

“Ethics – the Core Value of Leadership” - 2007 Directors’ Forum
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Keynote Address by
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Good morning, ladies and gentlemen

I am honoured to have this opportunity to share with you some of my thoughts on this important subject of “Ethics – the Core Value of Leadership”.

Rapid globalization of world trade is well underway, and ethical management of business is becoming more and more pertinent. I believe you are here because, as business leaders, you have put the subject of ethics high on your business agenda.

Thanks to globalization – trading partners, principals, intermediaries and producers from different parts of the world are brought together in close proximity. Never before have we seen this happen. This is particularly true for our own Li & Fung business as a global supply chain orchestrator and logistics services provider.

Our global partners require timely and transparent information as well as faultless execution. Their confidence and trust in our brand name, our business model and our commitment to privacy, continues to form an important and integral part of our sustainable business growth. For us, upholding high ethical codes and enforcing ethical disciplines in our own business is not an option, it is a must.

Today, I would like to discuss a subject which is close to my heart. This is “Ethics” in a world of rapid globalization.

In my recent talks to different groups, I have touched on the Doha agenda for world trade. The agenda engenders rules-based links in our world trade system providing market access and trade facilitation. I would like to stress

that maintaining the envisaged multilateral trading system requires a high market ethical code.

Should the Doha Round fail and we see a breakdown of the multilateral trading system, there will be consequential proliferation of bilateral and regional trading agreements. In this unfortunate event, I believe that the need for high ethical disciplines among traders in the global arena will be even greater.

Let me illustrate with some specific observations. I refer to some likely potential unintended consequences in a world operating under many bilateral agreements, e.g. the country of origin of a product will be subject to different rules and interpretations of importing countries. Market participants including regulators and business representatives will have increasing room for interpretation, negotiation and mediation.

Ethical codes on both sides of the negotiation table need to remain high in order not to downgrade the integrity of business dealings and the regulatory enforcement process.

In addition, market participants from countries with different cultural and economic development, legislature and ethical understanding need to maintain what I call an acceptable worldwide common ethical norms for business. Professionals, governmental, non-governmental, social and other organizations have a vital role to play in reinforcing this norm.

If we are to succeed in the pursuit of this objective, a concerted effort from all participants and especially, leaders in both the private and public sectors, is absolutely essential.

For world trade to expand and to prosper, market participants from different jurisdictions need to embrace and reinforce the concept of a common acceptable ethical code for business.

Until the existing ethical 'gap' among different jurisdictions is narrowed to an acceptable range, a level playing field will continue to be a 'business mirage' for market participants in the global market and in participant, in a world with bilateral agreements.

As an on-going initiative in maintaining a high ethical market code, I do not believe that there is any substitute for a rigorous programme to be implanted into the education system for our younger generation. This should best start at home and extend to school and university education. The effort and time to achieve this is enormous and cannot be under-estimated.

This brings me to a related topic which is enforcement and penalties for a lack of business ethics. With the best rules and regulations in place, a level playing field on world trade can only be achieved if stringent rules on market ethics together with the support of relevant government policies are adhered to by all participants. Heavy penalties should apply to any infringement.

Rapid globalization has brought all our developed and developing economies into one trading arena. It is not difficult to envisage the difficulties of achieving a fair and equitable playing field if common minimum norms on market ethics is not embraced and practiced by all parties.

To this end, organizers of this forum are to be commended for their continuing efforts and rigor in fostering business ethics in both the private and public sectors in different economics. Their continuing education programmes offered to directors, senior executives, management and other staff provide not only useful references to new entrants but also serve as a timely reminder for all existing market participants.

Conclusion

My message today is simple. Maintaining a high business ethical standard is important today. However, should the world migrate into a world with bilateral agreements on trade and investment, this issue will become even more pertinent.

A level playing field with equal opportunity for all market participants can only be achieved if high ethical norms are embraced and practiced. And this can only be achieved where there is trust and with a concerted effort and commitment from all of us.

Continuing education on ethical management offered by the organizers of this forum plays an important role in educating and reminding participants

from private and public sectors on business ethics. This continuing effort, in my mind, will play a significant role in reinforcing this important initiative.

Last, but not least, let me emphasize again that education on ethics begins at home and extending it to school and tertiary education will play a vital role in upholding ethical codes for our future generations.

Thank you!