Strengthening Hong Kong as a center of trade

The Commerce and Industry Bureau

Yvonne Choi

Yvonne Choi works for the Hong Kong Commerce and Industry Bureau.

The following briefing was provided by Ms. Yvonne Choi, deputy secretary for commerce and industry in the Commerce and Industry Bureau.

In the three years since Hong Kong’s reunification with China, Hong Kong has continued to enjoy full autonomy in trade and economic matters. When China becomes a member of the World Trade Organization, the only changes anticipated in Hong Kong are increased freedom of information and transparency of business operations.

This is good news for the Commerce and Industry Bureau, which is responsible for external commercial relations for the Hong Kong Special Administrative Region. The CIB has a dual mission: to strengthen Hong Kong as an international trade and business center; and to increase the added value and productivity of Hong Kong’s manufacturing and service industries.

The CIB actively promotes trade around the world: It has ten offices in Mainland China and ten overseas economic and trade offices. The Geneva Office represents Hong Kong as a Member of the WTO. The Brussels Office represents Hong Kong’s economic and trade interests to the European Communities. There are offices in London, Toronto, Tokyo, Singapore, Sydney, Washington D.C., New York and San Francisco.

Trade promotion is not entrusted to the government’s Trade and Industry Department; rather it is the bailiwick of private industry and of the Trade Development Council, a statutory body.

Hong Kong is a separate customs territory and participates in international organizations such as the WTO. Hong Kong also has an active profile in the Asia-Pacific Economic Cooperation, seeking free and open trade and investment by 2010 for industrialized economies and by 2020 for developing economies.

Gateway location

With its strategic location, Hong Kong serves as a gateway to Mainland China, its number one trading partner. According to Yvonne Choi, Hong Kong is taking full advantage of China’s open door policy and moving many of its manufacturing operations to the Mainland to take advantage of its lower labor costs and existing infrastructure.

Close cultural and historical links to each other smooth the way to good business relationships. However, as a trading partner, Hong Kong receives no special treatment from Mainland China; the SAR is treated as though it were any other trading partner, paying the same tariffs and subject to the same restrictions and requirements.

The United States is Hong Kong’s number two trading partner. There is a strong U.S. presence in Hong Kong with more than 1,000 U.S. companies and 50,000 Americans on site. The CIB welcomes visits by U.S. business people to explore for themselves what the SAR offers.

Challenge remains

As a result of the Asian financial crisis, Hong Kong suffered a major setback in 1998 with 5.8 percent negative growth and 6 percent unemployment (up from 3 percent before the crisis). The government,
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seeking a quick recovery from the crisis, made a course correction that brought down the cost of goods and made Hong Kong more competitive in the world market.

Growth in 1999 was 2.9 percent and 2000 is on target to end in positive territory. The robust economic situation in Mainland China, external trade, non-interference by the government in market forces, and the lower costs of goods can all be credited for the improvements in the economy.

The Hong Kong government is fully committed to the protection of intellectual property, attacking the issue through legislation, enforcement, education, and improving liaisons with business and trading partners.

The mind set regarding intellectual property is changing in Hong Kong, but it is not changing as rapidly as some would like.