



#### HONG KONG PRODUCTION

#### Inertia - A research on urban transformation

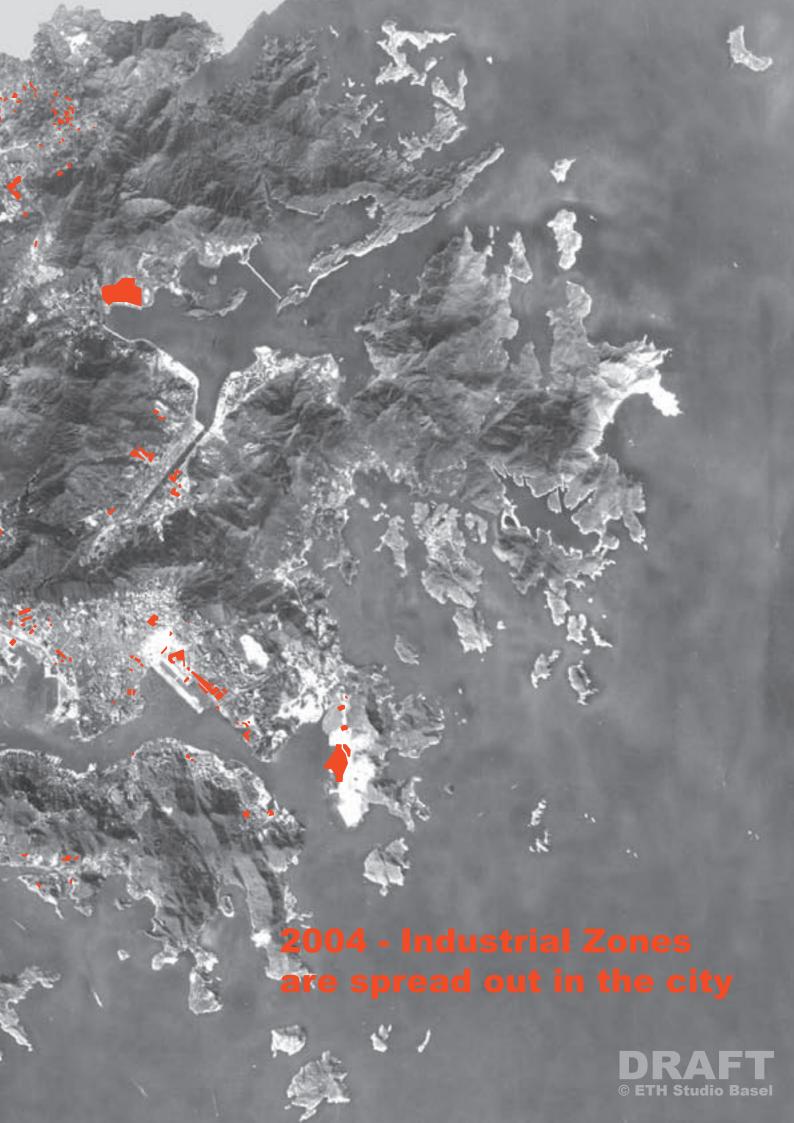
ETH Studio Basel Summer Term 2004

Roger Diener Marcel Meili Emanuel Christ Simon Hartmann John Palmesino Nelson Tam

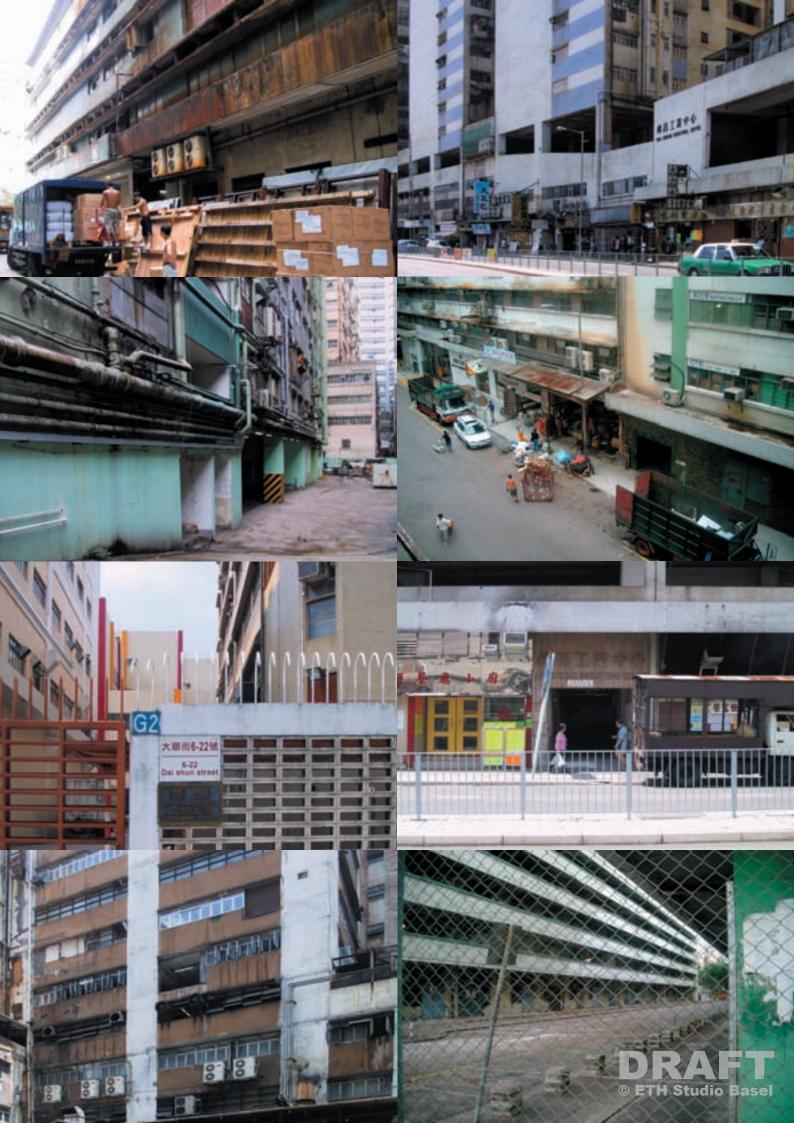
Marius Annen Kai Gamer







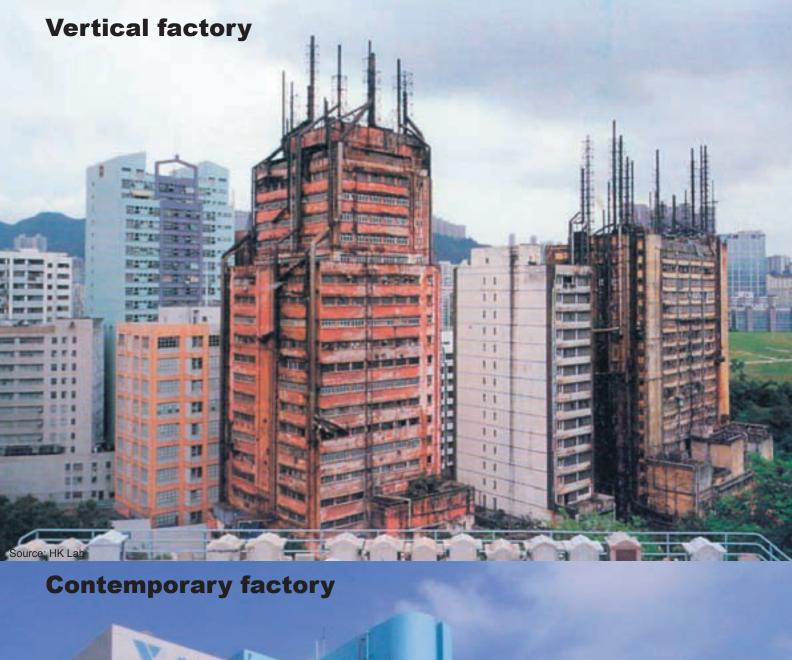






**Government operated factory estate** 









# THE INDUSTRIAL DEVELOPMENT OF HONG KONG

Today, 9% of the built-up area of Hong Kong are declared as industrial zones. The floor area offered by more than 2000 buildings within these zones exceeds 30 million m² which is equivalent to the surface of the Kowloon area. But, as a result of the economic change of Hong Kong within the last 20 years, only 10% of this whole floor area is still used for manufacturing.

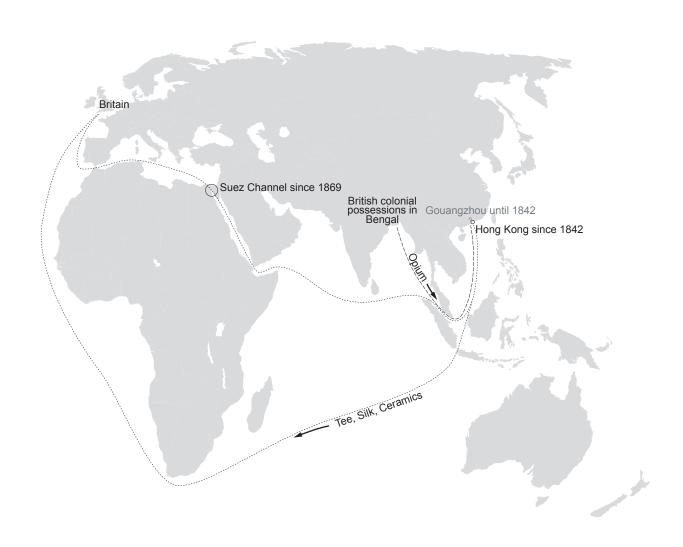
Hong Kong's demographic and economical development has always been affected by international political events. The two Opium Wars, the foundation of the People's Republic of China, the Korean War and China's open door policy can be seen as major events that each time caused a significant adaption of the city to the new circumstances. In terms of the industrial development of Hong Kong, each of these events introduced a new phase that is representative for the overall ability of Hong Kong to react very quickly and nimble to a changed situation.

In total there are four phases of this industrial adaption that describe Hong Kong as entrepôt trading place, its rise to an industrial giant, its reaction to China's open door policy and finally today's positioning of Hong Kong's industry. ETH Studio Basel

## **Dealt by Hong Kong 1842**

The decision of China to ban the opium trade in 1839 led to the First Opium War. As a result of this war, Hong Kong Island became British in 1842. Since that time Hong Kong was an entrepôt trading place between China and the western markets. The Unequal Treaties between China and Great Britain caused the grow of trade with China. In 1880 already 30% of all foreign trade of China passed through Hong Kong.

Before these two Opium Wars, there were only Macao and Gouangzhou where trade with foreign countries was allowed. Since 1842 most of this trade passed through Hong Kong. Until World War II, Hong Kong became the most important trading place in East Asia.





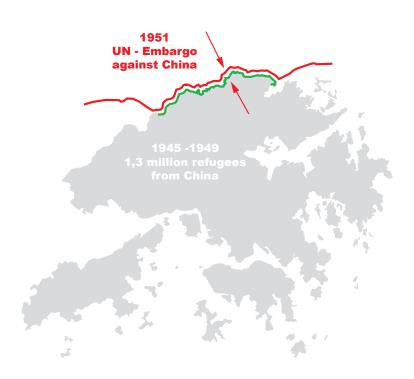


#### Made in Hong Kong 1951

As a result of the UN - Embargo against China in 1951 caused by its participation in the Korean War, Hong Kong lost its position as entrepôt trading place for China because trade fall by 35%. The city had to reorient its economical base.

Many refugees from the new founded People's Republic of China offered the city a strong workforce as base for its growing industry. Many rich Shanghainese factory owners who saw no future in a communistic regime came to Hong Kong with their whole equipment from their dyeing, knitting and weaving factories.

In the heyday of manufacturing, factories in Hong Kong produced plastic flowers, electronic toys, fashion, wigs and other low sophisticated mass products for the global markets. Most of this production was Original Equipment Manufacturing (OEM), manufacturing companies, that provide their contractual partners with products that are then sold under the brand name of the contractor.

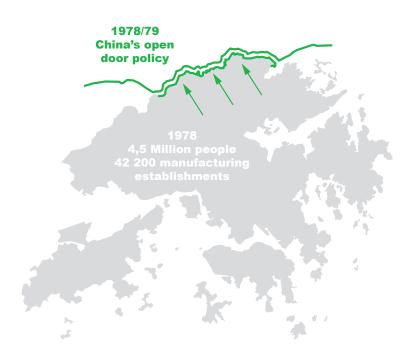






## Made by Hong Kong 1978

With Deng Xiaoping's open door policy in China since 1978/79 foreign investors had the possibility to open up factories and to invest in the country. As a result of this, cheap land and labour became available for Hong Kong's industry right across the border to China. Production started to be outsourced to Shenzhen and the Pearl River Delta. While this region between Hong Kong and Gouangzhou grew to the biggest industrial area in the world, many of the head offices of manufacturing companies remained or were opened up in the city. Hong Kong companies started to develop their own brands, they produced and sold their product under their own brand name (OBM-Production). During this time Hong Kong's economical base changed from manufacturing to service.



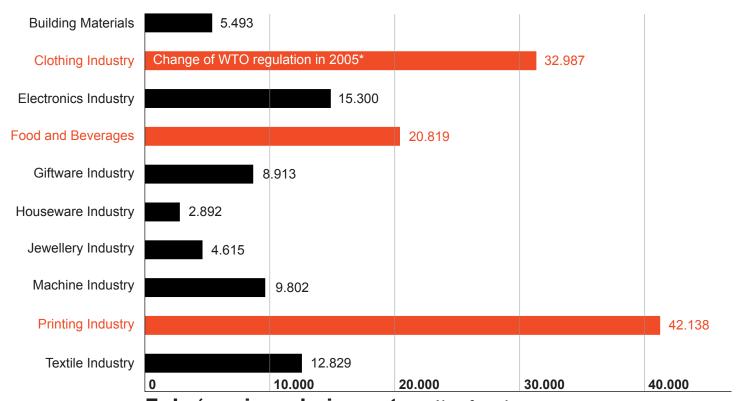




#### Made for Hong Kong 2004

After manufacturing has been outsourced to south China and the Pearl River Delta, only a few industrial sectors remained active in the city. Today, these factories mainly produce for the city itself, to provide it with basic consumer goods. The products that are still produced within the city's boundary are dependant of delivery time and quality aspects. As today's population of Hong Kong exeeds 6.5 million, food and beverages production within the city became a main producing sector. The service related printing industry covers the city with one of the highest density of daily newspapers in the world.

Today, "Made in Hong Kong" mainly means "Made for Hong Kong".



Today's main producing sectors No. of employees



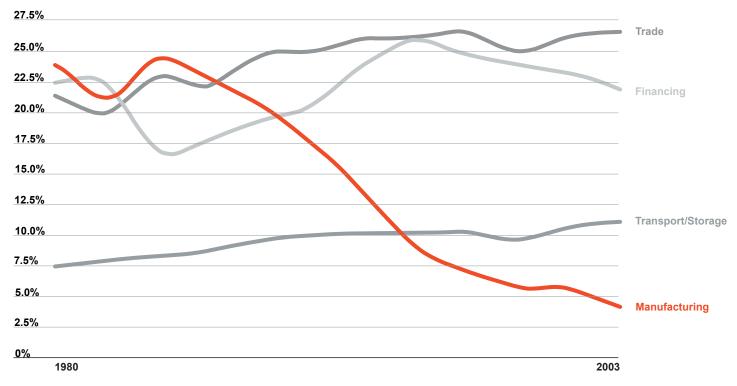
<sup>\*</sup>The clothing industry in Hong Kong is regulated by the 1974 introduced WTO Multifibre Arrangement (MFA). To fulfil the conditions of this regulation, Hong Kong has to produce a certain amount of clothing products every year. As a result of this, many companies produce in China but they do the last finishing in Hong Kong. In so doing, they are finally producing under the Hong Kong quota. The MFA will be dissolved in 2005 so that there will be no more need for this false labeling.



## Hong Kong's change to a service society

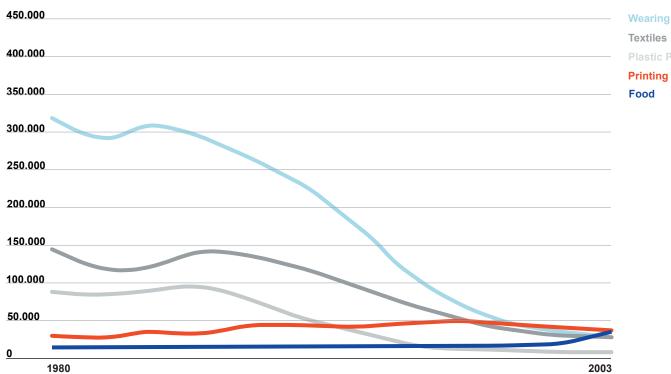
#### **Decline of manufacturing industry**





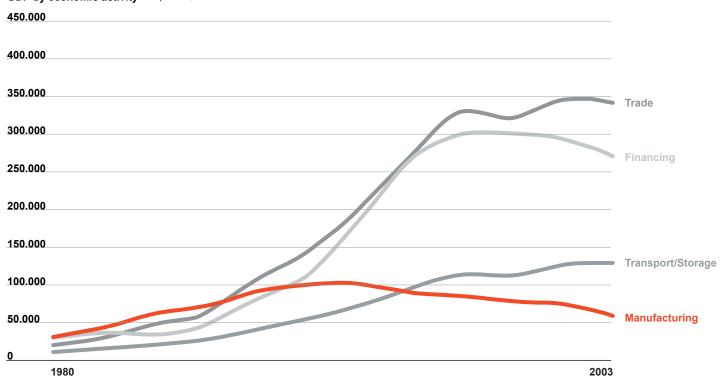
#### **Decline of industrial employees**

Employees by manufacturing sector





# Hong Kong's economic explosion GDP by economic activity HK\$ million



External trade balances HK\$ milllion 1.800.000 Import of goods Negative balance 1.600.000 **Export of goods** 1.400.000 1.200.000 1.000.000 800.000 600.000 400.000 **Export of services Positive Balance** 200.000 Import of services 1980 2001





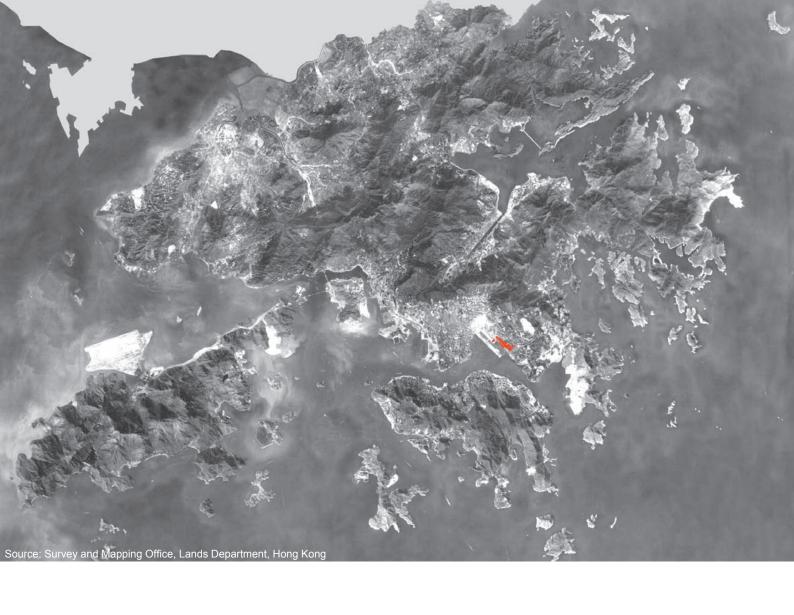
# 1700 INDUSTRIAL BUILDINGS REMAIN IN THE CITY

Production has moved to South China within the last twenty years. Nevertheless, industrial buildings are omnipresent in the city of Hong Kong and remain in the city as an integral part of the townscape. Hong Kong's industrial zones in which the 1700 industrial buildings constitute the main part of the buildings are not isolated areas situated apart from the city.

Although most of the industrial buildings are not used for their original use, manufacturing, any more, they remain at their places. Because of Hong Kong's change to a service society since China's open door policy from 1978, a regulation enacted by law about ten years ago, permits the usage of the industrial buildings as I/O-buildings what means for industrial and office use.

While the industrial buildings look still the same outside as when they were built, there can be observed a change inside. Manufacturing firms are exchanged by offices. Often the same firm that used to produce originally in a building outsourced production to the Pearl River Delta and reuses now the former manufacturing unit as head office.





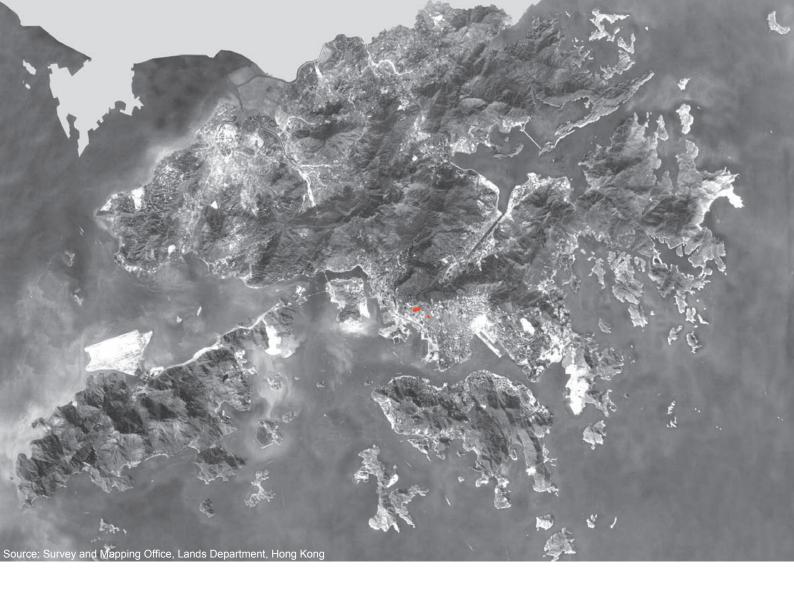








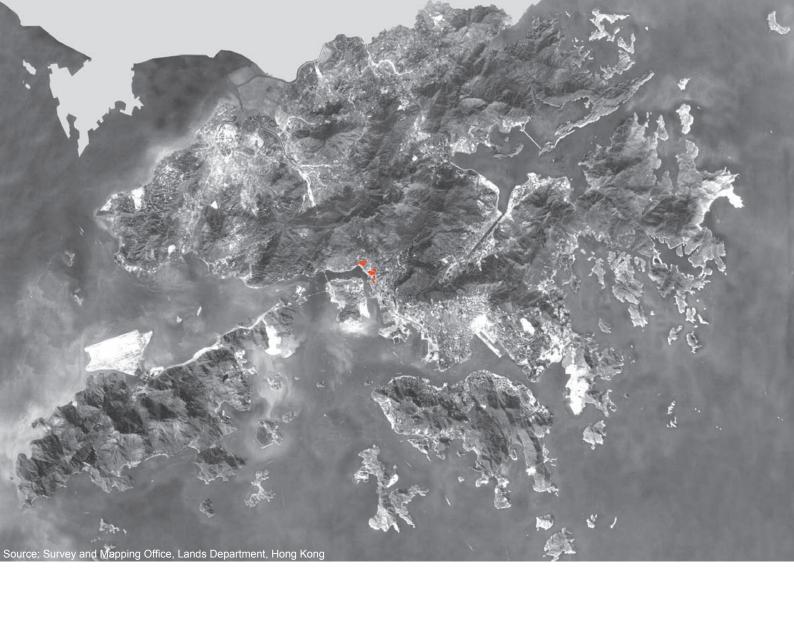








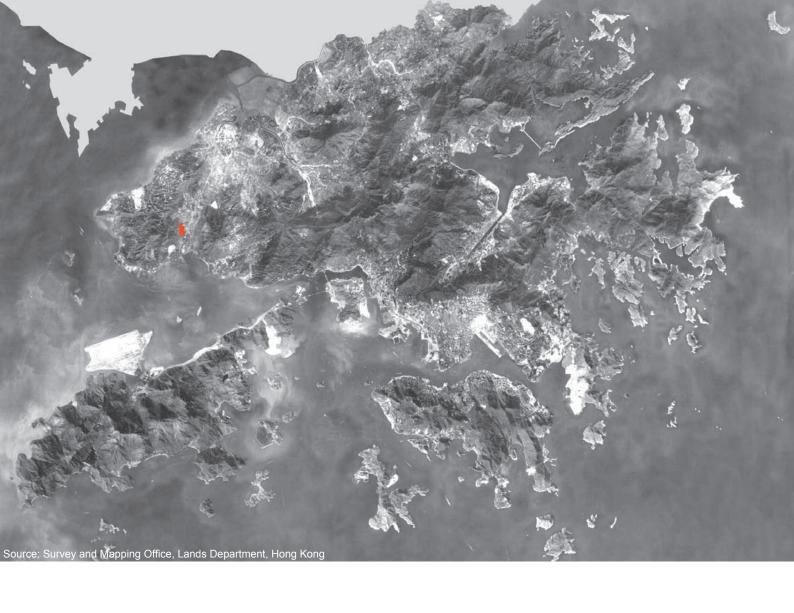






















## **Hoplite Industrial Building**

what reflects in the interior of the building.

The Hoplite Industrial Building is situated in Kowloon Bay surrounded by other industrial buildings, next to the Kowloon Bay station. Housing Estates and public buildings as well as the former Kai Tak Airport are next to the industrial zone of Kowloon Bay.

The developments in Hong Kong's economy represent a new situation for the industrial buildings. The outsourcing of production makes the industrial buildings used for manufacturing almost redundant. Contrary to the assumption that they are demolished, the buildings remain in the city.

Considering as example, in the Hoplite Industrial Building, one can see how the building treats the transformation from manufacturing to office units. Because of this replacement, there can be discovered absolutely unexpected situations - noodle producers next to an office for example. Because of the growing use of the units as offices, the Hoplite Industrial Building has to adapt to the new circumstances. Service-dependent companies need more representation than manufacturing units

© ETH Studio Basel

### **Structure of units**

Units on ground floor 8
Units per floor on upper floors (9 floors) 20
Units in total 188

Unit sizes 30 m<sup>2</sup>

40 m<sup>2</sup>

50 m<sup>2</sup>

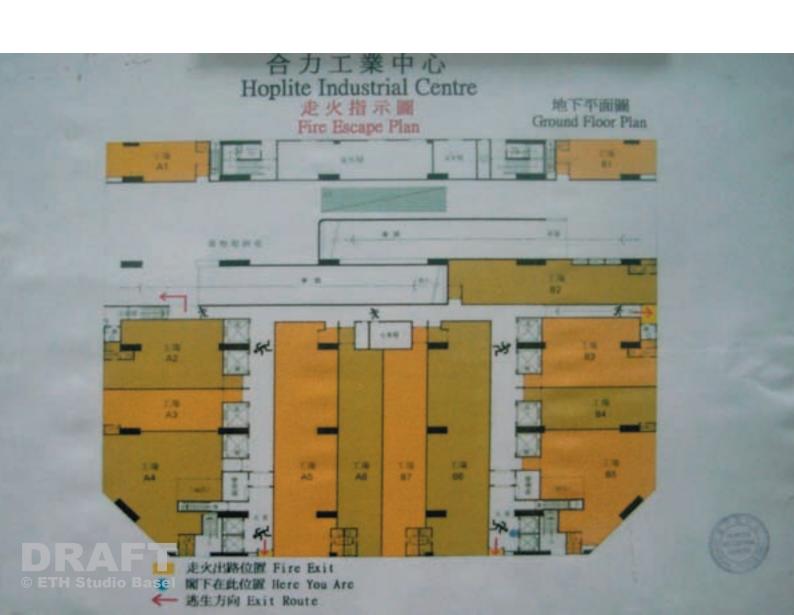
80 m<sup>2</sup>

100 m<sup>2</sup>

120 m<sup>2</sup>

Floor area 1.200 m<sup>2</sup>

Total area 10.500 m<sup>2</sup>













THE TOTAL "...this is a private building. The units are either leased or in the company's property. You can only enterwhen you have an appointment..."

Building Manager Hoplite Industrial Building MEMBE REAL. 概型上域投資及 配量宣傳率等・ 連書施官契約・ © ETH Studio Basel









# AFIDIAL

HON



DRAFT
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## INTERNATIONAL



AKA CHAN GENERAL SALES MANAGERESS

> e-mail: aks@delton.com.hk Website: www.delton.com.hk

Engaged in Registered as Product Activity in Hong Kong Activity in Pearl River Delta Type of production Clients

Fabrics production **Trading Company** 

Fabrics for leisure -and sportswear

Head Office Production

**OBM** - Original Brand Manufacturing International clothing companies MADE BY HONG KONG

Offices all over the world - Head Office in Hong Kong



#### 港發電子貿易有限公司 Kong Fat Electronic Trading Limited

#### Wendy Lay E-mail: wendy@kongfat.com

香港九能九能灣常怡道33號宏力工業大阪七樓三家

Rm. 3, 7/F Flourish Industrial Building, 33 Sheung Yee Road Kowloon, Hong Kong Tel : (852) 2953 0098 Fax. : (852) 2766 00

Web Site : http://www.kongfat.com

Fax. : (852) 2766 0040 E-mail: kongfat@kongfat.com

Engaged in Registered as

Category

Specifities

Product

Activity in Hong Kong Activity in Pearl River Delta

Type of production

Clients Category

Specifities

Engaged in

Electronics trading **Trading Company** 

Head Office Office in Shenzhen

50% Chinese clients, 50% European clients

DEALT BY HONG KONG

Computer parts are imported from Taiwan to Hong Kong.

From there, they are shipped to China and Europe.





雅力、雅智·斯雅 438-446 独 首工原中心第四第十一個月底 R. F. Phase 6. Hopite Ind. Dukting 446 Keun Tong Rd., Keun Tong, Vin., H.K. (2012) 2344 3083, (2012) 2344 3177 (252) 2344 3022

Registered as Product Activity in Hong Kong Activity in Pearl River Delta Type of production

Clients Category Specifities Printing **Printing Company** Advertising material

Production and Office

Du Pont, local companies MADE FOR HONG KONG Family business

#### Waysnar Far East Company Limited

#### STEFAN ANDREEW

各級九級九級例立会司3-5世の力工業中心の共和12年 Unit 12, Block B. Sth Floor, Hopine Indonesial Course, 85 Wang Tai Boad, Kirelines Hay, Hong Kong, Fall 2177 2278, 2798 2132 (mails) Unit 2795 0818 Direct See: 2175 2279

Engaged in Registered as Product

Activity in Hong Kong Activity in Pearl River Delta

Type of production Clients

Category Specifities

Engaged in

Clothes production Trading Company

Ski suits Head Office Production

OEM - Original Equipment Manufacturing European clothing companies i.a. Benger

MADE BY HONG KONG

Their product are shipped directly from the PRD to Europe. They do not pass through Hong Kong. They produce under

Chinese quotas. Shoe production

China Evergreen Footwear Ltd. (Manufacturer & Exporter)

> Amy Lee Managing Director pairs Phone: 9497 0687

Registered as Product Activity in Hong Kong Activity in Pearl River Delta Type of production

Clients Category Specifities

Engaged in

**Trading Company** Baby shoes Head Office Production OEM Wal-Mart

MADE BY HONG KONG

The head office is in Hong Kong because clients prefere to come to Hong Kong than going to a location in the PRD. Their

shoes are sold all over the world.

法關堡礁酒園際有限公司 FIVE STAR WINE INTERNATIONAL LTD.



Simon Ho 何潤添 Mobile: 9374 5785

mails office if few points biz.com.bk たまたまた。 1.5代会のエボヤーR 性合性6至 Unit (: 6年 - 8th, B.: Hopkite Ind. Centre, 3-5 Wang Tai Road, Kowloon Ray, Hong Kong.

Tel: (852) 2622 2787 Fax: (852) 2622 2438

Registered as Product Activity in Hong Kong Activity in Pearl River Delta Type of production Clients Category Specifities

Wine trading **Trading Company** 

**Head Office** 

Hong Kong restaurants and retail, export to China DEALT BY HONG KONG

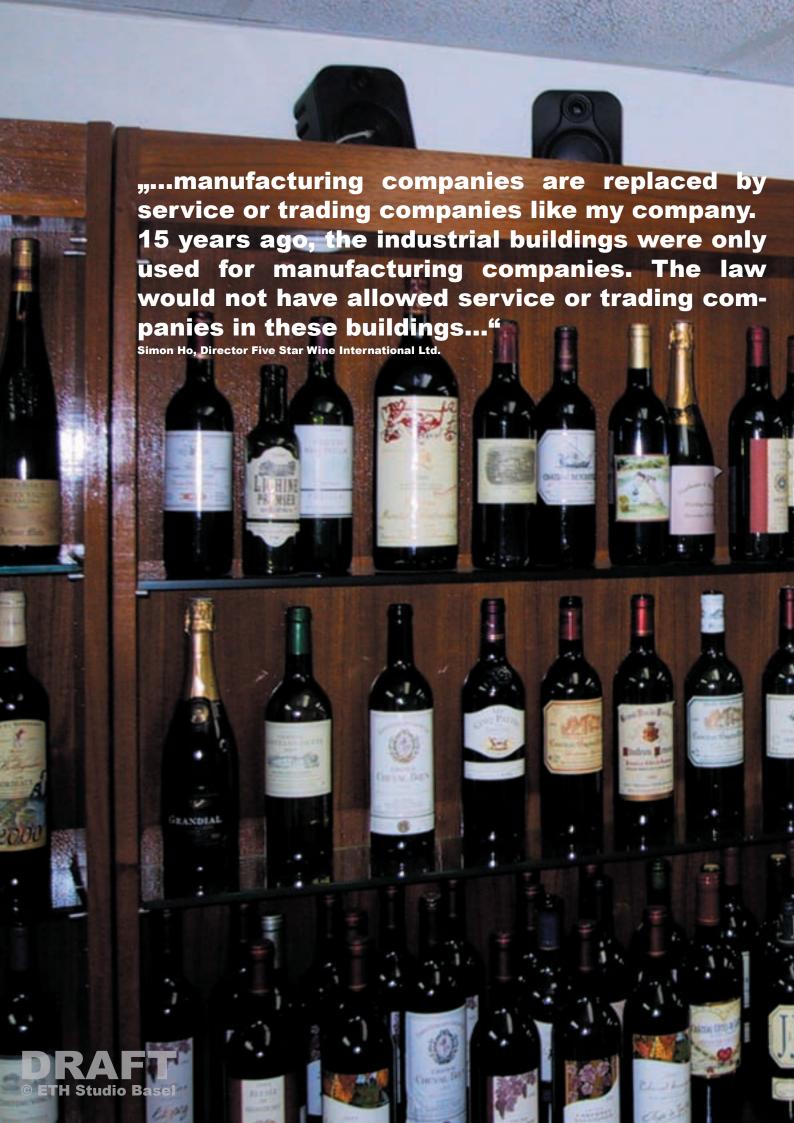
Wine is mainly imported from France. This type of company is allowed in this kind of building since the government changed the building to I/O-Building 15 years ago.

Employees in Hong Kong NTERNATIONAL Employees in the Pearl River Delta **\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*** DELTON **\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*** Employees in Hong Kong **††††** Employees in the Pearl River Delta **†††††** 5 Employees in Hong Kong **†††††** 5 Employees in the Pearl River Delta Employees in Hong Kong **ተተተተተ** Employees in the Pearl River Delta **ᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮᡮ** 320 Employees in Hong Kong **††††††**†**7** Employees in the Pearl River Delta <del>\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*</del> **\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*** Employees in Hong Kong ተተተተተ 6

**ETH Studio Basel** 

Employees in the Pearl River Delta

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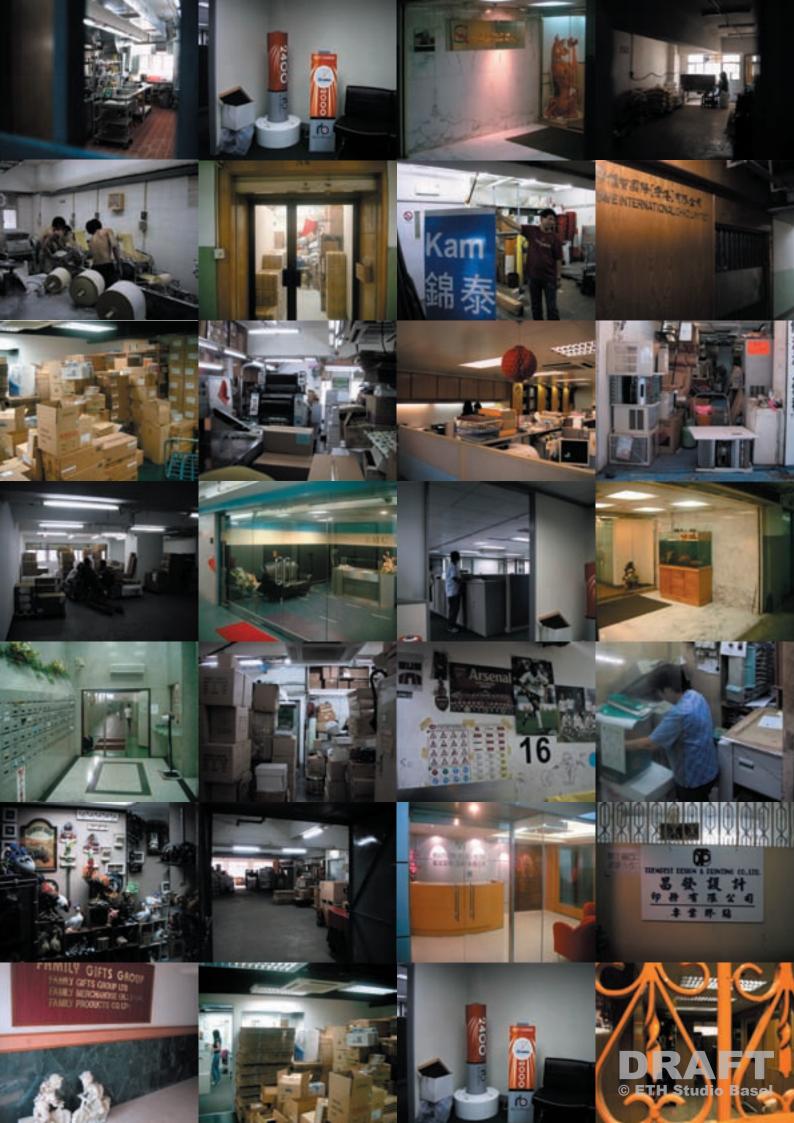
















## **Head Offices need representative corridors**

















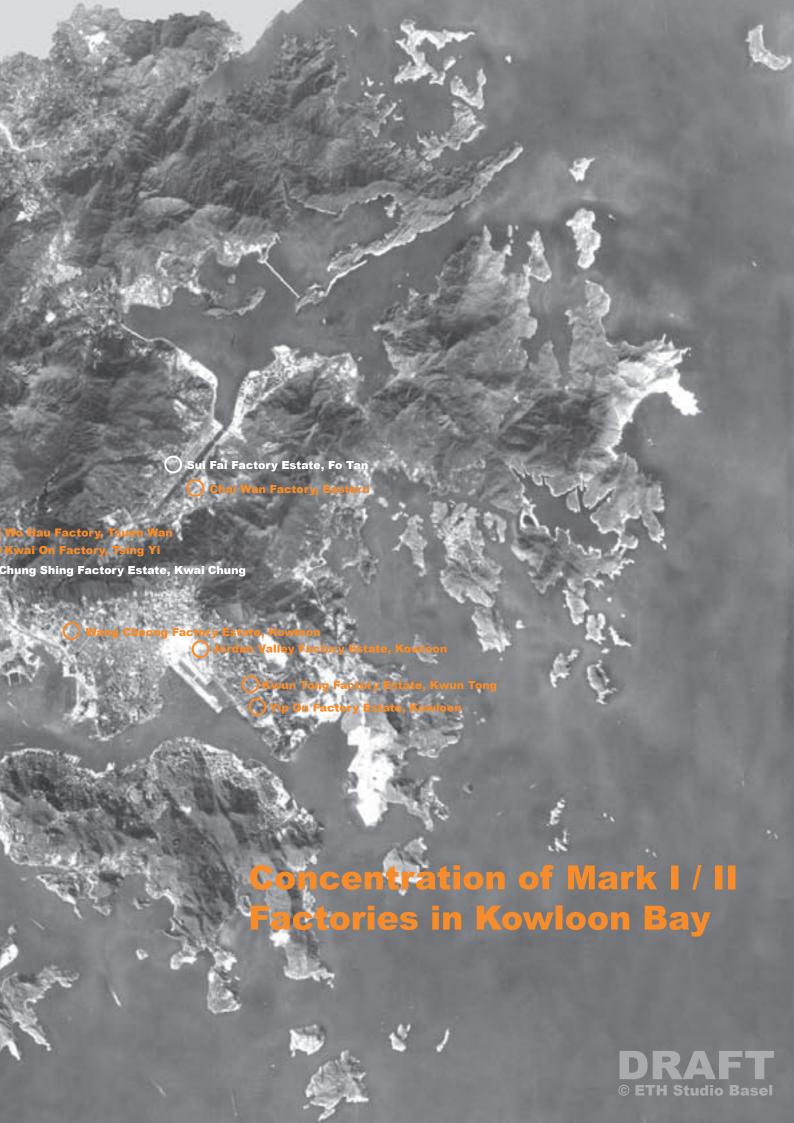
# 12 GOVERNMENT OPERATED FACTORY ESTATES MAY DISAPPEAR

There are still 12 government operated factory estates in Hong Kong. Originally, over 40 factory estates were regulated by the government.

The three different types of government operated factories are named here Mark One, Mark Two and Mark Three. Mark One and Mark Two were first built over 40 years ago, in the 1960's, Hong Kong's most active industrial time. The three buildings of the Mark Three type were built between 1978 and 1981, the beginning of China's door policy.

In contrast to the industrial buildings which are privately operated, the government operated factories do not adapt to the new conditions - these factory estates are not destined for office usage. The main use is for firms involved in light industry, mainly carpenters or metalworkers producing for Hong Kong. Because of the city's change within the last twenty years to a service society and the industrialization in the Pearl River Delta, there is only a minimal amount of light industry companies left. So are government operated factories.



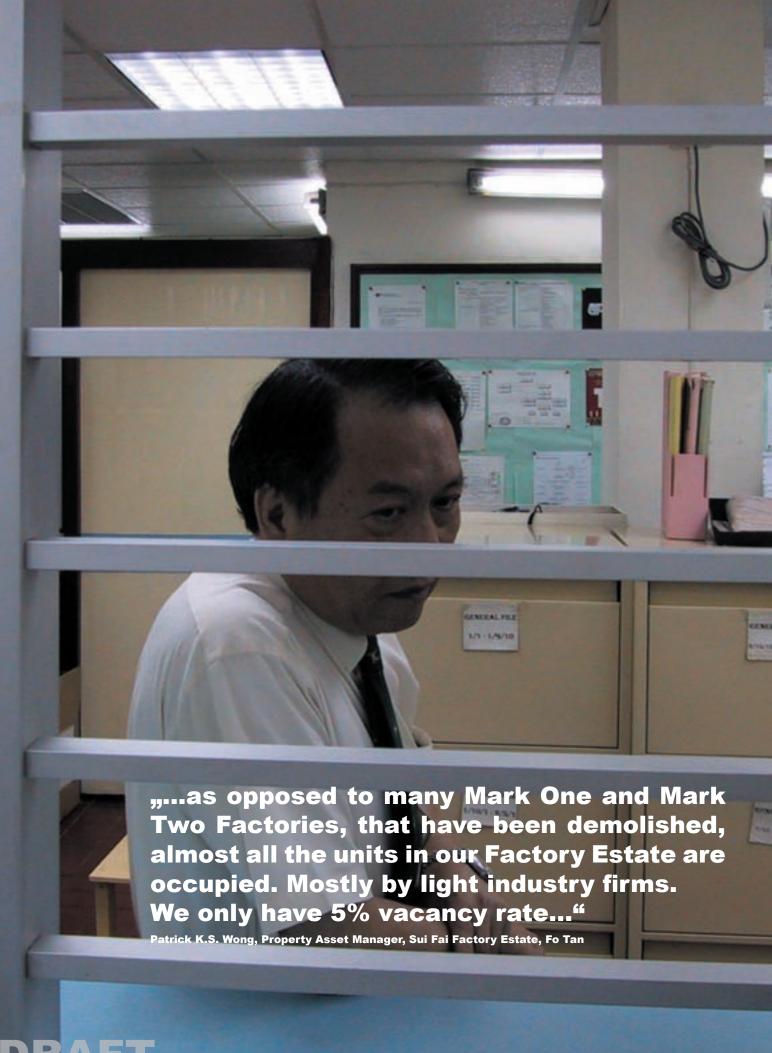


## Same type of building for public housing and



## d government operated factories in the 60's







## **Sui Fai Factory Estate**

The Sui Fai Factory Estate in Fo Tan was built by the Housing Authority in 1980. The 23-storey factory occupies a total area of 43.301 m², with sizes of each floor ranging from 617 m² to 1792 m². Factory units of sizes varying from 25 m² to 1.792 m² (whole floor) are available. Ceiling height ranges from 3.1 m to 4.2 m while the floor loading varies from 750 kg/m² to 2.500 kg/m².

Sui Fai Factory units are designed and equipped to suit various industrial and storage uses and are available for immediate occupation. It will be an ideal choice for factory operators looking for their business.

Extract from document handed out by K.S. Wong, Property Asset Manager, Sui Fai Factory Estate, Fo Tan

Almost all units in the Sui Fai Factory Estate are occupied. 80% of the units are leased by interior design firms. Most of the firm lease 3 units what means a surface of  $75 \text{ m}^2$ .

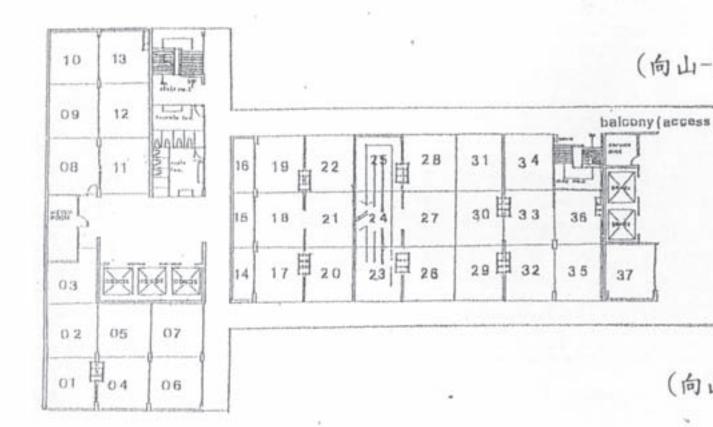
The building was only built for light industry. There will be no change in future in the building's structure and interior because the composition of the firms is still the same as twenty years ago and the usage is regulated by the government. Basel



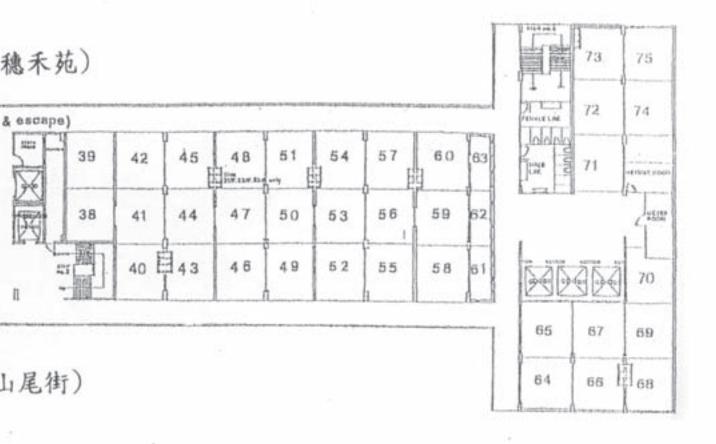
## uilding is a landmark for Fo Tan



# Sui Fai Fac Typical Floor



# tory Estate Plan (2-23/F)



<u>0 5m</u>









DRAFT
© ETH Studio Basel













LEE SEE WOO GARMENT FACTORY Activity in Pearl River Delta .K.PANG Type of production *NAGING DIRECTOR* OBILE:9883 8861 Clients Category Rm.2268-2270,22/F., Specifities TEL:(852)2690 0050 Sui Fai Factory Est. (852)2698 8789 5-13 Shan Mei St., Fotan, (852)2698 8820 Shatin, N.T., Hong Kong. FAX:(852)2601 3919 Feng Cheig Trading 豐盛貿易公司 Activity in Hong Kong Lo Wai Man Manager ₩ Mobile: 9857 2028 Clients Flat/Room No. 1305, Chung Ctr., 42-46 Shanghai 00852),3567,3636 Fax: (00852)3567 Product RYAN INDUSTRIAL LTD. 菜欣實業有限公司 Product MANUFACTURE Clients Engaged in Product Work Shop Clients Specifities Studio Basel

LEE SEE WOO GARMENT FACTORY LTD.

Engaged in Clothes production Registered as **Trading Company** Kids clothing Product Activity in Hong Kong Head Office and storage

> H&M, international clothing companies MADE BY HONG KONG Before production was outsourced to the Pearl River Delta, the company produced in Hong Kong. Now, they produce under chinese clothes production quotas.

Engaged in Packaging material production **Trading Company** Registered as Product Foam packaging

Production

OFM

Activity in Pearl River Delta Type of production

Hong Kong trading and shipping companies Category MADE FOR HONG KONG

Specifities There is only one company producing this product in Hong Kong. The raw material comes from the USA, it is treated in

Production and office

Hong Kong and is used to protect product that go to the USA.

Engaged in Stamp production Registered as Plastic Production Company Stamps

Activity in Hong Kong Production and Office

Activity in Pearl River Delta

Type of production Clients

Local companies

MADE FOR HONG KONG Category

Specifities Family business. Small production - only like this they can survive. Supply and demand destines the production.

Local companies

Local companies and private people

Engaged in Signboard production Registered as Plastic Production Company

Signboards Activity in Hong Kong Production and office

Activity in Pearl River Delta

Type of production

Clients

Category

MADE FOR HONG KONG

Specifities Family business. They produce signboards for Hong Kong

companies in manual work.

Engaged in Carpenter Registered as **Furniture Company** Product Tables, chairs, ... Activity in Hong Kong Production and office

Activity in Pearl River Delta Type of production

MADE FOR HONG KONG Category Specifities

Family business

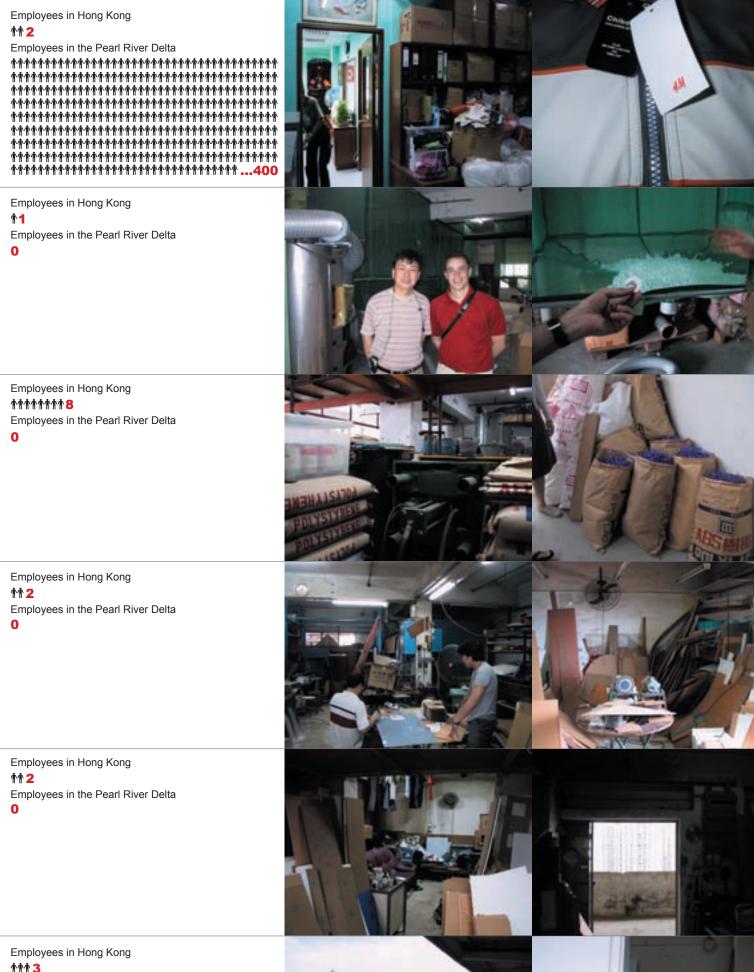
Carpenter **Furniture Company** 

Registered as Tables, chairs, ... Activity in Hong Kong Production and office

Activity in Pearl River Delta Type of production

Local companies and private people Category MADE FOR HONG KONG

Family business



**††† 3** 

Employees in the Pearl River Delta





## VERTICAL FACTORIES AS REMINES-CENCE OF "MADE IN HONG KONG"

Vertical Factories were built during the heyday of manufacturing in Hong Kong. They provided the fast growing industry with space needed for production. As the city of Hong Kong is one of the most dense cities in the world, there was hardly enough city surface for the expanding industry. There was a need to use the available land in an ideal way. The resulting verticalisation of production shows the ambition of the factory owners to handle upcoming challanges.

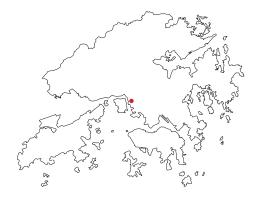
The structure of these buildings differ from the common industrial building, because here, normally a whole floor is used by only one company. Unlike the other industrial buildings in the city, most of the vertical factories are still used for production. But today there are only a few remaining vertical factories in the city, most of them in the harbour area, because there, pollution restrictions are not very stringent.











## **Wing Loi Vertical Factory**

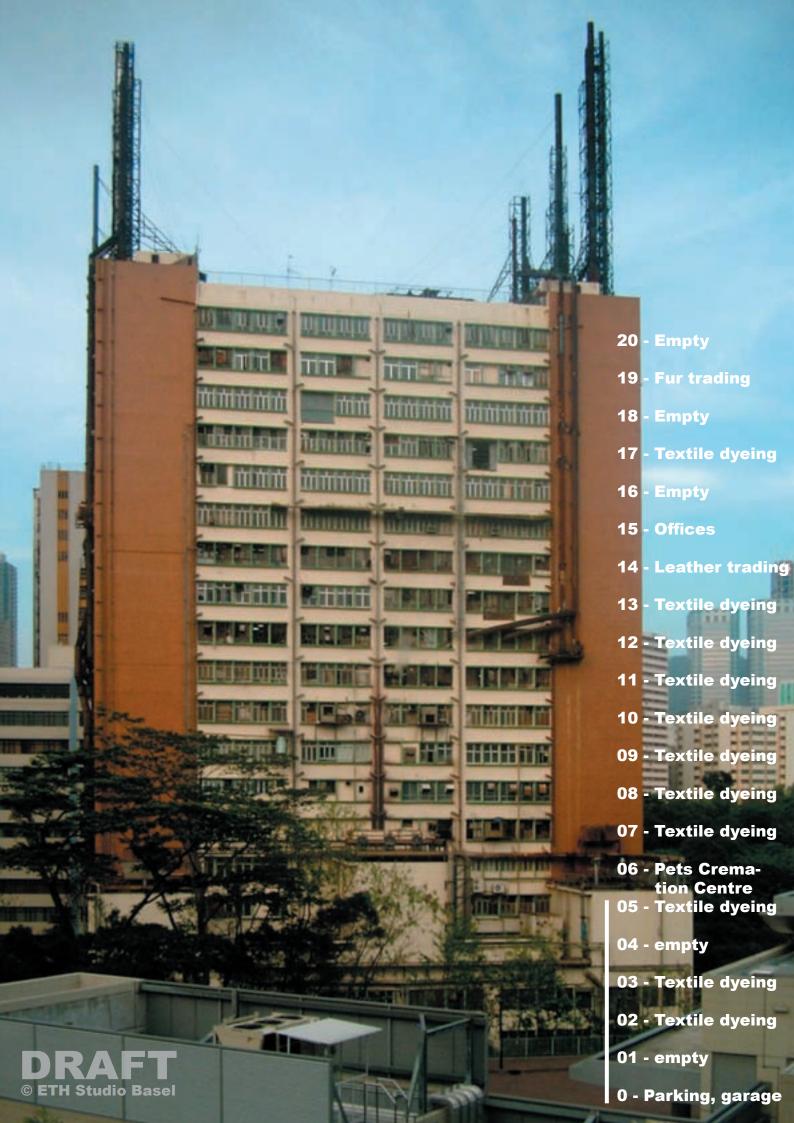
This building is one of about ten remaining vertical factories in Kwun Tong. As this area is located near the harbour, there are less pollution restrictions than elsewhere in the city. This is the reaseon why one can still find production in these buildings, especially pollutive production.

The Wing Loi Industrial Building was built in the late 60's, when production space was needed in the city. Today, many floors of this building are still occupied by dyeing and laundry companies, because this building is equipped with a special sewage treatment that is shared by all tenants. This is contrary to other industrial buildings in the city, that today are mainly used as office and storage buildings. But there is an unclear situation about the future of this vertical factory, because some floors are completely empty, other are surprisingly used as offices, and there is still pruduction. The distance to the Central Business District and the extremely polluted building and surrounding hardly allow other uses than production.

















# 149 CONTEMPORARY FACTORIES ARE SUPPLYING HONG KONG

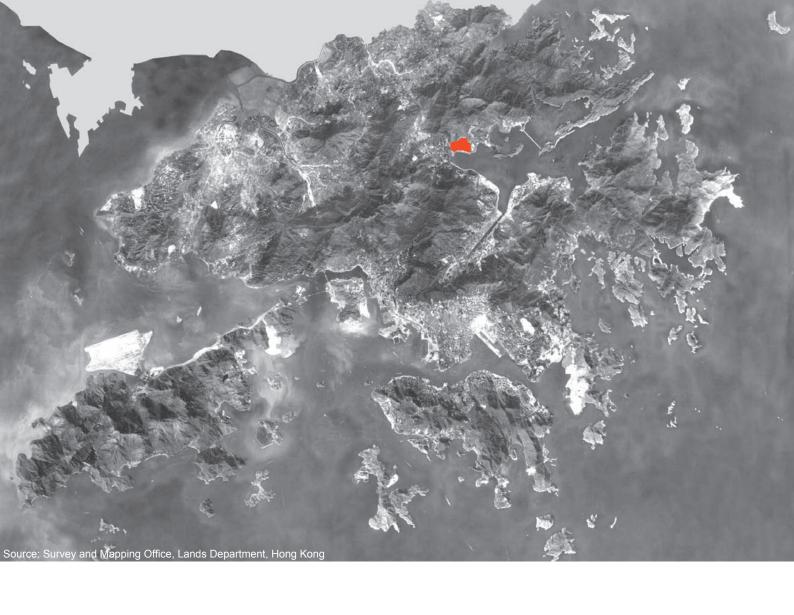
The newest factory buildings of Hong Kong can be found in three newly built industrial estates that are no more directly integrated in the cityscape. These three estates are compact arrangement of factories that are located outside of the towns. As today, Hong Kong is mainly producing goods, that are directly consumend in the city, these factories are built to satisfy the daily needs of Hong Kong. Only a small part of their production is exported.

The three new industrial estates are built on reclaimed land to offer the tenents enough space for their production. Contrary to the old industrial buildings, that normally consisted of a large number of produciton units, these factories are only used by the owning company. A main part of these buildings are occupied by food and beverages production companies as well as printing companies, what means that these firms are engaged in service related production.















"...even today we can not produce in China because they would shut down our production if we - for example - write about Falun Gong. And as we are printing newspapers for Hong Kong, we must be fast..." Peter Siau, Managing Director Ringier Print, Tai Po Industrial Estate © ETH Studio Basel







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Patrick K.S. Wong, Urban Property Management Ltd. Sui Fai Factory Estate, Fo Tan for providing us with important informations about the government operated factory estates in Hong Kong

#### Cat Shan, Versailles Hong Kong

for offering us the best view and the best peanuts in Hong Kong

#### all the company owners

for the time they offered us for our questions and the possibility to take a look into their place of work

Norman C.M. Chiang, Hang Cheong Plastic Ind.Ltd.

Simon Chu, International Trimmings & Labels (Asia) Ltd.

Florence Chan, Wing Sing Plastic Factory

Carol Chan, Air Sea Transport (HK) Ltd.

Wendy Lay, Kong Fat Electronic Trading Ltd.

Simon Ho, Five Star Wine International Ltd.

Aka Chan, International Delton

Stefan Andreew, Waysnar Far East Company Limited

Amy Lee, China Evergreen Footwear Ltd.

C.K. Pang, Lee See Woo Garment Factory Ltd.

Tony Chan, Hillwick Industries Ltd. Best Colours Printing Factory

Lo Wai Man, Feng Cheig Trading Co.



### for the interviews



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14th of May, 10am, YMCA Building, Salisbury Road, Hong Kong



Peter K.P. Siau

Chief Executive, Ringier Print (HK) Ltd.

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19th of May, 10am, 13 Dai Kwai Street, Tai Po Industrial Estate, Hong Kong



Gérard Dubois, "La Rose Noire"

Managing Director "La Rose Noire" Kowloon Bay, Hong Kong

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14th of May, 3.30pm, 8 Lam Lok Street, Hong Kong

