

Speech delivered by STH in Kuala Lumpur on Hong Kong's maritime services (English only)

Following is the speech delivered by the Secretary for Transport and Housing, Ms Eva Cheng, today (June 29) at a luncheon in Kuala Lumpur after a seminar promoting Hong Kong's maritime services:

I am honoured to have this opportunity to speak to the leaders of the Malaysian maritime industry. First let me thank you all for coming to the seminar this morning to acquaint yourselves with Hong Kong's maritime services.

Malaysia is one of the leading maritime jurisdictions in terms of merchant shipping capacity, contributing more than 11 million deadweight tonnes to the global fleet capacity (as of January 1, 2009). Your national shipping line, MISC, is the world's single largest owner-operator of LNG (liquefied natural gas) carriers and second largest owner-operator of Aframax tankers. Between 2005 and 2009, container throughput at Port Klang rose by nearly one-third. These are truly remarkable achievements.

Since Malaysia is one of the largest trading nations in the world, and trade within Asia will increase further with the full implementation early this year of the free trade agreement signed between five ASEAN members and China, your maritime industry is set to grow and expand continuously. I believe Hong Kong is well-positioned to be your partner in taking advantage of these new opportunities.

I am saying this with confidence because Hong Kong has the full range of professionals to serve the needs of its maritime industry players and their overseas counterparts. Our maritime experts have accumulated more than a century's experience in their professions and have formed a close partnership with the Government in our joint

efforts to enhance the competitiveness of our shipping industry. The delegates who are travelling with me to your beautiful country are our industry leaders, and many also serve on the Hong Kong Maritime Industry Council and the Hong Kong Port Development Council, which are the Hong Kong Government's most important port and maritime advisory bodies.

Hong Kong has always been an externally oriented economy, and has been ranked the world's freest economy for 16 consecutive years by the Heritage Foundation. Always adapting to changing times, services now dominate our economic activities. For the last few decades, Hong Kong has actively engaged in "flow businesses". By facilitating the flow of people, goods, capital and information into, within and out of Hong Kong, we are creating wealth and jobs for our people and economies that do business with us.

We expect Hong Kong to continue to develop in this direction in the future. To enhance our competitiveness, Hong Kong will spare no effort in strengthening our soft and hardware for the "flow businesses".

Strategically located on the Far East trade routes, Hong Kong has over the years established itself as one of the world's busiest ports and a renowned international maritime centre. The Basic Law, our mini constitution, has preserved the conditions of our success. Our rule of law, underpinned by an independent judiciary, clean government, low and simple tax regime, level playing field, and status as a financial hub and free port continue to make Hong Kong the best place for conducting business, and the maritime industry is no exception.

Our natural deep-sea port is now served by some 400 weekly sailings reaching over 500 destinations worldwide. Last year, over 200,000 vessels called at Hong Kong, of which about 60% were cargo vessels. With a throughput of 21 million TEUs in 2009, the Hong Kong port ranked third in the world in terms

of containerised cargo handled. The round-the-clock operation of our 24 berths is one of the most efficient worldwide and is well complemented by services at the river trade terminal and various public cargo working areas with deep marine frontage. We are continuing with our plans to expand our port and to make sure that we will be able to accommodate the next generation of mega container ships.

Shipping goes back a long way in our history and our shipowners own or manage about 8% of the world's merchant fleet. There are now about 700 shipping-related companies operating in Hong Kong and they provide high quality maritime services, ranging from ship management, ship brokerage, marine insurance, legal services, arbitration, ship finance, ship surveying to ship registration, most of which our speakers have covered this morning.

The Hong Kong Shipping Register is among the world's top five and has an excellent reputation as a register that maintains a high quality. As at May this year, the Hong Kong fleet consisted of some 1,600 ships with a total gross registered tonnage of 50.2 million. These ships that fly the Hong Kong flag have a very low detention rate, just 1.65% in 2009 under the Tokyo Memorandum of Understanding on Port State Control, against a world average of 5.78%.

More importantly, I and my delegates would like to take this opportunity to introduce to you the range of quality maritime services in Hong Kong that are at your service. Hong Kong has the legal framework and professional network for arbitrations to be conducted in accordance with international standards. Most of the banks which are active in ship financing have a presence in Hong Kong. We are also home to most of the leading insurers and P&I clubs. According to the International Union of Marine Insurance, total marine insurance premium collected in Hong Kong increased at an annual average growth rate of 8.3% from 2004 to 2008. And Hong Kong is one of the regional bases for conducting sale

and purchase broking of ships with non-Hong Kong based shipowners in other Asian countries. We are committed to enhancing Hong Kong's competitiveness as a premier international maritime centre, an undertaking for which our Central People's Government has pronounced support repeatedly in its five-year plans.

The success of Hong Kong as Asia's world city and a perfect base for business is also underpinned by our status as an international and regional aviation hub. Some 90 airlines operate at the Hong Kong International Airport, providing over 5,300 flights per week. Our aviation network is extensive, covering more than 110 international cities and about 40 Mainland destinations. Last year, despite the economic downturn, our airport retained its title as the world's busiest international air cargo hub.

To improve on our connectivity, we need to ensure that our airport infrastructure is upgraded in a timely manner to meet forecast demand. The Hong Kong Airport Authority is now pursuing an expansion project to provide additional aircraft facilities as well as a new passenger concourse between the two runways. The project will increase the handling capacity of the airport to 70 million passengers and 6 million tonnes of cargo, which is expected to cope with air traffic demand up to 2020.

Looking beyond 2020, the Airport Authority has commissioned an Airport Master Plan 2030 Study to review the airport facilities. A key issue in the Study is the possibility of building a third runway. If the third runway is built, the runway capacity will be increased to more than 100 movements per hour, nearly double the existing capacity. The Study is expected to be completed this year.

Geographically, Hong Kong is never an isolated island. It is strategically situated at the Pearl River estuary and very well connected to the PRD region, which is

the fastest-growing region of the world's fastest-growing economy. Expecting the growth trend to continue as the economies integrate, Hong Kong is pressing ahead with a number of mega cross-boundary transport infrastructure projects. I shall just mention two notable examples.

The 29.6km Hong Kong-Zhuhai-Macao Bridge, the world's longest bridge-cum-tunnel, will provide a direct link between Hong Kong and the western side of the Pearl River Delta. When it opens in around 2016, the whole of the western PRD region will be within a three-hour commuting radius from Hong Kong. This will have a far reaching impact on the economic relationship between us and the Mainland. In particular, it will bring the excellent airport and port facilities of Hong Kong closer to the industrial centres west of the Pearl River.

The construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link kicked off in January this year. When completed in 2015, this high-speed rail, with a maximum design speed of 350km, will put Hong Kong onto the national map of high-speed railways that spans 16,000km. From the West Kowloon Terminus in the city-centre of Hong Kong, travellers can reach cities in central and southern China, such as Wuhan, in about four hours, and Shanghai and Beijing in six and eight hours respectively.

Just as our airport connects Hong Kong to major economies all over the world, the high-speed rail link, functioning much like "airplanes on rail tracks", will connect us to the growth engine of the global economy in the 21st century.

If Hong Kong is to strengthen its position as a leading port and a premier maritime centre, we must provide even better service to the maritime industries of our neighbours. By investing in the training of local talent and by attracting overseas professionals, we ensure that you will be served by maritime lawyers, insurers, shipbrokers and ship managers of the highest calibre.

Our geographical location in the heart of Asia and institutional advantages will no doubt continue to provide a very favourable environment for our port and maritime industries. But in this fast-moving world, only by upgrading our connectivity with economies near and far can we continue to thrive as a service-based economy.

With the depth and breadth of our maritime services, and our ever-improving connectivity, you can rest assured that, whether you want to raise capital in Hong Kong for your ships, or find an agency there to manage your ships, or set up shop to extend your global reach or expand into China, you will be working with the best-performing teams and enjoying the most efficient transport network for goods and personnel alike. In no time, you will realise you have found the right partner, the partner with the right connections, to support your business endeavours.

On this note, thank you for coming to this morning's seminar and luncheon. I am sure this is the beginning of a fruitful partnership with Malaysia in the field of maritime and shipping.

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