

Speech by STL at business luncheon in Ho Chi Minh City, Vietnam (English only) (with photo)

Following is the speech by the Secretary for Transport and Logistics, Mr Lam Sai-hung, at a business luncheon in Ho Chi Minh City, Vietnam, today (October 12):

Mr Vo (Vice President of the Vietnam Chamber of Commerce and Industry Mr Vo Tan Thanh), friends from the business, distinguished guests, ladies and gentlemen,

Xin chào. Good afternoon. It gives me great pleasure to be with you today to discuss the business opportunities in the logistics industry of both Vietnam and Hong Kong.

Other than as the minister responsible for Hong Kong's transportation, aviation, maritime and logistics development, I am here also in the capacity as the Chairman of the Hong Kong Logistics Development Council (LOGSCOUNCIL), which is the Hong Kong Government's adviser on all things logistics-related. I am joined by representatives of the LOGSCOUNCIL, who are our city's most experienced and knowledgeable industry players from sectors ranging from sea, air and land transport to freight forwarding, distribution and supply chain management.

Before the COVID-19 pandemic, the LOGSCOUNCIL paid an annual trip to different parts of the world to promote Hong Kong's role as an international logistics centre and, most importantly, to explore collaboration with our counterparts in the ever-developing logistics industry. As the world returns to normalcy after the pandemic, we are more than excited to have Vietnam as the destination of our first overseas visit in a few years, with Hanoi as our first city, and Ho Chi Minh City as the concluding destination of our trip.

Trade relations between Vietnam and Hong Kong/Mainland China

Not only is Vietnam an expanding economy with significant growth in its logistics, manufacturing and commerce sectors, it is also one of the closest trade partners of Hong Kong and Mainland China.

A little fun fact about Hong Kong – in Tsim Sha Tsui, one of our tourist attractions, there are two busy major roads named Haiphong Road and Hanoi Road. They had been named after the Vietnamese cities since the early 1900s. This is just one of the many examples reflecting Hong Kong's cordial relations and close business and logistics ties with Vietnam since early days of the city.

Fast-forward to the present, Hong Kong and Vietnam continue to benefit

from a strong and thriving bilateral trade attributable to the geographical proximity and economic development of the two areas. Importance of Vietnam to Hong Kong can also be demonstrated by the fact that Vietnam was the second largest supplier of rice to the city last year.

Of course, our bilateral trade is much more than that. Last year, bilateral trade in goods between Vietnam and Hong Kong amounted to around US\$33 billion, with an impressive annual growth rate of about 15 per cent from 2018 to 2022. Hong Kong and Vietnam are each other's seventh largest trading partner in terms of trade in goods. Vietnam is even Hong Kong's second largest trading partner, among the 10 ASEAN (Association of Southeast Asian Nations) member states. Our bilateral trade ties are becoming closer with the Free Trade Agreement and Investment Agreement signed by Hong Kong with the ASEAN, which entered into force in full in 2021.

As an international trade and logistics centre, Hong Kong continues to serve as the ideal gateway between Mainland China and the world, including Vietnam. Last year, around US\$23 billion's worth of trade between Mainland China and Vietnam routed through Hong Kong, amounting to around 9 per cent of the total trade between Mainland China and Vietnam.

The laden container throughput between Vietnam and Hong Kong totalled around 800 000 twenty-foot equivalent units (TEUs) in last year. Of this, over a quarter were transshipment relating to the Vietnam-Mainland China trade.

Also in last year, the air cargo throughput between Vietnam and Hong Kong totalled around 130 000 tonnes, of which nearly half were transshipment cargo.

More collaboration between Vietnam and Hong Kong

As the doorstep of Mainland China, we are optimistic that the bilateral ties between our two places will continue to flourish with the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). Hong Kong is bestowed with the strong support of our country and the long-standing global connections under the unique "one country, two systems". The city is, and will continue to be, an important conduit between Mainland China and the world. We are expanding our co-operation with Belt and Road partners in a wide range of areas. With Vietnam as one of the major economies along the Belt and Road and a founding member of the Asian Infrastructure Investment Bank, there should be enormous room of further collaboration between Vietnam and Hong Kong, of course including trading and logistics.

Hong Kong logistics services providers can offer Vietnamese companies and producers customised logistics solutions, targeting in particular high-value products, in order to better reach out to the growing consumer markets in the GBA and beyond. The bay area is a cluster-city development that counts the special administrative regions of Hong Kong and Macao, and nine other cities in southern China. The GBA boasts an affluent, consumer-led population

of more than 86 million. The combined GDP of the bay area's 11 cities has surpassed US\$1.9 trillion last year. That is equivalent to the 10th largest economy in the world. It also represents a huge market for e-commerce with the increasing popularity of online shopping.

Time is key to modern logistics services, especially for e-commerce logistics. Benefitting from the comprehensive sea, land and air multimodal transport network with other cities in the GBA, many overseas and Mainland companies have established their logistics operation in Hong Kong or are making use of the city's world-class logistics services for their supply chain management in the region. At present, quite a number of well-known overseas retail enterprises have imported overseas products into the Mainland through Hong Kong via e-commerce mode. More advanced modern logistics facilities with sustainable and green features (such as cold chain storage) are also being developed by both local and overseas investors in Hong Kong to meet the raising global demand for modern logistics services.

What's more, we will continue to upgrade our logistics infrastructure. With its extensive flight service network and world-class airport infrastructure, our airport has been the world's busiest airport for many years. Last year, it handled 4.2 million tonnes of total cargo throughput. With the target of being switched from a two-runway system to a three-runway system by the end of next year, our airport is expected to reach the targets of handling 10 million tonnes of cargo annually by 2035.

The Hong Kong Port is also one of the most efficient ports in the world, with an annual throughput of nearly 17 million TEUs last year. We have been striving to advance smart and green port development with a view to strengthening the operational efficiency and driving sustainable development.

Closing

Ladies and gentlemen, if Hong Kong is not yet on your list, I would strongly encourage you to act fast. Last week, we already welcomed 30 high-profile strategic companies to set up or expand their businesses, their future, in Hong Kong.

We look forward to fostering a closer partnership with Vietnam and welcoming all of you to pay a visit to our beloved city to experience its business vibrancy and the East-meets-West culture. Our LOGSCOUNCIL members are also most happy to share with you their insights on and experiences in doing business with Mainland China, including the advantages of routing your goods through Hong Kong.

Last but not least, thanks a lot for joining us today. My sincere thanks also go to the partnering organisations of today's luncheon, including the Vietnam Chamber of Commerce and Industry, the Hong Kong Economic and Trade Office in Singapore, Invest Hong Kong and the Hong Kong Trade Development Council.

May I wish you good health and best of business in the years to come.

