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HK-ASEAN trade ties shift into top gear

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By Oswald Chan in Shenzhen(HK Edition)

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Hong Kong and the Association of Southeast Asian Nations (ASEAN) have struck up a closer economic partnership even before the conclusion of a free trade pact between them by the end of this year.

Last year, Hong Kong's total exports to ASEAN - the SAR's second-largest trading partner after the Chinese mainland - rose 4.8 percent to \$34.8 billion, while imports totaled \$70.8 billion, posting a 2.4-percent drop after having grown 10.1 percent in 2014.

Kerry Logistics Network - a Hong Kong-listed logistics service provider with exposure across Asia and also a subsidiary of Kerry Properties, which is controlled by the family of Malaysian property magnate Robert Kuok Hock Nien - is one example of how Hong Kong enterprises have tapped into ASEAN's logistics market.

The company said earlier this year that construction of the fourth phase of Kerry Siam Seaport in Thailand's coastal Laem Chabang region has begun, and the facility will be developed into a key cargo gateway to cope with growing trade within the 10-member Southeast Asian grouping.

The new project, due to be completed by 2019, will see the number of berths doubled from 10 to 20, with its total length extended from 1.5 to 2.8 kilometers. The port at Laem Chabang currently handles millions of tons of cargo from across the region and beyond for some of the world's leading brands.

Kerry Logistics said it has also won concessions to operate two inland ports in Myanmar to enable it to venture into terminal logistics operations in the ASEAN region. The ports will serve as container and cargo terminals, as well as hubs for exporters, importers and domestic logistics service providers of cargoes.

"Given Kerry Logistics' presence in ASEAN, our goal is to further strengthen the linkage among countries in the region and seek accelerated growth by developing an integrated platform covering Thailand, Cambodia, Myanmar and Laos," says Kerry Logistics Chairman George Yeo.

Moreover, ASEAN, whose GDP grew by 4.4 percent in 2015, has moved to fire the imagination of Hong Kong-based logistics players.

TILOG-LOGISTX 2016 - an exhibition on logistics service providers, technologies and solutions for ASEAN-6 (Indonesia, Malaysia, the Philippines, Brunei Darussalam, Singapore and Thailand) and



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co-organized by Thailand's Ministry of Commerce - is set to kick off in Bangkok on Sept 21 this year. It marks the first time the event is wooing logistics companies from Hong Kong.

"The exhibition will become a connectivity platform for logistics providers to enhance efficiency in the logistics sector and minimize service costs for end-users," says Duangrat Udomsomporn, senior manager-portfolio at Reed Tradex Co - a co-organizer of the event.

The Chinese mainland is ASEAN'S largest trading partner, with bilateral trade expanding by more than 20 percent annually over the past two decades. Last year, \$33.7 billion, or 97 percent of Hong Kong's exports to ASEAN, were re-export items, of which 69.8 percent came from the mainland, followed by the US (4.6 percent) and Brazil (3.3 percent).

With a combined population of about 620 million, ASEAN's aggregate economy surpasses \$2.5 trillion, with average annual GDP growth of around 6 percent in the past decade, according to the ASEAN Secretariat and the Asian Development Bank (ADB).

The ADB expects the trade bloc's economy to grow 4.9 percent this year on the back of higher exports and infrastructure investment, as well as domestic consumption of member states.

4.8 percent

"Thailand is no longer a sole exporting country. It's becoming an importing country that will boost demand for Hong Kong's advanced logistics technologies and services," says Witt Maneenetr, trade commissioner and consul for commercial affairs at the Thai consulate general in Hong Kong.

rise in value of Hong Kong's total exports to ASEAN (Association of Southeast Asian Nations) in 2015 from a year ago

Lin hopes the SAR government can conclude a free trade pact between Hong Kong and ASEAN as soon as possible.

"The SAR should expedite the conclusion of the Hong Kong-ASEAN free trade pact, sign more comprehensive double tax agreements with other countries and ink more investment protection arrangements as soon as possible, so that local enterprises can export their professional services sought by ASEAN companies," he says.

Hong Kong's has been mulling its own free trade agreement with ASEAN within this year. The trade negotiations cover tariff-rate arrangement, intellectual property protection, as well as liberalization, promotion and investment protection.

Hong Kong, Lin says, should build up its trade ties with ASEAN economies to make its trade mix more diversified that can weather the mainland's economic slowdown.

In 2014, ASEAN exports' biggest three categories to Hong Kong were electrical equipments, electronics and parts; mineral fuels and oils; and machinery and mechanical appliances and parts.

"On the one hand when Hong Kong is too reliant on the Chinese mainland for the transshipment business, other ASEAN members like Thailand are more prone to utilizing Hong Kong port to export their goods to the US market. Hong Kong should seize this opportunity to diversify its trade and



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Piles of containers in a port in Hong Kong. The city is urged to build up its trade ties with ASEAN (Association of Southeast Asian Nations) economies to make its trade mix more diversified that can weather the mainland economic slowdown. provided to China Daily

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