

# Spotlight on Hong Kong's high value-added maritime services

Hong Kong has been a mature trading and logistics hub for many years. In order to attract more companies to the territory the Hong Kong Maritime and Port Board (HKMPB) has placed an emphasis on promoting and nurturing a rich supply of high value-added services to the shipping sector. Such services include ship management, marine insurance, maritime law and arbitration, ship finance, classification services and ship broking.



An important high value-added service to shipping is provided by the ship manager.

It is estimated that third party ship managers manage around 18% of the global fleet or 10,000 ships, according to ship manager Anglo Eastern.

Hong Kong has some of the largest and most respected ship management companies in the world headquartered here. Chief among them with a managed fleet of more than 750 ships is Anglo Eastern. The company's chief executive, Bjorn Hojgaard describes the importance of the ship manager to the shipping industry:

"Someone can buy or sell a ship but it's the people onboard that make it possible to deliver a cargo safely and efficiently from port A to port B.



**Timothy Lee,**  
Senior underwriter of  
Hull and Yacht, Marine  
and Aviation business

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As for the benefit of ship management companies to Hong Kong's maritime centre, Mr Hojgaard says:

"As the coordinator of the hub-and-spoke system surrounding the ship, the ship manager is involved ensuring the transportation of goods around the world is safe and cost efficient. Anglo-Eastern employs 30,000 people of which more than 90% are sailing onboard ships. In Hong Kong alone we have 550 staff ashore, so we contribute to the maritime cluster with a high number of employees, most of whom are very technically competent.

"A maritime cluster gets stronger if the maritime ecosystem is strong and vibrant, and through employing a lot of people and engaging with owners, charterers, flag state, insurers, law firms, suppliers of spare parts etc. we contribute to a high level of activity and by making sure expertise is available for our partners to draw on in times of need."

Hong Kong has a dynamic marine insurance presence. 12 members of the 13-strong International Group of P&I (protection and indemnity) Clubs have a presence in Hong Kong. Timothy Lee is a senior underwriter of Hull and Yacht, Marine and Aviation business. He offers insight into where Hong Kong marine insurance is now and where it could be in the future:

With about 40% of world shipping tonnage controlled in Asia and Hong Kong being the 4th largest flag state in the world, there is room for growth for the marine insurance sector. With the experience and expertise we have in Hong Kong through various maritime services we offer, we can aim to build up an even greater marine insurance hub here in Hong Kong. "

"P&I Clubs insure over 90% of the world's tonnage. They garnered US\$3.3bn in premium in 2016. The P&I Clubs have offices in Hong Kong but most of them are either servicing or representing in nature. The key point is to turn them into underwriting offices transacting the business and premium here. To achieve this, we look forward to the Government formulating incentive measures to facilitate the development of marine insurance and P&I businesses in Hong Kong," Mr Lee concludes.

Hong Kong is home to many international maritime law firms and arbitrators who perform



**Roy Chan,**  
Partner of  
Stephenson Harwood

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multiple functions that ensure the smooth running of all the constituent parts of Hong Kong's maritime centre. The conditions in Hong Kong are perfect for the business of maritime law as a partner of Stephenson Harwood, Roy Chan explains:

"Judicial independence, the preservation of the common law system under the Basic Law. A specialist Admiralty List in the High Court, multiple choices of well-respected arbitration institutions. The high enforceability of arbitral awards and reciprocal enforcement of judgments, together with a large community of shipowners and maritime professionals in Hong Kong as well as being a top-ranked international financial centre, have made Hong Kong an ideal location for maritime

legal services for dispute resolution, ship finance, commercial deals and cross-border transactions."

Hong Kong marine law plays a part in many functions of the maritime adventure as Mr Chan can attest:

"Hong Kong has a pool of specialists and ship finance lawyers who are advising international banks with a shipping portfolio and ship leasing companies in and outside Hong Kong. There are also experienced lawyers who have expertise in port infrastructure, ship registration, tax regime, marine insurance, ship management, shipbroking and chartering, ship surveying, ship repairs etc.

"It is the strong presence of this wealth of legal expertise and significant skill in a wide spectrum of the maritime sector, and the legal community who really understand and appreciate the needs of the maritime industry, that truly makes Hong Kong a maritime cluster."

Equally important to the growing strength of the maritime cluster are the initiatives of the Hong Kong Government to support it, directly or through HKMPB. Most recent was the signing of Memorandum of Understanding in September this year between HKMPB and Maritime London. With this partnership between Hong Kong and London, we can expect collaboration in a range of areas including promotional activity, training and sharing of best practice for maritime business services.

The results of the efforts made by HKMPB will be most apparent this Hong Kong Maritime Week, with the arrival of international event organiser and partner such as TradeWinds, Asia Shipping Media and Mare Forum. They will contribute to an event-packed week of nearly 50 maritime related programmes.



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