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Impatient for Change

急於求變

Businesspeople remain optimistic about the future of the European Union, but are frustrated by the slow pace of change

商家對歐盟的前景仍感樂觀，但緩慢的改革步伐卻叫他們失望

European business leaders are impatient about changes to be made in Europe. Yet, they remain optimistic about the European Union's long-term prospects for prosperity and global prominence. This was the core message shared by members of the Chamber's Europe Committee, and at their meeting last month, rather than talk of doom and gloom, discussions revolved around opportunities that are presenting themselves because of the economic crisis.

From most crises, opportunities spring forth, the committee's Chairman Neville Shroff told *The Bulletin*. "You can see this with the stock market in Europe, which has increased significantly from its lows. The countries that struggled over the last few years are the ones which will possibly present the best medium and long term opportunities."

In a recent study, titled 'State of the European Union Report,' conducted by global

business school INSEAD, Javier Gimeno, professor of strategy at INSEAD, said business leaders want to move the debate beyond whether budget austerity or growth stimulation will revitalise Europe. What businesses want to see is positive action, instead of hand wringing.

Overall, the mood is one of impatience with a strong call to action. Business is demanding that the E.U. take bold steps to promote economic, political, and social policies that directly address growth. There should be no sacred cows. The question is, will European leaders have the courage to act?

The report analyses the responses of 1,500 executives both inside and outside of Europe who were asked about the economic, social, and political aspects of the European Union.

Corporate leaders strongly believe that the business sector will drive growth. Because of this, they say their voices must be heard by policymakers. ❀

歐洲商界領袖對於當地的改革步伐焦急不已，然而，他們對歐盟長遠的美好前景和國際地位仍感樂觀。以上是總會歐洲委員會在6月會面時，會員分享的主要訊息。當天大家並沒有談及經濟陷入一片愁雲慘霧，而是集中討論經濟危機為他們帶來的機遇。

「正如大部分危機一樣，有危必有機。」歐洲委員會主席尼維利施樂富向《工商月刊》表示：「觀乎歐洲股市已從低位大幅回升，就可知一二。在過去幾年極力掙扎的幾個國家，或會帶來最佳的中長期商機。」

根據全球頂尖商學院歐洲工商管理學院（INSEAD）最近進行的研究《歐盟狀況報告》

（State of the European Union Report），該學院策略管理教授Javier Gimeno表示，商界領袖不想再反覆討論預算緊縮或刺激增長的措施能否復興歐洲，他們想看到的是積極行動，而非紙上談兵。

整體而言，歐洲商家已感到很不耐煩，並強烈呼籲當局採取行動。商界要求歐盟大刀闊斧，推出經濟、政治及民生政策，直接推動增長。事實上，沒有甚麼制度是神聖不可推翻的。但問題是，歐洲的領袖會果敢行動嗎？

上述報告分析了歐洲內外共1,500位行政人員，對歐盟的經濟、社會及政治方面的意見。

企業領袖深信，商界可推動經濟增長。因此，他們表示商界的聲音絕對不容忽視。



主要調查結果包括：

經濟

- 82%企業領袖認為歐洲的競爭力與其他地區存在差距，而49%相信有關差距將於未來10年進一步拉闊。
- 88%受訪者認為，最首要的經濟政策是重拾歐洲的生產力；大部分人相信，經濟增長將由中小企帶動，而非跨國企業或國營企業。
- 88%受訪者相信歐盟可更積極行動，在國際舞台上代表商界。舉例說，歐盟可與其他國家協商更穩健的貿易聯繫，但同時要改變海外商家的想法，因為他們認為歐洲是由多個分散零碎的市場組成，而非單一的聯盟組織。

社會

- 年青人的失業問題令人關注；逾七成商界領袖希望當局推出稅務優惠，讓他們聘請更多年青人和進行投資，並資助他們為現有員工提供再培訓。

科技創新

- 八成商界領袖最關注的是中國的創新威脅，但對於來自印度、日本和美國的同類競爭，則未如以往幾年般憂慮。

The survey's key findings include:

Economy

- 82% of corporate leaders see a gap between Europe's competitiveness and that of other regions, and 49% believe this gap will increase in the next 10 years.
- Restoring Europe's productivity is the key economic priority of 88% of respondents; the majority believe that growth will be spurred by small and medium-sized businesses, not multinationals or state-owned enterprises.
- 88% believe the E.U. could do more to represent business on a global stage – for example, by negotiating stronger trade links – but it will have to overcome the perception by non-European business leaders that Europe is a fragmented collection of markets rather than a single bloc.

Society

- Youth unemployment is a key concern; over 70% of business leaders are looking for tax incentives to hire more young people and investments and subsidies to help in retraining the current workforce.

Technology and Innovation

- Eight out of 10 business leaders are most concerned about the innovation threat from China and are less worried than in previous years about similar competition from India, Japan, and the United States.



What Do the Europe Committee Members Think?

The EU Commission said it sees light at the end of the tunnel in 2014, which some commentators feel is optimistic to say the least. But what do businesspeople dealing with Europe on a day-to-day basis believe? Are things as bad as the media portrays? Or are there opportunities ripe for the picking? *The Bulletin* asked members of the Europe Committee to share their views.

B: Are things in Europe as bad as the media portrays?

Certainly not! If you visit the main cities – except for a few countries – and look at the shops, you will find many shoppers purchasing goods. If you try to get a reservation in a restaurant, you will have difficulty, particularly in the high end ones. Personally, I see a bright light at the end of the tunnel.

– *Neville Shroff, Chairman and CEO, Shroff & Co Ltd*

The crisis in the euro zone continues to ebb. Unfortunately, a lasting breakthrough is still not in evidence as the easing of financial market tensions has barely impacted the real economy. For 2013, we expect negative euro zone growth of 0.6%. On the brighter side, the growth forecast for 2014 stands at plus 1.1%, implying a relatively strong quarter-on-quarter GDP growth rate of 0.4% for the coming year.

– *Eberhard Brodhage, General Manager, Commerzbank AG, Hong Kong Branch*

The EU is a big and complex mechanism which needs more time to recover from the downturn. My experience is to look for acquisitions and investments when the economy is low in Europe and where asset valuations are relatively low and sound.

– *K K Yeung, Chairman, K K Yeung Management Consultants Ltd*

On the surface nothing is different from before, this is where the media gives the wrong impression, but on a deeper level, people's income and purchasing power is diminishing gradually and there is little hope of it going up again. Europe's young generation know now that they will have to fight for a job in the future, even go overseas, which is a big change to the fab-



ric of society, because they expected their country to provide them with work.

– *Marc Castagnet, Director, International Communication Services Ltd*

The media tend to publish stories that are incomplete, often incorrect, and often with an edge of scandal instead of just taking the numbers and letting them talk for themselves. Take the Italian economy as an example: its public debt is one of the highest in the world after Japan. However, individually the savings and assets of Italians are larger than those of Germany and France. If you add the public debt to the private one, Italy is then one of the best countries in the European Union.

– *Donatella Oliboni, Chief Representative, Banca Popolare di Vicenza Scpa*

B: How are you capitalizing on Europe's economic situation?

Their property markets have probably reached the bottom, and with some patience and a certain risk appetite, one could reap some interesting rewards.

– *Neville Shroff*

One observation that I made from our trip to Europe, particularly the Eastern and Central European countries, is that companies there are very keen to do business with Mainland China. Many are very China-ready.

– *Edmond Yue, Director, Wo Hing Construction Co Ltd*



Spain is one of the few countries in the European Monetary Union where labour costs have diminished while productivity has increased. Foreign trade figures show a much more balanced economy, not only because of a decline in imports, but mainly due to an increase in exports.

– *Victor Pacheco, Director,
Spanish Chamber of Commerce*

Thanks to the crisis there are many bargains to be had by foreign investors in Italy right now. In real estate, land and key industries, both small- and medium-sized companies, can be bought at a discount. Other sectors include biological agriculture, tourism, and green energy.

– *Donatella Oliboni*

B: Which countries or industries are you looking to expand business with?

There are good and cheap companies to buy into or invest in, particularly in Spain and Portugal. I like property in those two countries, but there are also some second-tier fashion brands and others that would provide interesting investments.

– *Neville Shroff*

A continuing theme is capital goods exports to Asian countries, particularly those supporting the further automation of Chinese industries. Equally, European brands continue to

find their way into the hearts of Asian consumers. A much underrated business is the growing number of Asian tourists to Europe, possibly one of the fastest growing segments at this time.

– *Eberhard Brodhage*

Many farmers are our customers and we try to help them to invest in and promote natural and biological products – Italy leads Europe in this field – because we believe that there will be a bright future for such products and demand is increasing.

– *Donatella Oliboni*

Spain is the second largest European vehicle manufacturer, after Germany. Just a month ago, the automotive industry announced they will invest €3,000 m (2012-2015) in the Spanish plants.

– *Raul Guerra, Business Development Manager,
Invest in Catalonia*

In the case of Spain, there are great opportunities in real estate, not only in residential properties, but also in commercial and tourism facilities.

– *Victor Pacheco*

I am looking at Holland, Belgium, Germany and the U.K., primarily to invest in equities.

– *K K Yeung*