

Speech by FS at Asian Logistics, Maritime and Aviation Conference 2023 (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asian Logistics, Maritime and Aviation Conference 2023 today (November 21):

Vice Minister Fu (Vice Minister of Transport Mr Fu Xuyin), Vice Mayor Zhang (Vice Mayor of Chongqing Municipal People's Government Ms Zhang Guozhi), Peter (Chairman of the Hong Kong Trade Development Council (HKTDC), Dr Peter Lam), Margaret (Executive Director of the HKTDC, Ms Margaret Fong), Secretary Lam (Secretary for Transport and Logistics, Mr Lam Sai-hung), distinguished guests, ladies and gentlemen,

â€‹Good morning. Welcome to the 13th Asian Logistics, Maritime and Aviation Conference (ALMAC), the largest conference of its kind in Asia.

â€‹At last year's conference, as some of you will recall, I spoke about Hong Kong's resilience to a room full of masked guests.

â€‹This year, I'm pleased to see your faces. I'm also pleased to tell you that we have come out of the pandemic. Business is back, and Hong Kong's economy is rebounding. The GDP (gross domestic product) growth this year is forecast to be 3.2 per cent.

â€‹For those of you who are coming by air, I hope you have had a smooth and comfortable flight. Indeed the capacity of Hong Kong International Airport is rapidly recovering. It is expected to reach 80 per cent of the pre-pandemic level this year, and will achieve a full recovery next year.

â€‹This week, the spotlight is on our logistics, maritime and aviation industries. I'm told more than 2 000 of you are attending the two-day conference, with some 70 speakers from 15 countries and regions. And you represent stakeholders from every sector of the value chain.

â€‹The theme of the Conference centres around the future of the global and regional supply chains. This is important and timely not only for the industry, but also for the world at large.

The global agenda

â€‹As you may know, I spent the last week in San Francisco attending the APEC (Asia-Pacific Economic Cooperation) Finance Ministers' Meeting, and, on behalf of the Chief Executive, the Economic Leaders' Meeting. At these meetings, the global economic prospects, and global issues such as climate change, digitalisation, fragmentation of supply chains, sustainable and inclusive development, were high on the agenda.

Shipping, aviation and logistics are global businesses. Allow me to take a few minutes to share with you some of the discussion that may be of interest to you.

First, the global economic outlook. It is undoubtedly challenging given the complex and rapidly changing economic and geopolitical environment. Global economic growth in 2024 will be slower than that of this year and tilted to the downside, with many economies still struggling to return to pre-pandemic growth paths. The interest rate environment will be "higher for longer". Governments worldwide have limited monetary policy options due to the overriding priority of combatting high inflation. They also have limited fiscal space due to large deficits resulting from pandemic expenditure over the past three years, and borrowing ratios of many economies are already quite high. Therefore, governments are very keen to rebuild the resilience of their economy and fiscal space to cushion future shocks.

Second, combatting climate change is a significant and pressing task. And that calls for a significant amount of investment. For instance, Asia alone will need US\$66 trillion in the coming three decades to fund its green transition. Governments alone would not be able to fund all these, and private-sector resources would be pivotal to reaching net-zero targets.

Third, rising protectionism, geo-fragmentation, and the consequential disruptions to international trade, investments and supply chains are worrying. How to get the world together to return to a rules-based multilateral trading system and strengthen the interconnectedness and co-operation, is an important issue to address.

Fourth, innovation and digital economy. While emerging technologies such as AI (artificial intelligence) are transforming the economy and bringing tangible benefits, there is a consensus to manage the associated risks and to enable better inclusion so that the benefits will be shared by all.

Insights for us

So what do these trends tell us? How would they impact on the global supply chain and the logistics industry? What are the challenges and opportunities? And how should we respond? I think the best is to leave answers to you, the many experts and thought leaders here to reflect on and share your valuable insights. But from Hong Kong's perspectives, allow me to highlight just one point.

Given the lingering geopolitics and geo-economic fragmentation such as re-shoring, friend-shoring or even on-shoring, while traditional markets such as Europe and the United States will remain important, the need to diversify will drive people to look for new markets and new sources of supply.

That means there will be more business with the ASEAN (Association of

Southeast Asian Nations), the Middle East, and indeed the Belt and Road countries. In other words, the demand for logistics, maritime and aviation services with and within this region will rise rapidly. The trade figures published by China and economies in these regions have demonstrated such a clear trend.

And Hong Kong will remain committed to our superconnector role and be a platform providing high value-added logistics, maritime, aviation, financial and risk management services. We will continue to be a steadfast supporter of free trade and multilateralism, advocating for the reduction in trade barriers, and the free flow of goods and services, people and capital.

Ladies and gentlemen, my thanks to the Hong Kong Trade Development Council for once again organising this year's Conference with the Government.

I am also grateful to the Hong Kong Logistics Development Council and the Hong Kong Maritime and Port Board, as well as the many other sponsors and supporting organisations involved in putting together this year's flagship event.

I wish you all a rewarding conference, and Maritime Week, and the best of business and health in the coming year. Thank you.