

Lloyd's List Hong Kong Business Briefing
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Speech by Ms Agnes Choi
Chairman of the Promotion and External Relations Committee,
The Hong Kong Maritime and Port Board

Mr Clayton, distinguished guests, ladies and gentlemen,

Good afternoon. I am delighted to be here with all of you today. It is our honour to have Lloyd's List to host the business briefing in Hong Kong this year. To our overseas guests, I would like to extend a very warm welcome to Hong Kong.

Today's topic "Hong Kong: Maritime Leadership for the Future" will be divided into two parts – the first panel will discuss "China's economic strategy", followed by a second panel discussion on "Hong Kong's maritime strategy".

This year, 2018, is a special year to China and Hong Kong, as it marks the 40th anniversary of China's reform and opening up of the market. Forty years ago in 1978, the Mainland's opening up policy has prompted a northward shift of our manufacturing base to the Pearl River Delta (PRD) region in search of lower land and labour costs, to the effect of catalysing our economic restructuring towards the services sector, which today accounts for over 90% of our economy. Alongside the Mainland's trade explosion, by 178-fold since its opening-up, Hong Kong's shipping sector flourished, and Hong Kong port held the top spot for many years. Yet the Mainland's increasing trade liberalisation in the past decade or so has led to rapid development of Mainland ports and intensified competition in the region. Still, Hong Kong port was able to reposition itself as a transshipment hub and remain among the leading ports in the world.

Hong Kong is a staunch supporter of free trade, and we will continue to provide the testing ground for the further opening up of the Mainland economy. On maritime front, Hong Kong has strived to move up the value chain in maintaining our standing in the international maritime

arena. With our institutional strengths and business practices in line with international standards, we enjoy a competitive edge in high value-added maritime services. Today, over 800 shipping-related companies operate in Hong Kong, offering a myriad of maritime services ranging from ship agency and management, ship broking, ship finance, marine insurance, to maritime legal and arbitration services. Our shipowners own or manage some 10% of the deadweight tonnage of the world's merchant fleet. Hong Kong is also Asia's leading international ship finance centre, with seven of the world's top ten bookrunners on syndicated marine finance loans operating here, and we boast the largest presence of International Group of P&I Clubs outside London. In short, we are a leading international maritime centre.

To build further on our strengths, the Chief Executive announced in her Policy Address in October a package of measures to support the development of high value-added maritime services, including ship leasing, marine insurance, maritime dispute resolution, to name a few. This shows our determination to reinforce our leading position and strive for excellence in the global maritime arena.

Looking ahead, China's Belt and Road Initiative sets to offer more opportunities to our maritime sector for years to come. The Initiative spans across Asia, Europe, Africa and South America and is fast growing. Since late September, over 30 countries have joined the club, making the total membership to over 120 countries, covering more than half of the world's GDP and three-quarters of the world's population. No doubt a trans-continental collaboration of this scale will generate huge demand and exchanges among the countries. Hong Kong has water freight connections with some 80 of these countries. Its extensive network and wide variety of quality maritime services on offer will enable it to play a prominent role in facilitating the business and people flows along the Belt and Road corridor.

On the national level, the Guangdong-Hong Kong-Macao Bay Area development is another strategy that promises to inject new impetus to Hong Kong's logistics and transportation industries, maritime included. The Bay Area is the most affluent region in China, and with GDP of US\$1.5 trillion taken together, its economic size is comparable to Australia

or Korea. The closer linkages and collaboration in the Bay Area will enhance the flow of people, goods, capital and information and unleash its growth potential. For example, the Hong Kong-Zhuhai-Macao Bridge commissioned in late October has greatly reduced the transportation costs from western PRD to our port and airport, thereby facilitating regional multi-modal logistics development. For shipping in particular, increased connectivity will expand our cargo hinterland and pipeline of demand for our maritime services. Indeed, our positioning in the Bay Area is precisely to leverage on our strong capabilities in high-end maritime services and raise the overall competitiveness of the PRD port cluster as a whole.

These collaborative efforts come at an opportune time amid the rising trade protectionism. I'm sure the US-Sino trade conflicts are on top of many people's minds. They have increased significantly the uncertainty surrounding the shipping sector's outlook, given that China and the US are the world's two largest trading entities. The Belt and Road Initiative and Bay Area development are thus a welcome counteracting force against the tide of deglobalisation.

Faced with these challenges and opportunities, what will the future hold for global shipping and Hong Kong as an international maritime centre? I'm very honoured to have the opportunity to listen first-hand to our speakers' words of wisdom. So without further ado, I'll pass the mic to the floor. Thank you.

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