

Acting STH's speech at Asian Shipowners Forum (English only)

\*\*\*\*\*

Following is a speech (English only) delivered by the Acting Secretary for Transport and Housing, Mr Yau Shing-mu, at the plenary lunch of the 19th Asian Shipowners Forum today (May 25):

Kenneth [Koo], distinguished delegates, ladies and gentlemen,

This is a gathering of leaders of the Asian shipping community and I would like to thank the Hong Kong Shipowners Association for giving me the opportunity to speak to you today.

The last time Hong Kong hosted this forum was back in 2003. The fortunes of shipping were on the rise then. The wind turned when the financial tsunami hit in late 2008 - but I am not going to spoil your appetite by dwelling on the bad times. Rather, I would like to update you on how Hong Kong rises to the challenge and fares as an international maritime centre since the forum last met here.

Shipping is not a high-visibility activity. Every time you visit Hong Kong you can't help but notice the ever-growing skyscrapers or new, gleaming shopping malls, but you won't feel much progress being made by our shipping industry as you survey our harbour from your hotel windows, because our ships are plying the trade routes of the world. Fine-looking ships they may be but I certainly have no wish to see them sitting majestically in files in Hong Kong waters.

Despite the economic downturn, Hong Kong still owns 3.1% of the world's merchant fleet and is the eighth largest maritime centre in the world. Our shipowners own, manage or operate about 8% of the world's merchant fleet. In 2008, the maritime industry contributed to 1.8% of our GDP and employed 2.4% of our workforce.

About 700 shipping related companies now call Hong Kong home, providing quality maritime services ranging from ship agency and management, ship owning and operation, ship broking and marine insurance, to inland water transport. Other related services like legal services, arbitration, ship finance, ship registration and ship surveying are readily available. Together they constitute one of the most vibrant and comprehensive maritime clusters in the region.

Take marine insurance as an example. Almost all major Protection & Indemnity Clubs have representative offices here in Hong Kong, with a growing number of them having obtained licences from our Insurance Commission to underwrite insurance here. Furthermore, a hull insurance market operates here specifically to serve shipowners in Asia.

The Hong Kong Shipping Register is now among the top five of the world, comprising 1,579 ships with a total gross registered tonnage of 49 million. As this year marks the 20th anniversary of the Shipping Register, I shall say a few more words about it. The register provides quality services at competitive prices, and the Hong Kong flag enjoys a well-deserved reputation for having a very low ship detention rate. Last year, the detention rate of Hong Kong ships under the Tokyo Memorandum of Understanding on Port State Control was just 1.65%, against a world average of 5.78%. One of the attractions of our Shipping Register is that income derived from the international operation of Hong Kong registered ships is exempt from the profits tax.

Last year, there were about 205,500 vessel arrivals in our port, of which about 60% (120,400) were cargo vessels. The Hong Kong Port handled 21 million TEUs of containers, making it the world's third busiest container port. There are about 90 international shipping lines operating in Hong Kong and they provide almost 400 container liner services every week to over 500 destinations across the

globe. Of these, about 210 are intra-Asia shipping services, underpinning Hong Kong's position as a regional hub port.

The Hong Kong Government is committed to ensuring that our port and infrastructural facilities are provided in a timely manner to cater for increasing cargo throughput. We are now taking forward a project to dredge our container basin and approach channel to 17m to meet the draught requirement of ultra large container vessels. We are also actively studying the feasibility of building a new container terminal at Southwest Tsing Yi, close to the existing terminals to create synergy.

As owners and operators of ships, you all know that the shipping industry worldwide has been short of manpower, even when times were hard. We in Hong Kong are no exception. With the support of the Hong Kong Maritime Industry Council, which is a high-level advisory body comprising industry leaders and senior officials, we have implemented a range of incentive and scholarship schemes for different levels of training, ranging from cadetship training to postgraduate degrees in International Shipping and Transport Logistics.

Since 2008, with funding from the Government, the University of Hong Kong and the Dalian Maritime University have jointly launched an academic collaboration scheme which provides law graduates with master degree scholarships with emphasis on maritime law. In March this year, the City University of Hong Kong established a Centre for Maritime and Transportation Law, which will develop a research profile in this specialised area on top of offering courses to students and industry people.

The Hong Kong Government treasures its partnership with the local shipping community, which has accumulated a wealth of experience through the generations. In other industry-related policies as in manpower training, we will continue to draw on our shipowners' wise counsel and

strengthen our collaboration with them so as to sustain the momentum of their success in this fast-changing global environment.

Hong Kong is a free port, but it is more than a free port. Apart from a natural deep water port, our institutional strengths include the rule of law, clean government, a low tax regime, and free flow of capital and information. As in all enterprises, it takes practical ideas, hard work, sizeable investments and a large pool of talent to sustain our shipping industry and maintain our status as an international maritime centre. In this endeavour, we have been encouraged by our Central People's Government's affirmation that Hong Kong shall maintain, and indeed enhance, our position as an international maritime centre.

Of course, we are not doing it alone. Shipping is a globalised economic activity. There is a seemingly endless list of issues which need to be addressed by its key players across the world through constructive dialogue. Hong Kong will continue to play an active part in such exchanges to ensure the sustained development of world shipping, and I appreciate deeply the efforts of this forum to co-ordinate an Asian voice to speak for us. May you achieve all your objectives in this meeting and propel your organisation to greater success.

Thank you.

Ends/Tuesday, May 25, 2010

Issued at HKT 17:51