

Speech by STH at Hong Kong Shipping Registry 20th Anniversary Celebration Luncheon (English only)

Following is the speech by the Secretary for Transport and Housing, Ms Eva Cheng, at the Maritime Awareness Week 2010 - Hong Kong Shipping Registry 20th Anniversary Celebration Luncheon today (October 29):

Kenneth (Koo, Chairman of the Hong Kong Shipowners Association), Roger (Tupper), Captain (P H) Lam, distinguished guests, ladies and gentlemen,

Good afternoon. I am delighted to join you at this luncheon to celebrate the 20th Anniversary of the Hong Kong Shipping Registry, which is one of the highlights of the Maritime Awareness Week 2010. Our efforts to promote the maritime and shipping sector to users, the general public as well as students coincide happily with the Year of the Seafarer designated by the International Maritime Organisation. I am particularly glad to see so many industry leaders and old friends here today - many of you were instrumental in the establishment of the autonomous register in Hong Kong back in 1990, and helped enable it to grow over the years to be one of the success stories of Maritime Hong Kong.

Consolidating Hong Kong's position as a renowned international maritime centre and reinforcing our maritime cluster have always ranked high on the agenda of the Government and will remain so. Indeed, in his Policy Address delivered some two weeks ago, the Chief Executive reaffirmed this commitment. In this regard, we will vigilantly safeguard our institutional strengths - which are essential to maintaining Hong Kong's premier maritime position. They include being a free port, and having an independent judiciary and a common law legal system, a simple and low tax regime, a friendly business environment, free flow of capital and information, practices and requirements that are fully on par with the relevant international standards, as well as strong and well established international business and maritime network.

As one of the leading maritime centres in the world, Hong Kong's maritime industry comprises a mix of core shipping and other essential services. Our sizable and well respected maritime cluster offers comprehensive and high quality services including ship broking, ship management, marine insurance, ship finance, and maritime law and arbitration.

The Hong Kong Shipping Register

The Hong Kong Shipping Register is a shining example of the first-rate service offered by the Hong Kong maritime cluster. Starting with a gross tonnage of six million in 1990, it is now the fifth largest register globally and has passed the 54 million mark. Gross tonnage apart, ships flying the Hong Kong flag are also amongst the best performers worldwide. The port state detention rate for Hong Kong ships is only about one third of the world's average. However, we will not and cannot be complacent. The quality of the Hong Kong Shipping Register is equally, if not more important, than the number of ships registered. To keep up the reputation of the Hong Kong Shipping Register, the Marine Department will continue to work closely with the industry to enhance the standards of Hong Kong ships and to increase the competitiveness of the Register. This includes introducing more e-services, expanding one-stop shop services for ship registration, strengthening pre-registration quality control, providing technical support and advice, and enhancing coordination with the relevant Mainland authorities to offer better protection for Hong Kong ships when they are in international waters and at foreign ports.

More opportunities for Hong Kong's maritime cluster

In recent years and particularly after the financial tsunami, it is apparent that the gravity of international trading, and hence shipping activities, has shifted towards Asia. In 2009, more than half of the world's containers were handled at Asian ports. Asian economies account for four out of the world's top ten ship-owning economies. With an average growth rate of 10% in the past decade and a population of 1.3 billion, China has long been recognised as the locomotive of global economic development in terms of both production and retail activities. In the mean time, Chinese shipping lines are playing a greater role in international freight transportation. With more vibrant intra-Asia shipping activities and an increasing number of rising economies, including the Mainland, searching for quality maritime services, there are ample new opportunities for Hong Kong-based service providers. Some 36% of arbitration cases handled by the Hong Kong International Arbitration Centre in 2009 are related to shipping.

The Government will continue to join hands with the industry to ensure the sustainable development of Hong Kong as a leading maritime service hub. In addition to preserving the institutional strengths mentioned earlier, manpower training is another key factor to propel Maritime Hong Kong forward. We have well

established vocational training for cadets and degree programmes in maritime studies for careers both at sea and onshore. In March this year we saw the establishment of the first dedicated maritime and transportation law centre in Asia by one of our local universities. The centre has started to offer the first and only Master of Laws Degree programme on maritime law in Hong Kong. Looking ahead, we shall step up our effort to nurture a pool of home-grown maritime talent through, for example, the financial incentive schemes for cadets and ship repairers, as well as scholarships for tertiary training for maritime and related professions such as maritime law.

Local and overseas promotion will be another area of our focus. The Hong Kong Maritime Industry Council and the Hong Kong Port Development Council will continue to conduct promotional missions to potential markets. In the mean time, we shall continue to participate in local and overseas exhibitions to showcase the comprehensive and high quality services that Hong Kong can offer. At home, we shall endeavour to raise the profile of the maritime industry so that the public, and the younger generation in particular, will learn more about its important contributions and the various opportunities that it offers. This is one of the objectives of the Maritime Awareness Week.

Hong Kong Port

About 90% of the world's goods are transported by sea. The port and maritime sector directly contributes to about 2% of our Gross Domestic Product and provides about 3% of our employment. It also makes substantial indirect contribution through its related professional services. Yet, maritime activities are often invisible except for the port operation. The Hong Kong Port is one of the world's busiest and is renowned for its efficiency. Its throughput has continued to increase over the years - we handle about three times more container boxes today when compared to twenty years ago and ranked third globally in 2009. During the first nine months of 2010, we had a throughput of about 18 million Twenty-foot Equivalent Units, representing a year-on-year increase of some 13%.

Admittedly, Hong Kong Port, as a mature port, cannot match the growth rate of ports in the Pearl River Delta (PRD). The gap of the actual number of container boxes handled by the Hong Kong Port and Shenzhen Port is also closing up. We recognise that the PRD ports are closer to the cargo source and the ultimate market. They also enjoy competitive edges in land and labour costs. Nevertheless, our truly global reach and high frequency of sailings have helped maintain and

reinforce Hong Kong's status as an international hub port. Furthermore, in view of Hong Kong's well established competitive advantages in service provision, our reputation in offering tailored logistics services and our experience in handling high value goods, it would be logical for Hong Kong to play to its strengths. Hence, whilst the Government will continue to put in place the necessary infrastructure to meet the needs of the Hong Kong Port in time, the future of Maritime Hong Kong will rely heavily on the service side. This positioning is also in keeping with Hong Kong's overall long-term development strategy of focusing on high value-added service areas.

Concluding remarks

The 20th anniversary of the Hong Kong Shipping Registry is a major milestone of our maritime industry. Celebrations aside, this occasion also provides us with an opportunity to reflect on where we stand now and the direction we should take in the future. The impressive achievements of the Hong Kong Shipping Register and of our maritime cluster are the result of the dedication and hard work of generations of Hong Kong shipowners and maritime professionals. The Government is as committed as ever to working closely with the industry to keep Hong Kong on the international maritime radar screen, and I have every confidence that our collective efforts will bring Maritime Hong Kong to new heights.

On this note, I wish you fair winds. Thank you.

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