



香港工業總會
FHKI Federation of
Hong Kong Industries

Defy Uncertainties: Connect, Excel & Build the Best Future for Hong Kong

Dr Daniel Yip
Chairman, Federation of Hong Kong Industries

Changes in Global Business Environment

Changes in Global Business Environment



US-China trade war



More demanding customers



More consumption in developing countries



Changing global value chains



More comprehensive supply chains in emerging economies



New technologies (e.g. IoT, AI, Automation)



Increasing data flow

Bracing for Headwinds & Changes



1. Strategic Market & Production Diversification



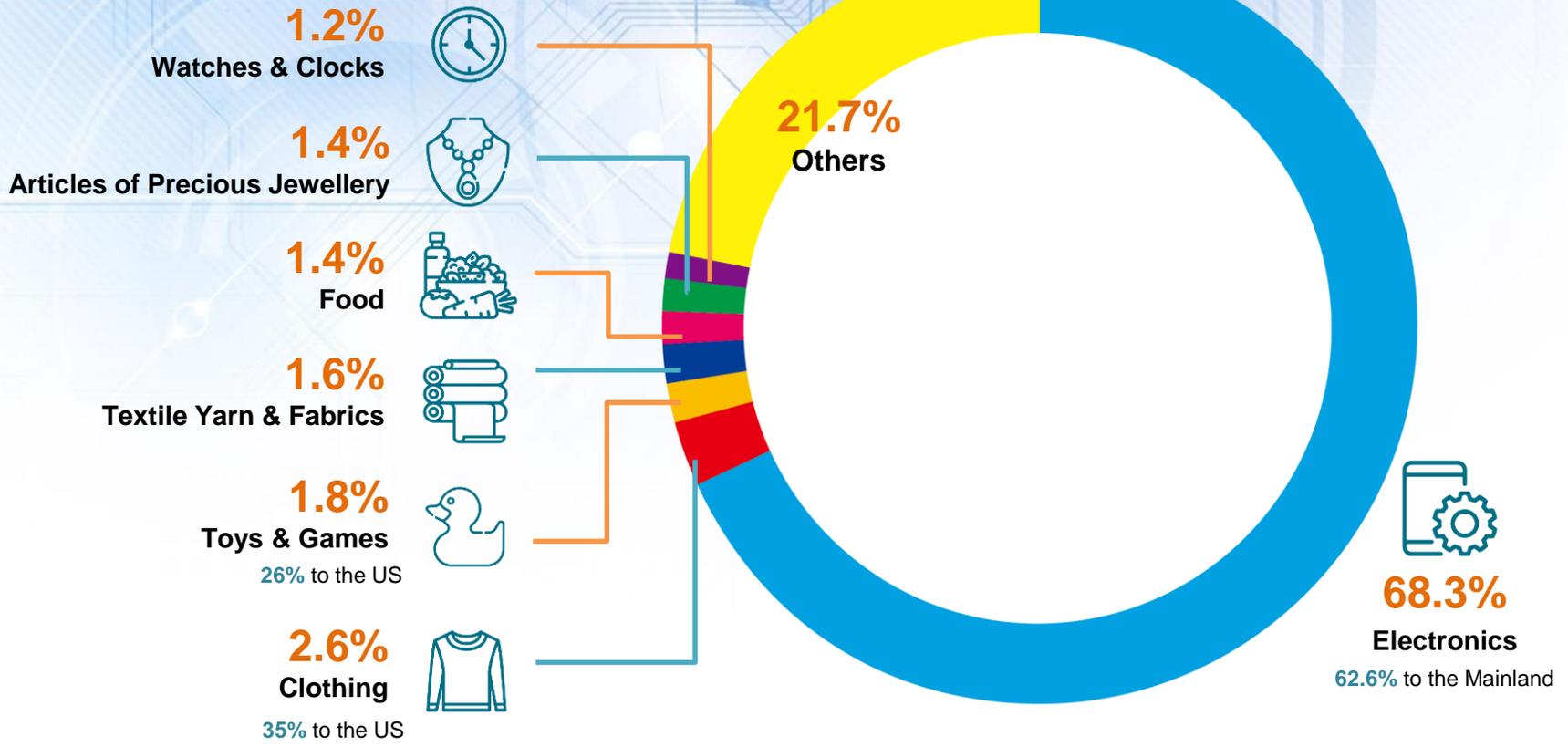
2. Efficiency & Agility Enhancement



3. Innovation

Strategic Market & Production Diversification: Concentration on the US Market

Market Concentration



Strategic Market & Production Diversification: Opportunities in Overseas Markets

Attractiveness of the Mainland Market



Total retail sales will reach **US\$5.3 trillion** in 2019;

Expected to be the **world's largest consumer market in 2021**



Per capita disposable income at **RMB28,228 (US\$4,165)** in 2018

Up **6.5%** year-on-year



Middle-class households has reached **33.2 million** as of August 2018

Projected to account for more than **1/3** of population by 2030

Significant Business Opportunities Across ASEAN Countries

The world's **3rd largest market** after the Mainland and India

The world's **4th largest economy by 2030**

The world's **3rd largest labour force** (630 million or 9% of the world's population); 50% of its population is under 30 years old

330 million Internet users by estimation



Close Ties between Hong Kong & ASEAN

Total merchandise trade between Hong Kong and ASEAN amounted to HK\$1,069.7 billion (or 12% of Hong Kong's global merchandise trade) in 2018

ASEAN was Hong Kong's 2nd largest trading partner in 2018

Hong Kong is an important entrepot for trade between the Mainland and ASEAN



Strategic Market & Production Diversification: Production Diversification

Production Diversification: “China + 1”



Enabling Factors



Labour shortages



More stringent regulations



Intensifying trade war
impacts

Special Factors for Consideration



Proximity to R&D & talent pools



Supply of quality labour

Efficiency & Agility Enhancement

Restructuring of Garment Industry

1. Problems faced by the industry:



US buyers
turn to new sources



Manufacturers
lowered FOB & CMT



Consumers
are more demanding

2. Responsive strategies:



Use technologies
to speed up sourcing
and production



Product customisation and
small batch production



Develop products
and production process difficult
to replicate

Readiness of Hong Kong in Adopting Smart Manufacturing

The “Readiness for Future of Production Report 2018” by the World Economic Forum:

- Hong Kong ranked 8th among 100 overseas places in terms of Drivers of Production (i.e. technology & innovation; human capital, global trade & investment; institutional framework; sustainable resources; and demand environment).

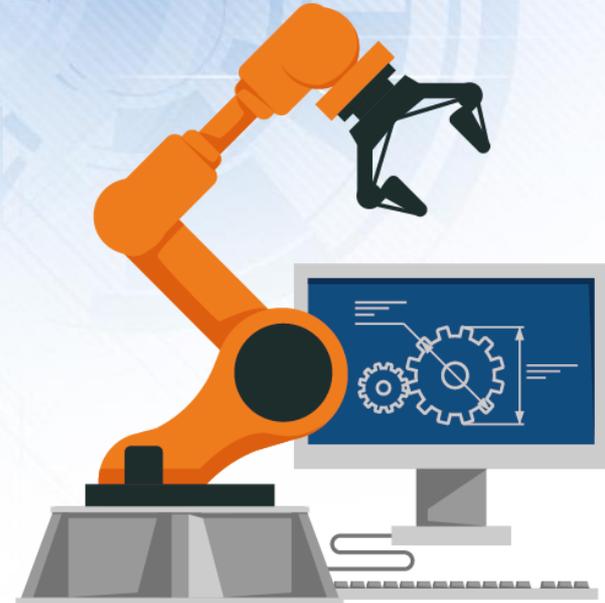


Innovation by Connecting with Right Partners

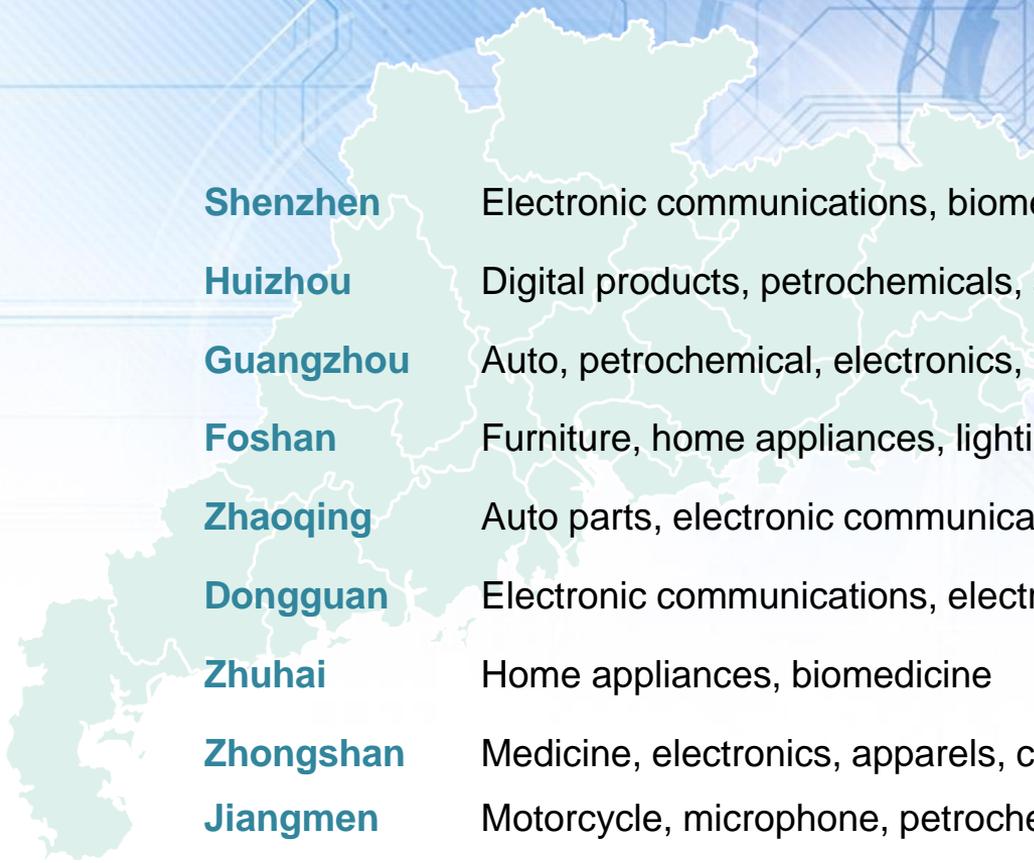
The Greater Bay Area: A Partner of Hong Kong in Development of I&T

The Greater Bay Area (GBA) has a solid foundation in advanced manufacturing with ample I&T resources in the region:

- Shenzhen-Hong Kong ranked second globally in regional cluster innovation capability by the “Global Innovation Index 2018”;
- Four of the world’s top 100 universities; and
- More than 3,000 venture capital institutions.



Focus of Each City in GBA



Shenzhen	Electronic communications, biomedicine, new energy and new materials
Huizhou	Digital products, petrochemicals, apparel, shoemaking, cement, auto and auto parts
Guangzhou	Auto, petrochemical, electronics, electrical machinery and equipment manufacturing
Foshan	Furniture, home appliances, lighting, ceramics
Zhaoqing	Auto parts, electronic communications, agricultural products, metal processing
Dongguan	Electronic communications, electrical machinery, furniture, textile and apparels, toy
Zhuhai	Home appliances, biomedicine
Zhongshan	Medicine, electronics, apparels, chemicals
Jiangmen	Motorcycle, microphone, petrochemicals, shoemaking, new materials



香港工業總會

FHKI Federation of
Hong Kong Industries

Thank You