

Speeches

**Secretary for Economic Development and Labour,
Mr Stephen Ip,
speaks at the Hong Kong Maritime Industry Council Dinner**

Following is the speech by the Secretary for Economic Development and Labour, Mr Stephen Ip, at the Maritime Industry Council Dinner(MIC) on 29 November 2005 (English only):

Fellow MIC members, distinguished guests, ladies and gentlemen,

I am delighted to welcome you all, in particular our friends from the Mainland and Macau, to the Hong Kong Maritime Industry Council Dinner and the 15th Anniversary Ceremony of the Hong Kong Shipping Register. On this special occasion, I would like to thank our shipping industry, maritime service sector, shipowners and the Marine Department for their contribution and hard work in making the Hong Kong Shipping Register such a great success.

When we commissioned our Shipping Register in 1990, we had only a fleet of a total gross tonnage of 6.2 million. To date, the Register has a total gross tonnage of 29.6 million, an increase of over 380% over a period of 15 years. I understand from the Director of Marine just now that we would cross the 30 million mark very soon.

The success of the Hong Kong Shipping Register is a remarkable story of government and business partnership in turning Hong Kong's competitive advantage into an invaluable economic asset creating employment and business opportunities.

The Strengths of Hong Kong

On our part, it has all along been one of the Government's prime policy objectives to strengthen Hong Kong's position as an international maritime centre. In achieving this, our key strategy is to provide a favourable business

environment for international maritime services providers using Hong Kong as their base. Under the principle of "One Country, Two Systems", we remain a separate customs territory and operate an autonomous maritime administration and shipping register that underpins Hong Kong's position as an international maritime centre. On top of this, the rule of law, coupled with a clean government, the free flow of information and a simple, low-tax system have strengthened and supported Hong Kong's development as one of the freest and most business-friendly economies in the world.

On the industry side, Hong Kong has some 80 international shipping lines with 450 sailings reaching 500 destinations worldwide. There are about 900 shipping-related companies operating in Hong Kong, providing a great variety of high quality maritime services ranging from marine insurance, maritime law, arbitration, ship finance, brokerage, management, registration to ship survey services. Hong Kong is now the seventh largest maritime centre in the world. Members of the Hong Kong Shipowners Association own, manage or operate over a thousand vessels with a total gross tonnage of over 39 million.

The Hong Kong Shipping Register has an excellent reputation as a high quality register and continues to attract top quality tonnage. We have been providing one-stop service for registration and relevant formalities, free-of-charge Flag State Quality Control Inspection and round-the-clock technical advice to shipowners as well as support to the Hong Kong registered ships whenever and wherever they are.

The steady increase in our registered tonnage has underpinned the growth of other related maritime sectors and benefit the economy of Hong Kong. The total value of ship financing in Hong Kong has increased by over 200% since the launch of our Shipping Register, reaching an amount of HK\$26.4 billion in 2004.

The gross premiums generated by ship underwriting business by Hong Kong insurers amounted to over HK\$860 million, an increase of over 50% in the past five years. In 2003, the revenue from ship brokerage grew by 21.3% to HK\$158 million. Hong Kong will continue to be a leading ship brokering centre for the rapidly expanding market in the Mainland and for new building contracts at Chinese shipyards.

Building on its strong maritime community, some of the world's largest and

oldest ship management companies are based in Hong Kong providing professional services not only to the Hong Kong registered ships, but also to ships calling our port. Other international maritime service providers also have established their presence in Hong Kong, providing various supplies and support services including ship maintenance and repair, bunkering, ship replenish, waste disposal, IT and communication services, auditing and tax advisory as well as education and training services. The economic benefit and employment opportunities generated by the shipping and maritime sectors are therefore tremendous.

Challenges Ahead

Looking ahead, Hong Kong cannot afford to be complacent. Globally, we are facing fierce competition from other maritime hubs in the region. Locally, we need to ensure the supply of maritime professionals to sustain and further develop the maritime industry.

With the support of the industry, we have taken measures to strengthen Hong Kong's position as a regional hub port and to maintain our competitiveness in the face of ever changing economic environment and growing competition. To encourage long term and stable registration under the Hong Kong Shipping Register we would introduce a six-month Annual Tonnage Charge waiver for vessels registered with our Register for a continuous period of two years and with no record of detention. We would also reduce licence fees for local vessels, port fees and charges for river trade vessels and ocean-going vessels, as well as anchorages dues. We would establish more service anchorages to increase the mid-stream cargo handling capacity to meet the increasing demand of the river and transshipment cargoes. These measures will be implemented in early 2006 after completing the legislative procedures.

To promote our maritime service, a series of training seminars have been organised by the Hong Kong Maritime Industry Council. One of these is the "Training Seminar on Hong Kong Maritime Services" held in the past two days. This Seminar is not only to showcase our professional maritime services available in Hong Kong, but also to strengthen the collaboration and enhance the communication between the maritime industries of the Mainland and Hong Kong. I would like to take this opportunity to thank the seminar

speakers for their support for the Training Seminar.

To attract more youngsters to pursue a career in shipping and maritime sector, we launched the Sea-going Incentive Training Scheme in July last year, which provides financial incentive to deck and engineer cadets joining ships. So far we have over 40 cadets joining ships for their cadetship training under the Scheme, an increase of over 100%.

As the growth area for shipping business and maritime trade, the Mainland provides us with immense opportunities. Under the Closer Economic Partnership Arrangement (CEPA), Hong Kong service suppliers are allowed to set up wholly-owned enterprises in the Mainland to operate international ship management services, regular business and shipping agency services for vessels that they own or operate, port cargo loading and unloading services, and international ocean container leasing, buying and selling activities. Feeder transport and towing services have also been opened up to eligible Hong Kong enterprises in subsequent stages of CEPA. We would explore new opportunities through exchanges with other maritime centres and participation in the major events in the Mainland. In that regard, we are organising a Shipping and Maritime Mission to Xiamen in early 2006.

Acknowledgement of the Industry's Contribution

Hong Kong's achievements demonstrate the excellent partnership between the Government and the industry. I would like to thank all of you for your time and contribution in the past and thank the industry for its initiative and efforts to establish the recently opened Hong Kong Maritime Museum and the Maritime Library which is now in the pipeline. All these contributions are vital to the further development of our maritime industry. I am also most grateful for the invaluable advice, contributions and support rendered by members of the Maritime Industry Council, and the Port Development Council. I am glad to have this opportunity to show our appreciation to some of our industry players for their contribution and support by presenting some awards. I look forward to your continuous support and wish all of you the best of every thing.

Thank you.