

Speech by CE at Asian Logistics, Maritime and Aviation Conference 2021 (English only) (with photo/video)

Following is the video speech by the Chief Executive, Mrs Carrie Lam, at the Asian Logistics, Maritime and Aviation Conference 2021 today (November 2):

Margaret (Executive Director of the Hong Kong Trade Development Council, Ms Margaret Fong), ladies and gentlemen,

Good morning. I am delighted to speak at this 11th edition of the Asian Logistics, Maritime and Aviation Conference, the region's pre-eminent annual logistics event. I'm told that there are more than 10 000 participants online and in person this year, coming from some 50 countries and regions and from a wide range of professions embracing maritime, air freight, supply chain and other industries and interests. A very warm welcome to you all.

I still recall speaking at this event last year, again through a video, and I mentioned the daunting challenges faced by the global economy and the logistics industry amid COVID-19. It is disappointing to note that we are still in the midst of the pandemic, and it continues to create havoc to longstanding supply chains and logistics networks, not to mention businesses everywhere.

But we must not give up. Together, we must find a way forward in these disruptive times, and this is exactly what this year's conference, themed "Resilience, Agility, Sustainability: Reshaping the Global Supply Chain", is about. Hong Kong always has a critical role to play in the world of logistics, in good times and bad. It is because of our longstanding embrace of free trade and the free and unfettered movement of goods, capital, information and people. That unwavering commitment has made Hong Kong what it is today: one of the world's foremost trading economies and a recognised international logistics hub. According to the World Trade Organization, Hong Kong ranked sixth in the world in 2020 in terms of merchandise trade, with a value of over US\$1,100 billion, which is three times our GDP. Looking at trade and logistics as a whole, its contribution to our GDP comes in at just under 20 per cent. No less important, the sector employs more than 670 000 Hong Kong people, which is 17.5 per cent of the city's total workforce.

The trade and logistics sector, or in fact the whole Hong Kong economy, has shown remarkable resilience over the past two years, and recently we have seen clear signs of a rebound. In the first half of 2021, our economy grew by 7.8 per cent year on year. For the first nine months of 2021, the total merchandise trade value amounted to a historic high of US\$953 billion, surpassing the high in the same period in 2018 by 13.2 per cent.

The revival is brought about by an improved business environment here in

Hong Kong, thanks to the implementation of the National Security Law last year which brought stability back to our society, and the improvement to the electoral system which ensures "patriots administering Hong Kong". These two significant acts taken by the Central Authorities, sometimes known as the "winning combo", have put "One Country, Two Systems", which is Hong Kong's unique and fundamental strength, back on the right track, and brought about renewed confidence in Hong Kong's future.

It also helps that Hong Kong's response to the pandemic is among the world's most effective. With our concerted community effort and continuing vigilance, we have basically achieved "zero infection" in our city. At the same time, other than the inevitable restrictions on cross-boundary passenger flow, in the form of quarantine but not a complete lockdown, our city has been operating normally. To date, Hong Kong International Airport and the Hong Kong port have not encountered even one day's lockdown since the pandemic hit. This is the Hong Kong resilience.

Our airport, which connects to 200 global destinations and 40 Mainland destinations, continues its hub role. Last year, it moved 4.5 million tonnes of cargo and airmail, and the volume has continued to expand this year. Over the first nine months, cargo throughput grew more than 13 per cent to 3.6 million tonnes. In September alone, cargo throughput rose nearly 18 per cent, year on year. If not for the pandemic, I am sure the figure could be even higher given the 55-kilometre Hong Kong-Zhuhai-Macao Bridge commissioned in 2018. Being the longest bridge-and-tunnel sea crossing in the world, the Bridge offers seamless connections between Zhuhai and Hong Kong International Airport, enabling the flow of time-sensitive and high-value goods.

Our container port in Kwai Chung also benefits from the Hong Kong-Zhuhai-Macao Bridge, with travelling time between Zhuhai and the port reduced from three and a half hours to just 75 minutes. Our port is among the world's busiest transshipment container ports, serving about 280 container liner services a week. Last year, its throughput stood at 18 million twenty-foot equivalent units (TEUs), connecting to more than 600 destinations around the world. In the first nine months of this year, throughput reached an encouraging 13.3 million TEUs.

Charting the future, we must continue to be outward looking, given the relatively modest size of the Hong Kong market. Thankfully, the nation's 14th Five-Year Plan supports Hong Kong's enhanced status as both an international maritime centre and an international aviation hub. It recognises, as well, our ambitions to promote our world-class service industries, logistics included, for high-end and high value-added development. With the Central Authorities' support and recognition, our logistics, maritime and aviation sectors are set to enjoy boundless opportunities in the Mainland. The Greater Bay Area, with a population of some 86 million and a combined GDP of about US\$1.7 trillion, equivalent to the world's ninth-largest economy, is particularly promising.

Logistics is central to the future of the Greater Bay Area. The sector, especially the cold-chain segment, is already benefitting from the fast-growing e-commerce trade and increasing demand for temperature-controlled and

high-value goods in the region. But to fully capitalise on the Greater Bay Area promise, we must, and we will, continue to enhance logistics information flow and intermodal operations, taking advantage of Hong Kong's extensive network and connectivity. That includes the establishment of the Hong Kong International Airport Logistics Park in the Dongguan port under the sea-air intermodal transshipment initiative, and the collaboration between Hong Kong International Airport and the Zhuhai Airport. Both initiatives will significantly enlarge the catchment of our airport. In this regard, our airport is well prepared, as the three-runway system, expected to be commissioned in 2024, will boost the airport's annual passenger and cargo-handling capacity to 100 million passengers and nine million tonnes respectively.

Other than operational capacity, we will also look to nurture more talent for the industry. The Hong Kong International Aviation Academy actively collaborates with local training institutions and international organisations in offering training courses for trainees from Hong Kong, the Mainland and overseas. It will help develop Hong Kong into a leading aviation training hub in the Greater Bay Area.

Hong Kong must also leverage our strengths in maritime services in order to enhance the attractiveness of our port. Hong Kong is already home to a vibrant maritime cluster with close to 900 shipping-related companies, providing a broad range of services including ship finance, marine insurance, maritime legal and arbitration services, ship agency and management and shipbroking. We will continue to develop those services through the provision of economic incentives such as tax concession and manpower training. At the same time, we will also encourage the use of innovative technologies and drive the development of "Smart Port" initiatives for enhancing operational efficiency.

While we seek to expand our maritime industry, we have not forgotten our commitment to sustainable development. I have already announced the target for Hong Kong to achieve carbon neutrality before 2050. As part of our decarbonisation effort, we encourage industry players to adopt more sustainable shipping initiatives. As you all know, Hong Kong was the first city in Asia to mandate a fuel switching requirement for ocean-going vessels, and we will no doubt continue to promote the use of clean energy.

Thanks to such longstanding advantages as our geographical location, friendly business environment, low and simple tax regime, rule of law and independent judiciary, world-class infrastructure and abundance of professional talent, Hong Kong will continue to serve as the business and logistics gateway between the Mainland and a world of opportunity. That connectivity, and our deepening integration with the Mainland, will create fresh opportunities for Hong Kong and for the economies and companies that work with Hong Kong. I am confident that these opportunities will lead us through the difficult times, and create a bright future in the post-pandemic era.

My thanks to the Hong Kong Trade Development Council, as well as the sponsors and supporting organisations involved, for making this flagship

conference a success year after year. I wish you the best of business and health in the coming year. Thank you.

