

A question of trust

INTERVIEW WITH **BRIGADIER CHRISTOPHER HAMMERBECK CB CBE**

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CHRISTOPHER HAMMERBECK

has had an unusual and varied career. He held a number of senior positions in the British Army, commanded an armoured brigade in the first Gulf War and was the Deputy Commander and Chief of Staff of British Forces in Hong Kong planning the closure and withdrawal of the garrison following the change of sovereignty in 1997. He was awarded the Order of the Bath for his service in the Gulf and received a CBE for his service to British Business interests in Hong Kong in 2006.

How significant is the British corporate presence in Hong Kong today?

It is very significant. The members of the British Chamber of Commerce employ over 10 per cent of Hong Kong's working population and we are active in just about every aspect of daily life here in Hong Kong, from financial services and logistics to professional services and retail. Some 30 British companies have their regional headquarters in Hong Kong and many more do a lot of their product sourcing from here, Marks & Spencer being an obvious example.

Are the familiar household names such as HSBC and Swires still typical of your membership?

Of course, Hong Kong boasts some of the biggest companies in the world but they are really just the tip of a very big iceberg. Beneath the water line you will find a vast number of small and medium-sized enterprises (SMEs), both local and international. Hong Kong is a great place to start up a business and one of the great advantages of this place is that you can come here with an idea and make it happen.

My own company is an SME and we came up with an idea which is quite high-tech. We developed the technology here, we've done all the intellectual property protection here and we have initiated the manufacture from here – all in the space of three years. I think that illustrates very clearly the capabilities that Hong Kong offers, particularly to UK SMEs.

What services does the Chamber offer the sort of companies you're talking about?

We've actually developed a rather unique solution for SMEs because part of the problem of being an SME is that you have four main characteristics: no money, no time, no people – but a great idea. They're not well understood by government and they're certainly not well understood by the financial community. So what we did was to look at what makes a big company successful – access to legal counsel, in-house HR, accounting services, boards of advisors – and we developed what we call the SME Back Office, which is a range of briefings that cover all those areas, both here and in China. The scheme is now in its fourth year and we have recently launched an online version because the demand is so great, so we have a range of services that no one else has here.

What are the main challenges of doing business in Hong Kong?

Well, there are always challenges wherever you do business because the business cycle is by definition cyclical, and Hong Kong has had more than its fair share of ups and downs. But one of the great things about Hong Kong is that it learns valuable lessons from every crisis, and in the case of the Asian financial crisis of 1997, it led to the almost total eradication of debt – we have very low levels of debt here, both corporate and individual – and as a result Hong Kong benefits from a very high level of liquidity.

Other challenges include the changing business environment in China, as alluded to in the mainland's 12th Five-Year Plan. One thing that China always delivers on is its Five-Year Plan, so when they say they're re-balancing their economy, you'd better believe it. Hong Kong's business model has been very integrated into China's export-led economy over the past twenty, thirty years, so it's got to find a new way of doing business with China.

One of the obvious opportunities is going to be in servicing this demographic change, as China's population becomes increasingly urbanised. All these new cities are going to need restaurant chains, retail outlets and so forth, all of which are key strengths of Hong Kong, but at the moment market access is extremely difficult. Added to which you have the issue of intellectual property protection – it's right at the heart of the matter but nobody wants to talk about it.

It's going to take time for China to develop the sort of things that Hong Kong takes for granted. And I know it's boring, and I know it's clichéd but the rule of law, freedom of information, lack of corruption and all those integrated things add up to one thing and one thing alone, and that's the big delivery of Hong Kong, which is trust. Why have so many Chinese companies come here for their IPOs over the last five years? Because the Chinese trust them. Why are the Russians and the South Americans now looking at Hong Kong to IPO? Trust. Why do ordinary Chinese come here to buy basics such as medicines, pharmaceuticals, baby food – not to mention the high-end handbags and so on – because they know they're getting the real thing. And as long as that trust and that critical mass is preserved, I am extremely confident about the future of Hong Kong.