

Report to Council

Agenda item 7.3

Post travel report by Councillor Philip Le Liu: Participation in the 9th World Chinese Economic Summit, Hong Kong, November 2017

12 December 2017

Presenter: Councillor Philip Le Liu

Purpose and background

1. To report to Council on the travel undertaken by Councillor Philip Le Liu to attend the 9th World Chinese Economic Summit (the Summit) held in Hong Kong in November 2017.
2. On 26 September 2017 Council approved the proposal for Councillor Le Liu to participate in the Summit which had the theme of *'Managing Global Uncertainty: Exploring New Opportunities'*.
3. Councillor Philip Le Liu was invited by the organiser ASLI (Asian Strategy and Leadership Institute) to participate in Session 2 of the Summit and as part of a parallel session considering 'digital disruption and the digital economy: benefiting from the e-commerce wave'.
4. The Summit aims to enhance connectivity and business linkages between China and Southeast Asia, and China and Europe. The Summit has been held in Malaysia, China, Australia and the United Kingdom. The Summit is an international platform for business, trade facilitation and investment to build new partnerships.

Key issues

5. The Summit featured more than 100 international speakers including former Indonesian president Susilo Bambang Yudhoyono and the Governor of Victoria, the Hon Linda Dessau AM. The Summit focused on developing and seizing new opportunities of growth, while recognising imminent global challenges.
6. Councillor Le Liu participated in the digital disruption session where he took the opportunity of promoting Council's broader vision around a smart, innovative and global city.
7. Through his role as Portfolio Chair International Engagement, Councillor Le Liu also promoted the proposed 2018 City of Melbourne business mission to China and Japan in dialogues and exchanges with other delegates.
8. A summary of the key observations by Councillor Le Liu is included as Attachment 2.

Recommendation

9. That Council notes the report by Councillor Philip Le Liu on participation in the 9th World Chinese Economic Forum 2017 held in Hong Kong in November 2017.

Attachments:

1. Supporting Attachment (page 2 of 5)
2. Summit - Summary of key observations (page 3 of 5)

Supporting Attachment

Finance

1. The costs associated with Councillor Le Liu's participation in the Summit were jointly funded by Council and the Asian Strategy and Leadership Institute (Institute). The Institute contributed an economy airfare and accommodation costs for the duration of the Summit. The cost to Council was \$576.36 which covered sustenance, hospitality and local transport.

Conflict of interest

2. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Relation to Council policy

3. The Manager Governance and Legal has confirmed that the travel proposal accords with the requirements of the travel guidelines outlined in the Councillor Expenses and Resources Guidelines.
4. Participation in the Summit supports efforts and objectives aimed at fostering global business relationships and investment attraction. It also supports the principles that underpin Council's *Melbourne: Doing Business Globally*, which seeks to increase trade and investment opportunities for businesses from Council's international activities.

Environmental sustainability

5. The carbon emissions resulting from air travel were offset with the purchase of credits.

9th World Chinese Economic Summit

Summary of key observations by Councillor Philip Le Liu

1. Background

Questions asked of the panellist

- What is the future of e-commerce?
- What are the new opportunities in digital economy?
- How will digital disruption impact brick and mortar?
- What are the opportunities with tech companies in China?

Consider in the context of

- 20th anniversary of Hong Kong return to China
- one month after the 19th Party Congress
- APEC and ASEAN Summit
- Signing of HK (Hong Kong) China FTA (Free Trade Agreement) in Manila, Philippines

2. Background

Representing Victoria at the event was the Victorian Governor-General, H.E Linda Dessau, who spoke glowingly about Melbourne and our record of most liveable city in the world for seven years running. Tim Dillion, Commissioner for Invest Victoria to China accompanied her. The Australian Prime Minister was also in HK on the day to push for FTA with HK, which is Australia's fifth largest source of investment and eighth largest export destination. HK is home to more than 100,000 Australians, making it the second largest expatriate community behind London.

The Hon. Carrie Lam, Chief Executive of Hong Kong, opened the summit. Key takeaways were the development of the 'Greater Bay Area' consisting of Guangdong, HK and Macau. HK is still the preferred destination for IPO's in Asia and HK's role as a 'guiding partner' for the One Belt, One Road (OBOR) initiative.

The Hon. Dato' Sri Liow Tiong Lai, Malaysia Minister of Transport promoted the Alibaba backed "digital free-trade zone" in Malaysia. This public-private partnership, which involves simplifying both logistics and payments, will help small merchants do business. The initiative mirrored the "electronic world trade platform" (eWTP) proposed by Pony Ma, head of Tencent that was endorsed by G20 summit of leading countries to make it easier for small businesses to trade across borders.

3. Panel discussion summary

Currently we are witnessing an emergent China and the 4th industrial revolution that are once in a lifetime events.

The future of payment is leaning towards cashless and self-serving systems. In China, electronic payment is growing and dominated by Tencent's WeChat pay and Alibaba's Alipay. Self-solar powered and driven grocery stores are being tested and becoming popular in Shanghai. In Melbourne, the noodle night markets are cashless this year and in the retail sector, Afterpay is emerging as the preferred payment method for many buyers.

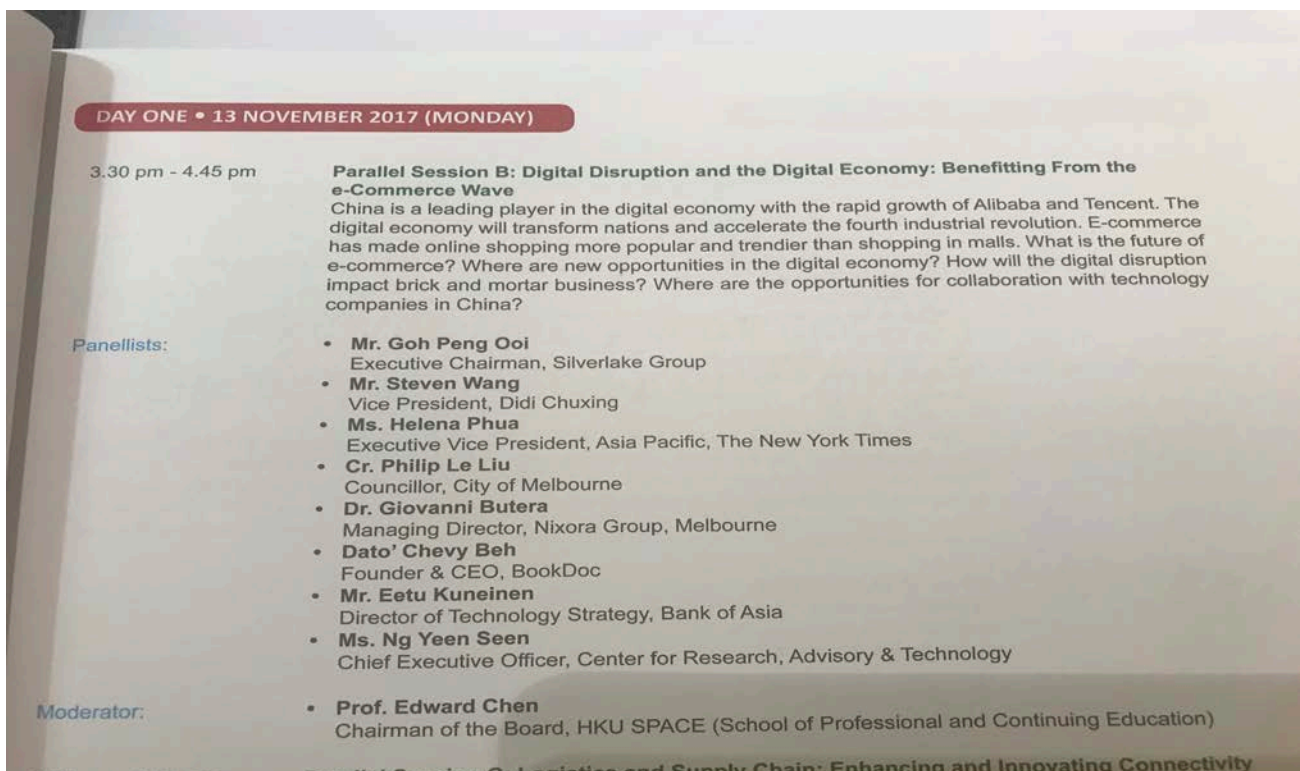
A balanced hybrid model of online and physical presence is still the preferred approach as both can complement each other to achieve success. Key advantages for business are the point of difference and the customisation you can provide to consumers, this is evident in Melbourne Myer's Gifforium where more personalisation services are being offered.

In Melbourne, Chemist Warehouse is one example of a traditional brick and mortar business bucking the trend and expanding rapidly. This is due to the demand from China for health related products that has fuelled a phenomenon called daigous – 'personal shoppers'.

Retailers / businesses are relying more on innovative ideas to operate. Gamification used by some retailers both online and physical to promote and sell their products has been successful, along with pop-up stores with a limited timeframe to promote exclusivity.

Growth of America's FANG (Facebook, Amazon, Netflix and Alphabet (originally Google)) and China's BAT (Baidu, Alibaba, Tencent) are good for the consumers. Both cater and service regions where others are ineffective e.g. Facebook and Alphabet are blocked in China helping Tencent and Baidu. An exciting development in Australia is Amazon and Alibaba in the e-commerce sector. Both are leaders in technology and supply chain management.

4. Session Program



PHOTOS – 9th World Chinese Economic Summit



The Hon Carrie Lam, Chief Executive of Hong Kong, delivering the speech at the Summit



Councillor Philip Le Liu and other panel members at the session 'Digital disruption and the digital economy: benefiting from the e-commerce wave'