Hong Kong – Asia’s Global IP Trading Hub

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Assistant Executive Director
Agenda

- The growing IP demand in China
- Hong Kong advantages
- Hong Kong as Asia’s Global IP Trading Hub
- The annual IP conference – BIP Asia Forum
The Growing IP Demand in China

China’s Tremendous Growth in the Past Decade:

Annual GDP growth at over **10%** over 10 years
Annual trade growth at over **20%** over 10 years
Massive annual FDI: **US$116 billion** (2011)
World’s **2nd largest** economy
The Growing IP Demand in China

Industry moving up the value chain
Upgrading industrial processes

Over 9 million Mainland Private Enterprises
Growing demand for business services and technologies
R&D expenditure is second-highest in the world
The Growing IP Demand in China

No longer “just” a production base

Opportunities for Creative IP

Growing middle class – over 200 million
Projected urban population – 350 million by 2025
Domestic consumption on the rise (17% growth in 2011)
Hong Kong Advantages

Global Financial Centre

• No.1 financial centre (WEF)
• Strong banking, currency and tax system
• 3rd highest market capitalisation in Asia, 7th in the world
• World’s largest IPO hub in 2011
• Asia’s largest venture capital centre
• Moving towards an offshore RMB centre
Hong Kong Advantages

Rule of Law

• Strong, independent legal system
• Clean and transparent government
• Intellectual Property protection
• Hong Kong International Arbitration Centre - 4th largest in the world, 2nd largest in Asia
Hong Kong Advantages

Ideal Location

- 4 hours: most of Asia’s key markets
- 5 hours: half of world’s population
- Immediate market – the Pearl River Delta
  - “World Factory”
  - Over 54 million people
  - 27.4% of China’s imports/exports
  - HK: Tariff-free access to mainland for products
Hong Kong as Asia’s Global IP Trading Hub

High-technology Exports
Amount: **US$174 billion** in 2010
45% of its total exports
Major source & destination: **Chinese mainland**

R&D & Innovation Activities (2010)

**R&D:** 4,300+ HK companies
**Innovation:** 9,500+ HK companies
Total R&D expenditure:
  **US$0.7 bn (+5%)**
Total innovation expenditure:
  **US$1.8 bn (+3%)**
Hong Kong as Asia’s Global IP Trading Hub

- Hong Kong’s technology exports to the Chinese mainland reached **US$1.1 bn** in 2010, or **4.4%** of the mainland’s total technology imports.

### Chinese mainland’s technology imports by country / region in 2010

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Source</th>
<th>No. of contracts</th>
<th>Value (US$ bln)</th>
<th>Share</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EU</td>
<td>3,058</td>
<td>7.8</td>
<td>30.5%</td>
<td>21.6%</td>
</tr>
<tr>
<td>2</td>
<td>US</td>
<td>2,010</td>
<td>5.7</td>
<td>22.4%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>2,473</td>
<td>4.6</td>
<td>17.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td>4</td>
<td>Korea</td>
<td>769</td>
<td>2.1</td>
<td>8.2%</td>
<td>-16.0%</td>
</tr>
<tr>
<td>5</td>
<td>Russia</td>
<td>31</td>
<td>1.7</td>
<td>6.8%</td>
<td>2309.5%</td>
</tr>
<tr>
<td>6</td>
<td>Hong Kong</td>
<td>1,212</td>
<td>1.1</td>
<td>4.4%</td>
<td>10.5%</td>
</tr>
<tr>
<td>10</td>
<td>Singapore</td>
<td>356</td>
<td>0.4</td>
<td>1.5%</td>
<td>107.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11,253</strong></td>
<td><strong>25.6</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td><strong>+18.8%</strong></td>
</tr>
</tbody>
</table>
## Hong Kong as Asia’s Global IP Trading Hub

### Per Capita Income Level and Licensed Product Sales

<table>
<thead>
<tr>
<th></th>
<th>Per capita retail sales of licensed products in 2009 (US$)</th>
<th>Total retail sales of licensed products in 2009 (US$billion)</th>
<th>% change of per capita retail sales over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>90.87</td>
<td>11.55</td>
<td>+50.2%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>37.14</td>
<td>0.26</td>
<td>+75.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>19.33</td>
<td>0.09</td>
<td>+40.1%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>14.37</td>
<td>0.33</td>
<td>+63.3%</td>
</tr>
<tr>
<td>South Korea</td>
<td>6.8</td>
<td>0.33</td>
<td>+106.1%</td>
</tr>
<tr>
<td><strong>Chinese mainland</strong></td>
<td><strong>2.33</strong></td>
<td><strong>3.12</strong></td>
<td><strong>+202.6%</strong></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.84</td>
<td>0.05</td>
<td>+23.5%</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.71</td>
<td>0.07</td>
<td>+9.2%</td>
</tr>
<tr>
<td>India</td>
<td>0.39</td>
<td>0.45</td>
<td>N.A.</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.30</td>
<td>0.02</td>
<td>+30.4%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.21</td>
<td>0.05</td>
<td>+425.0%</td>
</tr>
</tbody>
</table>

*Sources: International Licensing: a Status Report, EPM Communications, Inc.*  
*World Economic Outlook, the IMF*
Hong Kong as Asia’s Global IP Trading Hub

Preferred regional base for both mainland and SE Asia among licensors and licensing agents.

Source: HKTDC Survey 2009
## Hong Kong as Asia’s Global IP Trading Hub

### IP Grants/Registrations by Countries/Regions (2010)

<table>
<thead>
<tr>
<th></th>
<th>Patent Grants</th>
<th>Trademark Registrations</th>
<th>Industrial Design Registrations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>135,110 (2&lt;sup&gt;nd&lt;/sup&gt;)</td>
<td>1,333,097 (1&lt;sup&gt;st&lt;/sup&gt;)</td>
<td>335,243 (1&lt;sup&gt;st&lt;/sup&gt;)</td>
</tr>
<tr>
<td>Hong Kong</td>
<td><strong>5,353 (6&lt;sup&gt;th&lt;/sup&gt;)</strong></td>
<td><strong>23,043 (5&lt;sup&gt;th&lt;/sup&gt;)</strong></td>
<td><strong>2,395 (5&lt;sup&gt;th&lt;/sup&gt;)</strong></td>
</tr>
<tr>
<td>Japan</td>
<td>222,693 (1&lt;sup&gt;st&lt;/sup&gt;)</td>
<td>102,597 (2&lt;sup&gt;nd&lt;/sup&gt;)</td>
<td>27,438 (3&lt;sup&gt;rd&lt;/sup&gt;)</td>
</tr>
<tr>
<td>Singapore</td>
<td>4,442 (7&lt;sup&gt;th&lt;/sup&gt;)</td>
<td>13,694 (9&lt;sup&gt;th&lt;/sup&gt;)</td>
<td>1,772 (6&lt;sup&gt;th&lt;/sup&gt;)</td>
</tr>
</tbody>
</table>

*Ranking in Asia in brackets

Source: data available from WIPO (2011)
Hong Kong as Asia’s Global IP Trading Hub

- Professional & financial platform
- Largest IPO market
- Proximity to the World Factory in PRD
- 12th Five-year plan – upgrade & transform
- HK as Asia’s IP Trading Platform
- Largest venture capital centre in Asia
- 4th largest arbitration resolution centre
- Licensing & franchising centre
- Trade fair capital
- Huge demand of technology & creative IP
- Lifestyle trendsetter
The annual IP conference

An exciting platform that brings together businessmen and professionals from around the world with an interest in IP trading to explore new business.

**Focus**
Trade aspects of IP, especially buy-sell, monetisation & licensing

Organisers:
Past Speakers

Dr Mao Jinseng
Intellectual Property Development & Research Center
State IP Office of the PRC

Ms Simmone Misra
Microsoft Corporation

Mr Guy Proulx
Transpacific IP

Dr Tao Zhang
Hewlett-Packard

Mr Michael D Friedman
Ocean Tomo

Dr Don Merino
Intellectual Ventures

• 700+ participants
• 20+ speakers
• Next edition: 7 December, 2012
Thank You!