioned in the 2017 Policy address.
  - Encourage equitable creative labor management
- In 2015-16, 43% of agencies reported a turnover rate of more than 20% due to poor working conditions (e.g. lack of staffs, long working hours, low wage)

CCI firms should make use of world-class financial markets to enhance its core competitiveness.

- Provide multiple financing channels
  - Bank loans, equity trading, government subsidy and market-oriented innovation of financial products etc.
- Establish professional intermediary services once the financing options are open to CCI firms
  - Third party services can carry out businesses services related to intellectual property (IP) assessment, insurance & transactions
  - reducing financial risks, hence facilitating loans regarding IP and promoting the integration of culture and finance.

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Photo Credit: Famous Wonders of the World



## Insight into Goods and Services Trade between Hong Kong and Mainland China

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(BSSc in Economics)



Hong Kong and Mainland China have maintained a close trading relationship both in goods, such as machinery and electronic parts, and services, such as travel and transportation. In the poster, we presented three interesting facts which provide a deeper insight into the development, composition, and policies of goods and services trade between Hong Kong and Mainland China.

Firstly, Mainland China is of greater importance for Hong Kong's goods trade, but less so for services trade. The light blue columns show the percentage of Hong Kong's world goods trade going to Mainland China. The data presents a steadily increasing trend, indicating that Hong Kong's goods trade is more concentrated to Mainland China. On the contrary, the dark blue columns for services are falling, indicating that Hong Kong's services trade is more diversified.

Looking deeper into the composition of goods re-exported, we found that the concentration has increased dramatically. In 1997, each category occupied a relatively even share. For an example, machinery and electronic parts accounted for 30% at that time. In 2016, the percentage surged to 74%, while the share for other sectors, such as textile and clothing, had shrunk. In other words, goods re-exported from Hong Kong to Mainland China relies more on a single industry.

As for services exported, the four major categories in 2000, including travel, transportation, financial and insurance, and others, all increased a lot after a decade. Among the four, travel especially demonstrates a huge increase. One possible explanation is the implementation of the Individual Visit Scheme, which we would explain in detail in the following paragraph.

In addition, there are some notable policies related to trade between Hong Kong and Mainland China. The first one is the Individual Visit Scheme, which allows travellers from Mainland China to visit Hong Kong and Macau on an individual basis. The policy was launched in July 2003, and after a thirteen-year implementation, the number of mainland visitors going to Hong Kong reached 43.1 million in 2016, 5 times of the number in 2013. The second policy is the Closer Economic Partnership Arrangement (CEPA), which was also announced in 2003. The policy set zero tariff for Hong Kong goods imported into Mainland China, and Hong Kong services suppliers could also enjoy a preferential treatment in Mainland China. Lastly, Investment Agreement and the Agreement on Economic and Technical Cooperation were signed in 2017. As the upgrade on CEPA for investment, they introduce obligations on investment protection to both services and non-services sectors. The overall idea of the policies is to make Hong Kong investment in Mainland China be treated more like Chinese investment.

Above contents illustrate the trade patterns between Hong Kong and Mainland China. The absolute volume and percentage of Hong Kong's trade with Mainland China are increasing, and the composition is becoming more concentrated. With the preferential policies, the trade relationship between Hong Kong and Mainland China is expected to be stronger.

## Policies

### Individual Visit Scheme 2003

In 2016,

**43.1** million  
Mainland visitors

**5X**  
number of visitors in 2003

### Closer Economic Partnership Arrangement (CEPA) 2003

- Goods imported into Mainland China

**0%** tariff  
with Hong Kong origin

- Services suppliers enjoy preferential treatment.

### Investment Agreement and the Agreement on Economic and Technical Cooperation 2017

- Introduces obligations on investment protection to both services and non-services sectors.

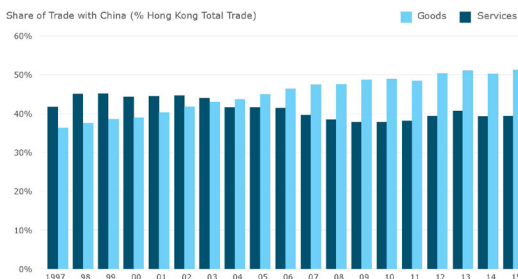


## Insight into Goods and Services Trade between Hong Kong and Mainland China

### More Goods Less Services

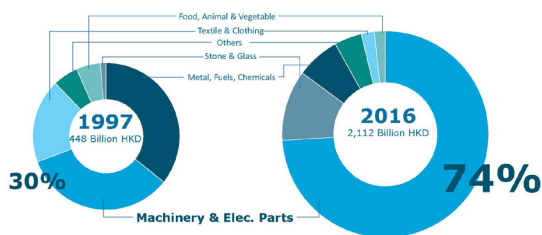
#### Importance of Mainland China to Hong Kong's Goods and Services Trade

The total value of services imported from Mainland China to Hong Kong has decreased by 24% since 2008, especially manufacturing services.



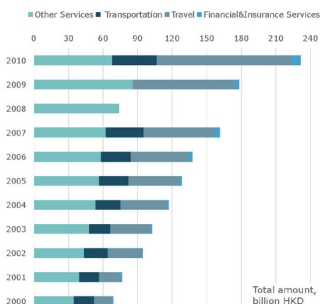
### More Concentrated

#### Composition of Goods Re-exports



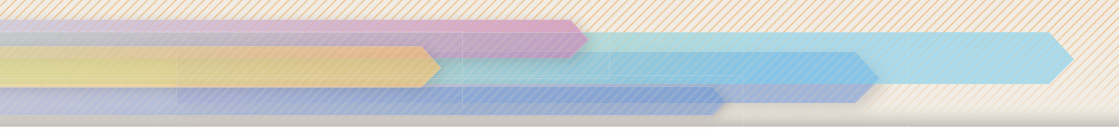
### More of Everything

#### Composition of Service Exports



“ Other services (Communication, Construction, Computer and Information, business services) was once the major composition in 2000

While in 2010, it changed to Travel. Possible explanation is the implement of individual visit scheme that attracted more visitors from Mainland China ”



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