

Service Sector Development as an Engine of Economic Growth: The Case of Hong Kong

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Commercial Services

1. Producer Services

Intermediate service inputs into production of goods or other services, including banking, finance, insurance, real estate, engineering services, accounting, legal and computing services, etc.

2. Distributive Services

Transport and storage, communication, wholesale and retail.

The Rise of Global Trade in Commercial Services

1. Trade and Investment Liberalization

Globalization and Regionalization

2. ICT

Making non-tradables more tradable

ICT

1. Microelectronics

Flexible Manufacturing System

2. Internet

Drastic decrease in information
and communication cost

Impacts

1. Decreasing Importance of Scale
2. Increasing Importance of Scope
3. Shorter Product Cycles
4. Shorter Business Cycles

Implications

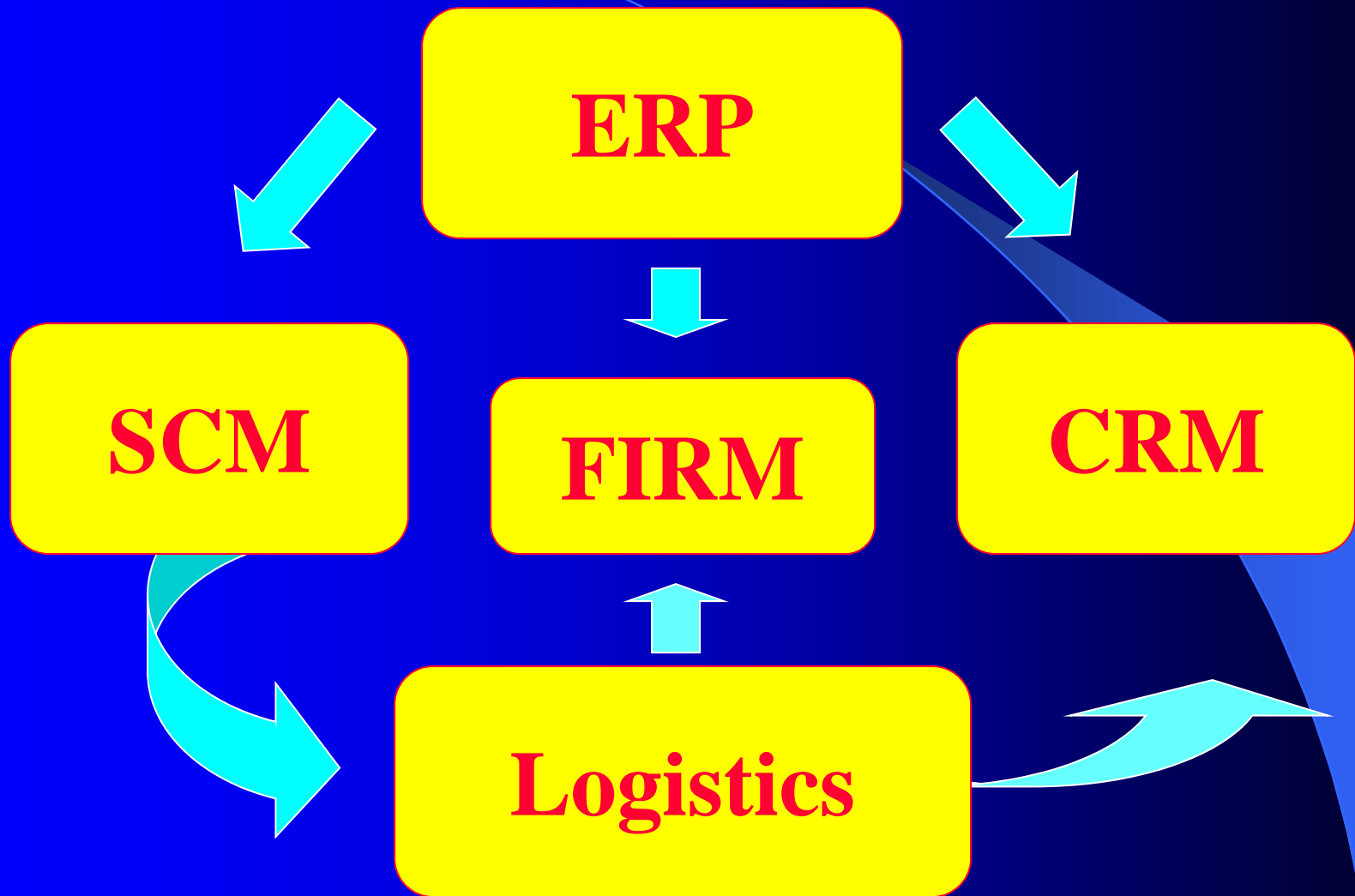
1. Fragmentation *vs* Integration in Production
2. Creativity *vs* Skills in Human Resources Development

A New Business Model

1. The Ford Model

2. Internationalization of Production

3. The Value Chain Model



The Logistics Industry

1. Land-intensive
2. Technology-intensive
3. Knowledge-intensive
4. Labour-intensive
5. Location-specific

The Future of Hong Kong

*A Hong Kong – Pearl River Delta
Logistics Hub*



Thank You!