

Report on the Seminar

Engineering Projects Development in ASEAN Member Countries, 25-11-2009

The seminar was funded by the Professional Services Development Assistance Scheme (PSDAS), established by Government to provide financial support for projects which aim at increasing the competitiveness of Hong Kong's professional service sector and enhancing the standard of professional services in Hong Kong.

The seminar was organized by AES, supported by Biomedical, Civil, Environmental, Automatic & Instrumental, Materials Divisions and Safety Specialist Committee of HKIE, Hong Kong Association of Risk Management and Safety, Hong Kong Institute of Utilities Specialists, Institute of Measurement & Control, Hong Kong and Association of Operations Engineers (Hong Kong).

The seminar was held on 25 November 2009 at the Hong Kong Convention & Exhibition Centre. It was attended by over 150 people came from various disciplines: construction stakeholders, IT professionals and the like. There were three speeches i.e. Welcome Remark, Keynote Address and Opening Address; eight topics delivered by various speakers in three sessions. Questions and answers were held at the end of each session. It was noted that active discussion and interaction were made amongst the speakers and audience.

The seminar was conducted as follows:

1. Welcome remarks

Dr. Raymond Ho remarked that after the recent global financial tsunami triggered by the US subprime crisis, the emerging economic development of ASEAN Members and China would become the new powerhouse of the world. There were increasing opportunities of trade and investment among the Asian countries. The growing economic development of ASEAN and China would push forward the infrastructure development in the region. As Hong Kong had gained a lot of experience in infrastructure development in particular the mass-transit, transport, cross-boundary, new urban development and renewal; the experience would be beneficial and relevant to the infrastructure development of the ASEAN.

2. Keynote Address 1

The Hon. CY Leung, Convener of the Non-official Members of the Executive Council & Chairman of the Hong Kong Coalition of Professional Services, shared with us on how Hong Kong professional service providers could benefit from the China's 'going out policy' through partnership with ASEAN's professionals. From his successful experience of providing professional services in Mainland, he recommended Hong Kong professionals could apply similar services, in partnership with local professionals in ASEAN, such as:

- (a) To strengthen the support for the development of construction and related engineering services sector in ASEAN markets.
- (b) To enhance the cooperation of the construction and related engineering services sectors between Hong Kong and ASEAN.
- (c) To target the urban construction and development projects in second-tier cities in ASEAN for "one-stop" integrated services, covering whole project life cycle including financing, feasibility studies, planning consultation, environmental assessment, design, contract management, construction supervision and project management.

3. Keynote Address 2

Mr. Tsang Chun Wah, Financial Secretary gave his theme of his talk "Opportunities for co-operation in engineering". He said that promoting economic development through infrastructure projects was one of the main strategies to achieve the goal of "Progressive Development" to underpin Hong Kong's sustainable growth.

Hong Kong had experienced high-speed growth over the past 30 years, partly driven by infrastructure development, including waterworks, transport infrastructure, Airport Core Programme. These projects had helped to expedite urbanisation and bring economic benefits to Hong Kong and her region. He mentioned the 10 Major Infrastructure projects to be implemented in Hong Kong for the next decade.

He said that rapid economic growth and the liberalisation of the market in the Mainland would bring benefits to Hong Kong as well as other neighbouring ASEAN economies. As Hong Kong was the premier gateway for overseas entrepreneurs doing business on the Mainland, and for Mainland firms to seek opportunities overseas, Hong Kong would act as an Asian hub for a variety of things. Hong Kong had been able to attract a great deal of investment through her open markets and a free flow of talent, capital, information and ideas; because of having a business-friendly environment with low taxes, efficient civil service and zero tolerance of corruption; this helped to transform Hong Kong from a manufacturing base into a high-value-added economy based on services including engineering services, project

planning, construction management and risk management services, as well as services provided by consultants and contractors. These were some of the areas where Hong Kong could contribute to regional engineering co-operation.

4. Opening Address

Mrs Rita Lau Ng Wai Lan, Secretary for Commerce and Economic Development, said that ASEAN were important trading partner. Hong Kong's bilateral merchandise trade grew at an annual average rate of some 11% between 2004 and 2008 and increased by 5% in 2008. ASEAN was Hong Kong's 3rd largest trading partner in 2008, after Mainland China and the European Union.

As Hong Kong began to come through the trauma of the global financial crisis, Hong Kong was searching for the engine to restart her economic growth in a sustainable way. Engineers had a certain key and prominent role to play. China had seized the opportunity not only to tide over the present difficulties but to invest in the future with stimulus packages comprising public funding for both domestic and regional infrastructural development projects. These projects helped to ensure movement of people and goods seamlessly, connected people wirelessly across borders.

She said that economists and financial analysts around the world had been forecast that Asia's economic growth would outpace the rest of the world. There was no need to look afar, as nearby ASEAN countries that were endowed with rich natural resources, added with Mainland China's economic growth there would have enormous opportunities waiting to be tapped. She said that Hong Kong had a well developed services industry contributing some 92% of our GDP. The standards of the professional services were ranked among the highest in the world; engineers had won numerous international awards. As Hong Kong knew the technology, the business and the market, Hong Kong professionals could contribute to the infrastructural development of ASEAN Members and in turn their economic growth. Hong Kong had also joined in to tackle her mutual care and concern for climate change, environmental scientists and engineers would have an increasingly vital role to play.

She said that Hong Kong would be embarking on two ambitious road and railway projects which would connect Hong Kong even more closely to the whole of Mainland China, thus realising the dreams of driving and riding all the way from Hong Kong to Guangxi, Thailand, Cambodia, Vietnam, ultimately to Singapore.

5. Development Potential of the Socialist Republic of Vietnam

Mr. Pham Cao Phong, Consul General of the Socialist Republic of Vietnam briefed us on the latest development in Vietnam and the anticipated projects. He said that there were ample opportunities for Hong Kong engineers to contribute in Vietnam, in particular on the areas of mass transportation system, road work system, infrastructure and urban development.

6. Discussion on Guangxi –ASEAN Engineering Project Cooperation and Development

Mr. Gan Xiang-qun, vice-president, senior engineer of Guangxi Association for Science and Technology (GXAST), opined that following the completion of the Free Trade Area between ASEAN and China, more than 90% commodity would have zero customs duty. In 2010, the free trading area population would top 1.9 billion, GDP be amount to US\$6,000 billion. This free trade area would become the world's third largest economy free trade area after EU and N America free trade area. The regular China-ASEAN Expo and investment summit held every year had provided important platform for the engineering project cooperation opportunities. Guangxi economy had developed fast and would provide many opportunities for enterprises in China and ASEAN to take part in the areas of:

- (a) Infrastructure projects for countryside, tourism, logistic, ports, road, railway, aviation
- (b) Information technology for agricultural product wholesale market & trade system, information service security, e-government service, emerging service industry development project.
- (c) Power grid project;
- (d) Water conservancy facilities, hydro-electric projects;
- (e) Ecology protection, environment protection, prevention of disease and alleviation of natural disaster (earthquake, flood, drought and desertification)

In recent years, GXAST had developed positively with ASEAN and local science and technology organization as well as the engineering technical exchange. Organized experts to visit ASEAN and invited experts and engineers to Guangxi for lectures and exchange, GXAST had close cooperation with HKIE and AES. Since 2000, Guangxi society for electrical engineering (governed by GXAST) and Vietnam society for electrical engineering has maintained regular academic exchanges, electrical engineering technical collaboration, electric power trade cooperate and so on. In 2005 the transmission power from South China Power Grid to Vietnam had been realized, and promoted electric power trade between them.

Mr. Gan also suggested the following could be explored :

- (f) To strengthen exchange with scientific and technical organizations in ASEAN,
- (g) To establish system of exchange for professional persons,
- (h) To promote understanding by each other in order to establish foundation on engineering project cooperation and development

(i) To collect and analyze information on engineering projects for exchange between Guangxi and ASEAN, and to enhance engineering project cooperation .

7. ASEAN Opportunities Ahead

Mr. Fred Lam Tin Fuk, Executive Director of Hong Kong Trade Development Council gave a brief account of Hong Kong's trading and business participation in the region, and he anticipated that Hong Kong engineers should take advantages of the proximity and the fast development of the Region to set up business there. He opined that the southern port of Guangxi could be developed into a logistic cargo hub for the ASEAN-Southern China region.

8. The Philippines as an Emerging Market

Dr. Villegas, Visiting Professor of IESE Business School in Barcelona and Professor at the University of Asia and the Pacific (UA&P) of Manila, delivered this topic in a simple but to the core of the matter by explaining the economic trend for the next 20 years or so; backed up by data, figures and his **analysis**. He predicted that the world economy would be led by G20 (including Australia, Argentina, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, Spain and Turkey) which would replace the tradition G8. He inspired us to his term, BRICA (Brazil, Russia, India, China and ASEAN), where he foresaw that they would be the emerging engines of growth in near future. So if you want to invest or change your investment portfolio, this is an opportunity: spare some time in following Dr. Villegas's wisdom to find out more about the potential of BRICA market.

He analysed the future emerging market potential of Philippines, and one area in Philippines's economic development strategy was focusing on the development of the medical tourism and retirement villages to attract the retired people in the region to stay in Philippines. So if you are going to retire, think about the medical and retirement tour in the Philippines.

9. Punching above its weight –How Singapore did it

Mr. Lye, former deputy MD of Singapore International Airline (SIA), outlined in his speech how Singapore could punch above its weight. In comparison of her size of 710 sq. km and population of 4.8M. Singapore achieved GDP of US\$181 billion (2008), and GDP per Capita of US\$37,600 (2008). In terms of infrastructure development in Singapore, there would be two Integrated Resorts, 'Housing in a Park' – rejuvenation of housing estates, extension of the Circle Line linking all existing MRT and development of strategic areas – Tampines Regional Centre, Marina Bay Financial Centre, Gardens by the Bay, Regional centres in Jurong, Paya Lebar, greening the world-class waterfront gardens at Marina Bay,

Marina East and Marina Centre, lengthening of park connectors from 70 to 400km and upgrading of distinctive areas such as CBD and Bugis.

He cited other achievements in Singapore which were world renowned. Port of Singapore Authority (PSA) was the world's largest container port, handled 29M TEUs in 2008. It was awarded "The best Container Operator (Asia)" for the 20th time by 2009 Asian Freight & Supply Chain Awards. Singapore Airline (SIA), carried 18.3m passengers (2008-9), sales at S\$15.9 billion (2008-9) and with a profit of S\$1 billion. SIA was awarded "Best Airline in the World (2008)". Keppel Corporation achieved 60% market share in Floating Production System for oil and gas, with sales at S\$8.6 billion (2008) and pre-tax profits of S\$943m (2008). Hyflux was among the world's top 10 suppliers in Reverse Osmosis (RO) and Ultra Filtration (UF) desalination, with sales at S\$554m (2008), net profit at S\$62m. Over 1,000 Hyflux membrane system plants had been installed outside Singapore.

Singapore is best described by the economists as a modern miracle built its success on only one resource, its people. Lacking natural resources, Singapore's strength is its hardworking, adaptable, goal-oriented, resilient population, and that explains why Singapore can survive and succeed. It looks though CEO of HKSAR should look into the good experience of Singapore.

10. Prospect, Problems and Suggestions of Developing Biomass Power Generation in Guangxi

Mr. Fang Zhenhua of Guangxi Electric Power Industry Investigation Design and Research Institute presented the development of biomass power generation in Guangxi. As the supply of fossil energy resources would be limited, one of renewable energy resources, biomass energy, could be turned into electricity by taking crop straws and forestry wastes as fuels. As Guangxi located in subtropical monsoon climate zone, was a very favorable area for the growth of plants, crops and was rich in forestry resources. Guangxi was suitable for the development of biomass energy. The other advantage was to increase the income of peasants, reduce the gap between urban and rural areas, and divert surplus rural labor force into this biomass power generation industry.

The first biomass power generation project in Liucheng (柳城), Guangxi, would be put into operation in Dec 2009. There were some other measures to be considered in biomass energy. As the biomass fuels were of low density, it had complicated fuel fabrication and conveying facilities. They were seasonal fuels with a short collecting period, hence large storage of fuel, easy reach to the power station was required to ensure continual plant operation.

We will see in few years time whether or not this alternative renewable energy resource is sustainable in long term.

11. Development and Infrastructure of Macau

Mr. Leong, President of The Macau Institution of Engineers, presented the Development & Infrastructure of Macau SAR. In order to meet with Macau's economic and sustainable development, he outlined that there were 12 projects that either in planning or undergoing in progress. They were:

- (a) LRT system 輕軌系統
- (b) Reclamation Project for New District 澳門新城區大型填海
- (c) Taipa Travelling Harbour 氹仔客運碼頭
- (d) Extension Work of Border Customs Building at Porto de Cerco 關閘邊境大樓之擴建
- (e) Ka-Ho Cargo Harbour Extension Project 九澳貨櫃碼頭擴建計劃
- (f) Linkage(Tunnel) between Wenchai and Macau 連接珠海灣仔與澳門內港行人隧道
- (g) 4th Access Between Macau & Taipa 第四條跨海通道規劃
- (h) Tai Tam Hill Tunnel Project 大潭山行車隧道規劃
- (i) Ka-Ho Tunnel Project 九澳行車隧道規劃
- (j) Traffic Improvement and Green Land in Av.Dr. Sun 孫逸仙大馬路之交通改善及綠化
- (k) Public Housing Project on Seac Pai Van 大型公共房屋發展項目(石排灣)
- (l) Macau University Campus in Wencam, Zhuihoi 橫琴澳門大學校園

He said that Macau's success in recent development in both building projects in private sector and infrastructure in public sector would be contributed to the support given by her neighbouring region. Provided there would be no adverse effect on the local construction industry, this model of cooperation would be continued to be used in the future development in Macau.

One interesting project is the extension of a branch of Macau University campus in Wencam of Zhuihoi in three years time. After its completion it would be handed over to Macau University, and students can travel to Zhuhai via the bridge linked between Wencam to Taipa (氹仔). If this proves successful, Hong Kong may share this example by extending the branches of the universities campus in Hong Kong to Shenzhen.

As Macau is full of opportunities in construction development in the next decade, so plan ahead your strategy in Macau.

12. Debriefing for delegation visit to Guangxi and Vietnam (20-24 October 2009)

Mr. YM Fan debriefed the delegation visit to Guangxi and Vietnam from 20 to 24 Oct., 2009. The delegation was received by officials of Guangxi Association for Science and Technology (GXAST). They had meeting and discussion with GXAST. The delegation attended the opening of the 6th ASEAN Expo held in Nanning and attended the summit forum meeting. In the forum, Mr. PK Lee gave a talk on “New Town Development in Hong Kong” and Mr. K P Yim presented “Engineering related development of Hong Kong in the past 50 years”. Later the delegation visited Hanoi, Vietnam. They met Vietnam Union of Science and Technology Association and held discussion with them. They also visited Vietnam Electrical Engineering Association and held discussion with them to learn the development of electrical industry in Vietnam.

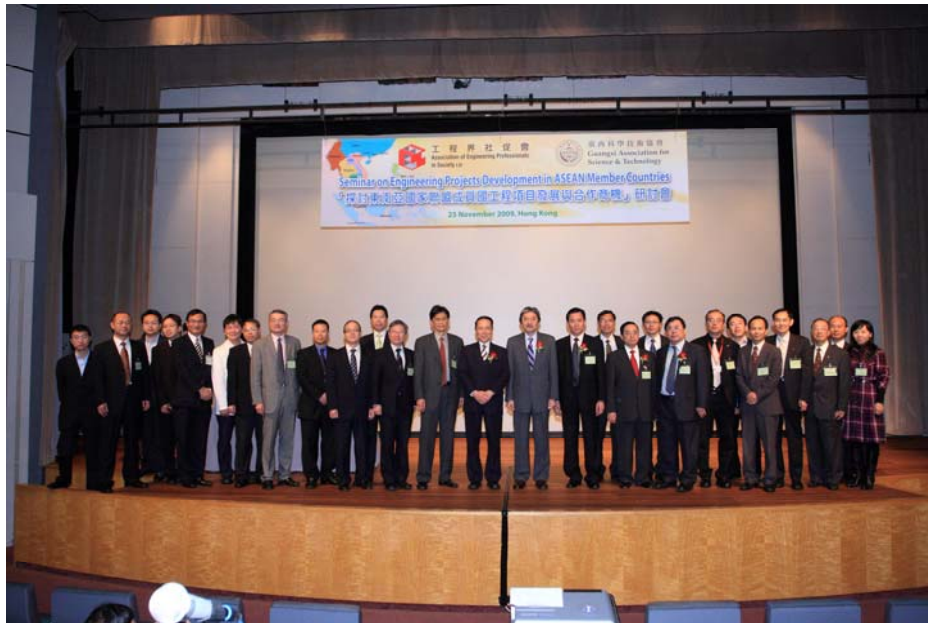
In this visit, the delegation felt that there were many opportunities in Vietnam in the areas of electrical distribution system, mass transit system, road work, urban and rural development. After the realization of the free trade zone between China and ASEAN, the room for development and its opportunities would be expanded further in Vietnam.

13. Conclusion

Hong Kong has been maintaining close economic ties with and providing channels for the ASEAN Members to invest in China for many years. We also have been active in trading with ASEAN e.g. importing raw materials and semi-manufactures from ASEAN and re-exporting to the manufacturing bases in China.

In so far Hong Kong has not been so involved in the financial services provided to ASEAN, partly due to the volatile political situation and the relatively small size market there. However, in the long term strategy, Hong Kong should capitalize the continual growth of China who will reshape the economic pecking order in the world by strengthening our participation in South East Asia countries complementing with our financial cooperation with the Mainland to consolidate our role as one of the international financial centres.

Therefore, we should enhance further the relationship with ASEAN Members and cooperation in the areas such as tourism, culture, medical services, professional services, environmental protection, sustainable infrastructure, engineering project developments, rural development and urban development etc. Some of these areas have already been identified by the speakers in the seminar that we can take part and cooperate with ASEAN Members, who will get the benefits and opportunities to further develop to co-inside and co-operate together with China.



Ir Dr the Hon Raymond HO Chung-tai, , SBS, MBE, SBStJ, JP, Chairman of AES, with our Guest of Honour, Mr TSANG Chun Wah, John, JP, Financial Secretary, and other members & guests at the Seminar.



Mr K P Yim, Senior Vice Chairman of AES, The Hon Leung Chun Ying, GBS, JP, Convenor of the Non-official Members of the Executive Council & Chairman of The Hong Kong Coalition of Professional Services, Mr Gan Xiang Qun, Chairman of Guangxi Association for Science and Technology, Mr Pham Cao Phong, Consul General, The Consulate General of the Socialist Republic of Vietnam in Hong Kong, Ir Dr Raymond Ho Chung-tai, Chairman of AES and Mrs Rita Lau Ng Wai Lan, JP, Secretary for Commerce and Economic (left to right).



Mr Tsang Chun Wah, John, JP, Financial Secretary, delivered the Opening Address.