

Hong Kong draws up battle lines in fight for cluster supremacy

Local community aims to reinforce city's status as a major shipping centre in the face of aggressive regional rivals

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Another week, and another drum-banging few days by a maritime city fighting to attract publicity, political attention, and financial incentives to lure new business.

It was Hong Kong's turn this week, following the well-worn trail that includes Oslo's Nor-Shipping, Posidonia in Greece, maritime weeks in Singapore and London, and even less formally structured events in cities such as New York and Hamburg.

Shipping's globe-trotting carnival rolled in to take part in more than 50 events as part of Hong Kong Maritime Week — yet another example of the intense competition between rival centres in the fight to attract new enterprises.

Promotional, flag-waving jamborees are nothing new, of course. So it might be a surprise to some that this is only the second maritime week to be held in Hong Kong.

But the event is evidence that the local community of shipowners, shipmanagers, shipbrokers, banks and insurers has finally woken up to the threat posed by rising rival centres in the region, such as Singapore and Shanghai.

And, like London before it, Hong Kong's maritime cluster now comprehends that it simply cannot rest on historic status and tradition to retain business. It needs to lobby local legislators to win regulatory support and promote its brand to fleet-footed global maritime companies.

In the unedifying battleground over tax breaks to attract maritime companies, Singapore has scored heavily in the past decade — something that Hong Kong will surely need to address in the years ahead.

To some extent, the need for Hong Kong to indulge in self-promotion is surprising, since its status as a maritime hub shows it is in rude health — judging by the figures. Hong Kong shipowners control about 10% of the world fleet, while there are upwards of 800 maritime services companies based in the territory.

“The Hong Kong shipping register is now the world's fourth largest, with a total tonnage of over 87 million, and it is one of the world's best in terms of port state control,” Joseph Lai of the Hong Kong government said.

However, speaking at TradeWinds' Hong Kong Shipowners' Forum, he conceded the fierce competition faced from rival cities.

“We are conscious that if Hong Kong is to strengthen its position as the premier maritime centre in the region, we must understand the challenges and opportunities ahead,” he said.

Hong Kong remains the region’s principal financial centre and hence a major draw for shipping operations. However, concerns have grown in recent years about China’s increasingly assertive attitude to the territory’s governance, which risks threatening confidence in its long-term security and stability.

Lai, and others in Hong Kong’s administration, argue that closer financial, trading and political links with China will enhance rather than threaten its status.

“Under the close economic partnership arrangement, Hong Kong enterprises enjoy preferential access to the vast mainland market,” he said. “And overseas companies set up in Hong Kong can also enjoy these benefits. This allows us to best serve as a springboard for international companies to access the huge and growing mainland market.”

It is an argument supported by Wah Kwong Maritime Transport Holdings chairwoman Sabrina Chao, who is just coming to the end of her two-year term as the first chairwoman of the Hong Kong Shipowners Association, which this week celebrated its 60th anniversary.

“Many mainland financial institutions are choosing to open or expand their operations in Hong Kong,” she told the TradeWinds Shipowners' Forum. “This is just one aspect of where Hong Kong is proving a ‘super-connector’ both to China and to the world.”

Hong Kong’s shipping elite — again like London before it — was slow in recognising the competitive threat that fast-growing rival centres posed.

Intensely proud and loyal to their home despite many being from overseas, they relied on belief in the historic qualities of Hong Kong — location, culture and rule of law — to fend off competition from Singapore, Shanghai and others. And yet, as they know, this is an intensely challenging world where past assumptions do not hold unless they are backed up by supportive policies.

Those traditional qualities, along with its status as a key node in China’s Belt and Road Initiative and government backing, will help Hong Kong's fight to remain an influential global maritime centre, while the newfound assertiveness of the local shipping community will reinforce the understanding of its significance and status in the next decade and more.