

CENTRAL POLICY UNIT
THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

HONG KONG'S ROLE IN SUPPORTING
CHINESE ENTERPRISES GOING GLOBAL

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Abstract

The “go-out” strategy of Chinese enterprises has become the necessary pipeline to strengthen China’s economic links with other countries and the indispensable means for Chinese enterprises to participate in the international competition and seek long-term development.

Since the outbreak of the global financial crisis, drastic changes have taken place in the international economic environment. The internationalization of the RMB and mainland economic transformation give more substance to the “going out” of Chinese enterprises. They also raise higher requirements on the enterprises. Faced with challenges and opportunities, Chinese enterprises have to meet the urgent task of how to fully utilize the domestic and international resources as two markets, optimize resource allocation and production factors on the global scale, alleviate overcapacity of domestic productivity, promote industry upgrade, and successively gain competitive advantage and core competitiveness through self-innovation. At the state level, the government’s promotion of the “go-out” strategy of the enterprises is conducive both to the solution of the imbalance of international payment brought about by increased trade surplus and to the reduction of trade frictions with the U.S. and European countries.

With its broad international perspective and unique advantages, Hong Kong, under the framework of “one country, two systems,” can assist mainland enterprises to go global. The national 12th Five-Year Plan gives Hong Kong a more important position and role, especially in assisting mainland enterprises to go out, and in helping internationalization of RMB and promotion of mainland economic transformation. Hong Kong is sure to make new contributions to our country. At the same time, Hong Kong will also benefit from assisting national economic development, thus creating a win-win scenario.

The article is divided into three chapters.

Chapter One “The Overall Assessment of the ‘Go-out’ Strategy of Chinese

Enterprises” illustrates the meaning, pattern, basic road map of the “go-out” strategy of Chinese enterprises and its implementation in various continents, and makes an assessment of the international environment of Chinese enterprises’ going out in the post financial crisis era. It is the base of the research project. This chapter is divided further into three sections. Section I makes a general review of the “go-out” strategy of Chinese enterprises, giving a brief introduction to the meaning, formation and development of the strategy. It summarizes four patterns of going out of Chinese enterprises according to ways and approaches, and four categories, according to basic goals, further divided into twenty-two kinds. It also divides the implementation of the “go-out” strategy into three phases. Section II discusses and sums up the implementation of the “go-out” strategy of Chinese enterprises in various continents, providing a basic picture of the specific situations and different features of Chinese enterprises going out in various continents. Section III evaluates the international environment in which Chinese enterprises go out in the post financial crisis era, and points out that Chinese enterprises face many strategic opportunities as well as many international challenges when implementing “go-out” strategy.

Chapter Two “Chinese Enterprises Going out: Risks and Dilemmas” makes an in-depth analysis on risks and dilemmas from international, state and enterprise perspectives respectively. An extensive analysis is conducted in this chapter. It further illustrates current difficulties and restraining factors that hinder Chinese enterprises to elevate the level of going out. First of all, from the international perspective, the “go-out” policy is confronted with three major risks, e.g. political risks, economic risks, policy and legal risks. Secondly, from the state’s perspective, the risks existing in the course of going out include lack of policy and legal support, inefficient financial support and weak public services, etc.. Thirdly, from the enterprise’s perspective, the risks can be divided into six major risks in the preparation and evaluation phase, the implementation phase and the consolidation and development phase. Comparative studies are conducted between successful and failed examples from each risk before drawing lessons from successful and failed experiences. Lastly, this chapter points out the difficulties and restraining factors that hinder the elevation

of “go-out” policy of Chinese enterprises lie in the enterprises themselves, market environment, domestic and international factors.

Chapter Three “Hong Kong’s Role in Assisting Chinese Enterprises to ‘go-out’” is the conclusion part of the article. Based on the analyses of the previous two chapters, this chapter on the one hand summarizes the deficiency and dilemmas of the “go-out” policy of Chinese enterprises, and on the other hand, analyzes the “go-out” experiences of Hong Kong enterprises, thus drawing a conclusion of what advantages and role that Hong Kong possesses and plays in assisting Chinese enterprises to go out.”

To sum up, since the implementation of the “go-out” strategy, Chinese enterprises have achieved fruitful results and suffered bitter losses as well, have accumulated successful experiences and drawn many lessons from failure. At present, it is very important for Chinese enterprises to carry on the past tradition and open a way for the future, particularly to take advantage of the strategic opportunities brought about by the international financial crisis for Chinese enterprises to go out, to speed up the step of “go-out” strategy so as to enable Chinese enterprises to achieve steady progress.

Therefore, strategically, the state should make overall planning and take all factors into consideration in order to create more favorable domestic and international environments. The enterprises should continuously upgrade its competitiveness to increase the benefit of going out and reduce the loss to the minimum. Meanwhile, the government and the enterprises should strengthen coordination and cooperation between each other. Hong Kong should make full use of its advantages and role to merge into the grand “go-out” strategy of Chinese enterprises to assist Chinese enterprises to “sail abroad,” in order to achieve the ultimate goal of a win-win situation for the state, Hong Kong and Chinese enterprises.