

THE HONG KONG MARITIME HUB: TALES FROM THE FRONTLINE





PROPEL HONG KONG 2017

19 - 26. 11

49 events

- + HKMW Orienteering Race 2017 (19 November)
- + Cross-Strait Conference 2017 (20 November)
- + 5th Asia Marine Insurance Conference (20-21 November)
- + TradeWinds Shipowners Forum Hong Kong (21 November)
- + International Conference on Cross Border Insolvency and Maritime Matters (21-22 November)
- + Maritime CEO Forum (22 November)
- + Asian Logistics and Maritime Conference (23-24 November)
- + MARE FORUM Hong Kong 2017 (24 November)
- + Safe Manning Onboard Ships Conference (24 November)
- + Forum on the Development of Shipping-related Financial and Insurance Services in Hong Kong (24 November)
- and many more ...

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Hong Kong Maritime and Port Board

Hong Kong Maritime and Port Board

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Hong Kong Maritime Week brings the maritime and port industry leaders together to discuss and share insights on the latest issues of common interest concerning the international maritime and shipping industry, explore business opportunities and understand the development of the maritime sector in Hong Kong. During the week, international and local industry luminaries and practitioners will come together for a myriad of diversified and fun-filled activities ranging from industry briefings, seminars and conferences, corporate functions, networking events to maritime-themed sports, school workshops and family fun days.

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WELCOME MESSAGE



Building on a strong foundation

As Chairman of the Hong Kong Maritime and Port Board I am delighted to reach out to you through this special supplement for the Hong Kong Maritime Week 2017.

Looking back over the 18 months since the establishment of the HKMPB, I am glad to note that the Board has been running at full steam. The success of last year's Hong Kong Maritime Industry Week was a vivid illustration of the dedication and commitment of the Board. But, more importantly, it was the team spirit, drive and determination of the thousands of members of our maritime cluster coming together to showcase our capabilities.

This year we have fine-tuned the name of our week-long celebration to simply the Hong Kong Maritime Week that runs from 19–26 November. So far we have received an extraordinary response from industry participants, both local and overseas. At the time of writing, we are expecting about 50 individual events taking place throughout the week and across the territory. Each of them will be offering a unique perspective on the multi-faceted world of our maritime hub.

The phenomenal surge of enthusiasm so far evolves very much from the robust foundation laid down in 2016. It also confirms our belief in the proactive, industrious and creative nature of the thousands of maritime-related participants in our maritime-related professions.

Over the years, we have made remarkable progress to enhance Hong Kong's status as an international maritime centre. A Memorandum of Understanding has been signed with Maritime London in mid-September to strengthen HK-UK collaboration in driving for further development of maritime services, especially on manpower development and promotion fronts, for mutual benefits.

While many issues and aspirations are long-term in nature, a number of examples of the progress we have made in fostering manpower development and enhancing efficiency of our port and maritime services are outlined in the ensuing pages of this supplement. We shall continue with our best endeavours to pursue our objectives and collaborate with the many non-governmental organisations, trade associations, companies and individuals to make Hong Kong the best maritime centre it can be.

I very much look forward to meeting and exchanging views with as many of you as possible during the Hong Kong Maritime Week 2017.

CHAN Fan, Frank JP

Chairman of the Hong Kong Maritime and Port Board

Secretary for Transport and Housing

Hong Kong Special Administrative Region Government

TALES FROM THE FRONTLINE

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Full speed ahead

The new Hong Kong Maritime and Port Board —an arduous but fruitful journey

From day one the 31 members of HKMPB have been successfully tackling some of the most important issues facing Hong Kong's maritime community. From the sustainable competitiveness of one of the busiest ports in the world to Government-industry collaboration; and from the training and education of a new generation of maritime-related professionals to the promotion of Hong Kong's maritime cluster to the world, the HKMPB is making a difference.

It is well known that the HKMPB got off to a blistering start by staging the territory's first ever Hong Kong Maritime Industry Week last year, within just six months of the Board's inception.

"The event generated enthusiasm among all players across all sectors of the maritime cluster," says David Cheng, chairman of the Promotion and External Relations Committee, a sub-committee underpinning the work of HKMPB.

"Through a week of diversified and fun-filled activities, the HKMPB and the maritime and port industries showcased themselves as a strong cluster, raised the community's awareness of the significant economic contributions of Hong Kong's maritime and port industries, and positioned Hong Kong as a preferred base for operating maritime business. We simply provided the spark," he says.

"We were encouraged by the positive response of the industry and the community, as demonstrated by the number and diversity of events held during the Week, the number of organisations involved and the number of participants," he adds.

It might not be so well known that the Hong Kong Maritime Industry Week¹ was, for HKMPB members, sandwiched between a busy schedule of overseas promotion visits to Athens in June 2016; London and Hamburg in February and March 2017; and Tokyo in March 2017. The heavy workload is driving concrete results.



Chairman of the Promotion and External Relations Committee David Cheng. Picture taken at Lloyds Insurance London during HKMPB Promotional visit in February 2017.

CREATING EFFECTIVE PROMOTION

"The HKMPB has agreed on a promotion framework which includes three main aspects. These include promoting Hong Kong's maritime services to potential users in major trading and shipping economies overseas and in the Mainland; encouraging international maritime enterprises to set up a presence in Hong Kong and; raising awareness among the general public (especially students and youngsters) of the economic contributions made by the maritime and port industries, as well as the career prospects they promise," says Mr Cheng.

The close of 2017 is going to be particularly productive for the HKMPB. First and foremost the second Hong Kong Maritime Week will be held from 19-26 November. With around 50 organisers signed up to hold events across the city, Hong Kong Maritime Week is set to be the largest event of its kind in the city's history.

Meanwhile, Marintec China 2017 will be held in Shanghai this December, where the HKMPB will set up a "Hong Kong Pavilion" to promote the territory's maritime industry and services. A delegation comprising government representatives and HKMPB members will be on hand. Riding on this, the delegation will also meet with respective Government authorities, maritime companies and stakeholders in Shanghai and Beijing.

Such globetrotting promotion has already reaped rich rewards. A prime example of this was the signing of a historic Memorandum of Understanding with Maritime London on 12 September 2017. Under the terms of the agreement Maritime London and the Hong Kong

¹ The name of Hong Kong Maritime Industry Week has been changed to Hong Kong Maritime Week since 2017.



Chairman of the Maritime and Port Development Committee Andy Tung

Maritime & Port Board will cooperate in a range of areas including promotional activity, training and sharing of best practice for maritime business services.

The HKMPB's work in the realms of maritime and port development also marks important milestones.

FORMULATING POLICY

Andy Tung, chairman of the Maritime and Port Development Committee says:

"It's our role at the HKMPB to seek ways to continue to build upon our very strong cluster of maritime businesses. An important aspect is to get these cluster players together, and in collaboration with government, discover what, in terms of policy, we can do to attract businesses and people to Hong Kong."

Port development generates its own particular issues. It is generally recognised that the port continues to be an important element in Hong Kong's economy and the issues are fairly straightforward.

"The HKMPB's role here is to find ways to ensure the port's continuing popularity among liner operators. Key to this is efficiency and user-friendliness. Clearly cost is also an issue. But in the current ship operating environment which is dominated by the advent of mega-containerships, efficiency is the key consideration because port delays would simply negate the benefits any operator would be trying to gain from a very large containership," says Mr Tung.

A recent example of how the HKMPB has resolved issues at the port arises directly out of the super-sizing of container vessels and the port's growing role as a transshipment hub. In the past barge and feeder operators operating between Hong Kong and ports in the Pearl River Delta had been working under permits that allowed only a limited length of stay at the port. Barge and feeder operators raised with government and MPDC the need to extend the time allowed to facilitate the loading and unloading of the much larger vessels. And discussions between HKMPB and government helped in the speedy resolution of the issue.

As the port has evolved into a transshipment hub, it has had its land issues too. Operating largely as a transshipment port determines a need for more back up land. Land issues in Hong Kong are invariably complex. But the Transport and Housing Bureau has been working hard to allocate the most appropriate plots of land for use by the port. It's an on-going issue that the HKMPB continues to monitor closely.

DIFFERENTIATING HONG KONG AND OTHER WAYS TO ATTRACT THE BEST BUSINESSES

On the broader issue of attracting people and companies to set up in Hong Kong and thereby augment the cluster, Mr Tung says "I think Hong Kong has a number of advantages from the outset.

"The geographical location alone offers a significant advantage. In the context of our ties with Mainland China, and that we are a Chinese-speaking territory, again is advantageous.

"In terms of the cluster, we already have demonstrable strengths: that the largest players in ship management are based here is just one example of how we lead in the region."

Some competing maritime centres have lured companies with concessions in the form of targeted tax benefits or subsidies. But with its traditionally laissez-faire approach to the economy this is a road that Hong Kong has historically been hesitant to travel down. In view of the latest developments in the region, the Government keeps an open mind on possible measures that can spur the further development of the port and maritime industries.

MARITIME SERVICES

A busy port and a thriving shipping industry represent the core businesses of any maritime cluster. Their presence is a strong lure to related industries such as ship management, ship finance, marine insurance, P&I, and legal services, to name a few. This process also works in reverse. The stronger the presence of marine services the

"We were encouraged by the positive response of the industry and the community"

more likely it is that more shipowners and traders will want to have a presence within the cluster. That is why the HKMPB takes a holistic approach to the development of Hong Kong as a maritime hub.

Members of the maritime services are strongly represented on all three HKMPB committees, where their concerns are discussed and policies for their development are pushed through. In addition, promotion of these maritime services frequently forms part of the programme of overseas and local promotion efforts.

“Also, the HKMPB Secretariat has been in touch with the Department of Justice to discuss means to further grow maritime arbitration in Hong Kong,” says Mr Tung.

THE HONG KONG-CHINA FACTOR – GRASPING OPPORTUNITIES

For Hong Kong, its close relations with Mainland China are a very potent attraction for overseas businesses.

China has consistently been a source of opportunity for the players in Hong Kong’s maritime sector, no more so than with the introduction of the Belt and Road Initiative. A vast economic development programme that covers over 65 countries on three continents, the Belt and Road Initiative offers Hong Kong a role as super-connector that will in turn provide huge opportunities in trade and transport in the territory.

“The reality is both Hong Kong and the HKMPB are well positioned to play our part,” says Mr Tung.

“We have the hardware, we have the software, and we have a ready talent pool. Hopefully [as a result of Belt and Road Initiative] in the years to come there will be many more business opportunities for us to leverage on.

“For many years Hong Kong has been playing the middleman role. That is what we are good at and we should continue to build upon that. The HKMPB has a vital role in smoothing the way.”

SKILLS DEVELOPMENT FOR THE NEW GENERATION

When the HKMPB began operations in April 2016, a bedrock for its work in manpower development was already laid down in the form of the HK\$100m Maritime and Aviation Training Fund, established in 2014. For the benefit of Hong Kong’s maritime sector the MATF offers funding for participants in the following schemes:

- Professional Training and Examination Refund Scheme
- Maritime and Aviation Internship Scheme
- Local Vessel Trade Training Incentive Scheme
- Sea-going Training Incentive Scheme
- Ship Repair Training Incentive Scheme
- Overseas Exchange Sponsorship Scheme

There are also six scholarship schemes operated by Hong Kong University (HKU), Hong Kong PolyU and CityU at undergraduate and graduate levels covering programmes in maritime law, seafaring, international shipping and transport logistics. Among them, two scholarship schemes have been arranged in collaboration with Dalian Maritime University and Shanghai Maritime University so as to nurture maritime legal talent in Hong Kong and on the mainland.

Mr Willy Lin, chairman of the Manpower Development Committee says: “So far the Fund has benefitted over 2,460 students and in-service practitioners from the maritime sector.

JOINING FORCES FOR FUTURE PROSPERITY

An important element of the HKMPB’s work in manpower development is to bring young people and the maritime sector together. This year, as part of the activities being held during Hong Kong Maritime Week, HKMPB has engaged the Hong Kong Maritime Museum to produce a useful education pack for local secondary school students.

“The HKMPB also sponsors public engagement programmes organised by academia, trade associations and other stakeholders,” says Mr Lin.

“In view of the increasing popularity of electronic and social media, we are also planning



Chairman of the Manpower Development Committee Mr Willy Lin

“It’s our role at the HKMPB to seek ways to continue to build upon our very strong cluster of maritime businesses”

In September 2017 The Hong Kong and Maritime Port Board and Maritime London signed a historic cooperation agreement
 Left: Chan Fan, Frank, JP, Secretary for Transport & Housing, Hong Kong Government
 Right: Maritime London Chairman, Lord Mountevans
 At back: UK Minister of State for Transport Legislation and Maritime, John Hayes, CBE, MP.



to increase the use of platforms such as Facebook and YouTube to reach out to young people,” he adds.

Different sectors of Hong Kong’s maritime sector often have their own particular challenges. For example, the local vessel trade shares the problem of an ageing workforce with the ship repair and shipyard industries. In this respect, the MATF is offering constructive assistance through the Local Vessel Trade Training Incentive Scheme and Ship Repair Training Incentive Scheme, but it’s a problem that needs to be confronted from more than one direction.

“We understand that more needs to be done to address the issue, and support from the industry is equally important. While the HKMPB and the Government are pooling efforts to better equip in-service practitioners and attract new blood through various incentive and subsidy schemes, employers of local vessel trades and at shipyards should be encouraged to play a role and come up with measures to improve the working environment and remuneration package to attract young people to the profession,” suggests Mr Lin.

Nurturing talents for the professional maritime services is one of the major concerns of HKMPB, where it has made great strides toward its objectives. The scholarships offered to undergraduate and graduate students outlined above demand a certain commitment from the students. Graduates of nautical studies are required to work full time onboard vessels for a minimum duration of 12 (for engine cadets) or 18 months (for deck cadets). Graduates of other subjects will be required to work in the maritime industry in Hong Kong for at least one year.

HONG KONG-MAINLAND COLLABORATION

Similarly, those students from Mainland China who take advantage of the HKU-Dalian Maritime University Collaboration Scheme or the HKU-Shanghai Maritime University Collaboration Scheme to undertake the one-year Master of Common Law programme at HKU will be expected to work in the maritime industry in Hong Kong for at least one year upon completion of the programme.

“Beyond the efforts we have been making at the HKMPB, we understand that the insurance industry is working closely with the interested institutions to explore opportunities to provide marine insurance programmes for insurance in-service practitioners,” says Mr Lin.

“Nurturing talents for the professional maritime services is one of the major concerns of HKMPB, where it has made great strides toward its objectives”



The beating heart of the maritime cluster

The success of the Port of Hong Kong has been one of the territory's greatest achievements. With the Greater Bay Area beckoning another chapter begins

Over the past 20 years the Port of Hong Kong has been confronted with the emergence of competition on a scale it might have predicted but could never quite envisage.

Around the close of the 20th century the Port of Hong Kong was the busiest in the world for consecutive years. But just as the port was enjoying its premier position mainland China joined the World Trade Organization and was creating a role for itself as the world's factory. This necessitated investing billions of dollars in the massive expansion of some mainland ports and the creation of many new facilities from Shekou in the south to Dalian in the north.

Elsewhere in the region billions more dollars were spent in Busan in South Korea, in Singapore, Malaysia and Vietnam. As each bid for premier transshipment centre status, port development was high on the infrastructure demands of national governments with much of the cost being met by the state.

Despite this rapid transformation in the regional port network and the land constraints of a port embedded in one of the most highly populated urban complexes in the world, Hong Kong has held its own and is today still the fifth busiest container port in the world, providing about 330 liner services per week connecting to around 470 destinations worldwide.

The Port handled 19.8m teu in 2016, with the Kwai Tsing container terminals handling 15.2m teu, representing 77% of the port's container throughput. The remaining 23% was handled at mid-stream sites, the river trade terminal, PCWAs, buoys and anchorages, and other wharves. In 2017, the Port is well on the way to increasing that number significantly.

Kwai Tsing in the north-western part of the harbour comprise nine container terminals with 24 berths of about 7,694 metres of deep-water frontage. Overall, Kwai Tsing covers a total terminal area of about 279 hectares. The nine container terminals have a handling capacity of over 20m teu.

While Hong Kong has profited from its location in a natural deep-water harbour it takes more than location and the correct hardware to remain a world-class port.



Hutchison Ports Holdings chief executive
Gerry Yim

Experience is essential (Hong Kong is home to one of the first container handling facilities in the world, built in 1972). It takes commitment, expertise, innovation and vision.

Here the chief executives of the two largest port operators in Hong Kong discuss the challenges met and opportunities arising that will see Hong Kong fulfilling its role as a premier transshipment hub far into the future.

RESTRUCTURING TO MEET CUSTOMER DEMAND

The most clear and present challenge to the Port of Hong Kong has been the transformation of the liner industry into an Alliance-dominant structure deploying mega-vessels. This has been exacerbated - in a good way - by a sudden surge in global container growth of more than 6%.

HIT's chief executive Gerry Yim says: "The deployment of mega vessels presents physical and operational challenges to ports. While carriers are forming larger alliances and deploying more mega-vessels, their operational requirements at the terminal are getting more sophisticated. It poses a challenge to the terminals on its planning, stacking, storage and handling abilities."

Describing just what that challenge has been in terms of physical disruption to infrastructure, Modern Terminals chief executive Peter Levesque adds: "We've done a lot of work to strengthen the quayside and increase berth depths. We have introduced five new quay cranes on Terminal 1 and 2. Meanwhile our extant quay cranes have been raised by five metres.

"In addition, we have moved cranes from Terminal 1 and 2 to Terminal 9. Against a background of cargo volume growth, 2017 has been a major infrastructure investment project in terms of time and funds. It has been designed solely so that we can continue to handle the size of ships currently in service and the next generation whatever that might be."

AUTOMATION AND AN AGEING WORKFORCE

Along the whole supply chain automation has an increasing role in boosting efficiency. The Port of Hong Kong is no exception. With an ageing workforce where truck drivers and equipment operators have an average age of over 55 and close to 50 respectively, the move toward greater automation is imperative.

At Modern Terminals the current mindset is an incremental move toward automation with an eye on training and recruiting the next generation of equipment operators.

Mr Levesque says Modern Terminals is into its second year of testing the remote control of rubber-tyred gantry cranes (RTGCs). "But automation is expensive. We need to understand more fully what the cost benefits are."

Mr Levesque says there is a focus on educating Hong Kong's up and coming generation on the importance of the transport industry and where the opportunities arise. "We spend a lot of time with schools, work closely with the Vocational Training Council and Project WeCan organised by Wharf Holdings, our majority shareholder."

HIT claims to be an industry pioneer in developing remote control technology to Rail-mounted-gantry cranes and RTGCs.

"In 2012, we started the remote control operations of 8 rail-mounted gantry cranes. Currently we are developing remote control operations of 29 rubber-tyred gantry cranes at Container Terminal 9 and it is planned to launch by the end of this year," says Mr Yim.

"The remote control operation can help enhance industrial safety and improve the working environment for the crane operators," he adds.

Opportunities from the Greater Bay Area development

If perceived competition could be converted into cooperation and collaboration. The Port of Hong Kong could benefit massively. Fortunately just such an opportunity is on the near horizon. Known as the Greater Bay Area Development, a national Government initiative plans to develop nine cities in Guangdong province along with Hong Kong and Macau into a world-class cluster for transport technology and business.

Estimated by one analyst to be a mega-economy in waiting worth a staggering US\$3.6trn in annual economic output by 2037, the Greater Bay Area offers unprec-



edented opportunities for the Port of Hong Kong for coordinated operations with the ports of South China to the benefit of all. It's a business proposition that finds both port operators in perfect accord.

"The Hong Kong Port can and should continue to play an important and leading role in the Greater Bay Area Development," says Mr Yim.

"While the ports in the Area satisfy current demand, there should be better coordination among the ports in the Area so as to develop the Area into the biggest container hub port cluster in the world, and to improve its long-term competitiveness," he adds.

Mr Levesque echoes the sentiment stating: "Within a ten-year timeframe I definitely see Hong Kong as being an integral part of a larger port cluster.

"Hong Kong with its attributes as a free port and its ability to do international transshipment, combined with South China port capabilities, would create a port cluster with throughput larger than Shanghai."

"Together we can create a competitive position in the region that would be very hard to beat. It's a massive opportunity with the ability to coordinate within that cluster not just for ocean business but also for air cargo and e-commerce," he concludes.

Defining Hong Kong's prospective role in the emerging Greater Bay Area development, Mr Yim says the Port of Hong Kong should seek to strengthen its role as a transshipment and import hub, while the Shenzhen port acts as an export hub, and the Guangdong port a domestic hub in the Greater Bay Area.

Both men also agree that in order to fit the role on offer all the functions such as facilities, systems, technologies and workflows will have to be continually enhanced.

Mr Yim sees a future Port of Hong Kong where the physical mode of handling still exists, however with the seamless integration of highly advanced technologies, paperless system and big data application, the operation workflows would be a lot different from what the facility is doing at the moment.

Similarly, Mr Levesque says "In ten years we would have achieved what we want to do around gaining more efficiency, whether it's trucking or more digitization or carrying sensors on equipment. We would have gone through the process of identifying what the technologies are and applying them. Overall Hong Kong will be more efficient. And customers will react favourably."

WHY PROSPECTS FOR THE PORT OF HONG KONG CONTINUE TO SHINE BRIGHT

Finally, on the Port of Hong Kong's role in the context of a major Asian City, Mr Yim cites the territory's superior geographical location, natural deep-water port, state-of-the-art systems and advanced facilities that will sustain growth. He says this with the proviso that there is no significant change on Cabotage rules and free port status.

Mr Levesque is also confident of a permanent role for the Port of Hong Kong.

"I think that the citizens of Hong Kong and the SAR government understand how important the port is to Hong Kong and its competitiveness," he says.

"From our perspective the port remains a good business, and from societies perspective we provide good jobs to a lot of people. We are in business to make money, but we are also in business to provide good jobs that support Hong Kong families. I think in Kwai Tsing we do both very well."



Modern Terminals managing director Peter Levesque



Hong Kong as Window 2.0 to China

Hong Kong sits at the heart of CMPort's global strategy

The history of China Merchants Group (CMG), of which China Merchants Port Holdings Company Limited ("CMPort") is a part, is a long one in Hong Kong. It is one of only four major state-owned enterprises to be listed in the territory.

In the first half of 2017, the domestic and overseas projects in which the CMPort invested delivered a record-high container throughput of 50.16m teu in aggregate, up 8.9% from the first half of 2016, bulk cargo throughput of 249mt, representing an increase of 14.6% year-on-year. Ports in Hong Kong, where the company has an interest saw container throughput of 2.91m teu, representing a growth of 29% year-on-year.

Leveraging on its rich heritage and reputation in the city, it is well-positioned to benefit from the advantages that the international financial centre and maritime hub has to offer.

WHY HONG KONG?

To CMPort's vice-president Robin Li, Hong Kong offers many benefits and advantages for the Company. "It is a very international city with a free capital market. Our listing status on the Hong Kong Exchange offers us a highly effective platform to raise capital as needed," he said.

"Another advantage is that with Hong Kong's long history as a major maritime centre as a free port and free economy, there are a lot of talented professionals with international experience that may not easily be found in China," he added,

For example, lawyers, accountants, engineers and various other professionals that are needed for the port business can all be found within the city and this makes it very convenient.

Dr Li also highlighted the importance of Hong Kong's integration with international commerce as another big plus for the city. With a cosmopolitan workforce well-versed in international business practices, he said it's easy for Chinese companies to pick up the best management practices here.

While CMPort has a stake in Hong Kong's port through Modern Terminals. Dr Li said if Hong Kong and Shenzhen were to be considered as part of the Greater Bay Area, as is envisaged, it would make sense to deploy more of the hardware in Shenzhen and other

areas there, where there is still more land resources. Meanwhile, Hong Kong could focus more on developing the service side of the maritime industry.

TAKING ADVANTAGE OF BELT AND ROAD

Dr Li sees the most potential in expansion outwards to the world through Hong Kong, especially through the Belt and Road Initiative (BRI), where with its unique business model, CMPort has invested in many ports along the route.

“Our business model is different from other port operators, who are mainly focused on container terminal development, whereas at CMPort we adopt a comprehensive development strategy, centered on the port but encompassing a much bigger concept,” said Dr Li.

UNIQUE PORT DEVELOPMENT PARADIGM

For CMPort, the terminal is only part of the port, he explained. Any port development will typically include bulk handling facilities, a logistics park, industrial park and even some commercial property elements in developing a supporting city behind it, Dr Li elaborated.

Dr Li noted that this “Port-Park-City” model has been successfully demonstrated in its ports in China, particularly in western Shenzhen, the CMPort’s homebase port. “This has proven to be very successful and we now have a model we can replicate in Africa and elsewhere as well,” he said.

For example, in Djibouti, one of CMPort’s recent investments, it is following this concept of what it dubs a “Silk Road station”. Dr Li added that the central government has recognised the strength of its proposals and this has encouraged CMPort to forge ahead with it in other places.

“Hong Kong is the base for this expansion with all the knowledge, expertise and talent, as well as capital base, that is here,” said Dr Li, going so far as to recognise the city as the BRI’s base.

The city’s offshore RMB market and solid financial system infrastructure, with its experienced and well-qualified lawyers and bankers, are also intrinsic parts of this programme. Their skills and expertise, especially in the more complex elements of international project financing deals that are seen in BRI projects are highly valued, he said.

From CMPort’s point of view, “strategy and vision is formed and decisions are made from here, as well as resource allocation and we spread out to the world through Hong Kong, using what we gain from our Chinese ports”, Dr Li said. He elaborated that the mainland ports are really CMPort’s cash cows that provide the stable revenue to support the company’s expansion elsewhere.

“Hong Kong is still a window to mainland China,” he emphasised. Dr Li noted that while 20 or 30 years ago the city’s function may have been to provide capital and the import and export of goods as well as entrepreneurial skills,

New role for Hong Kong in the 21st century

“Hong Kong’s role now, Version 2.0 as it were, is to provide knowledge transfer; as a window for international practices and to help Chinese companies connect with multinational companies and be familiar with global standards,” Dr Li suggested.

Turning to local Hong Kong companies, however, he lamented that many have not been able to find a way to participate in BRI and invited them to join together with CMPort to reach out to the world.

“There are many opportunities here, he said. “For example, with Hong Kong being a member of the Asian Infrastructure Investment Bank, much of the funding for these BRI projects will come through the city.”

And with the Asian Infrastructure Investment Bank being set up with a firm eye on developments in the ASEAN countries, there is still much potential. Dr Li noted that CMPort, despite making initial approaches more than 10 years ago, has yet to make significant inroads into Southeast Asia. “However we won’t give up trying,” he reiterated.

“We are an active player in this initiative so they can connect with us and also other Chinese enterprises including Hong Kong based company to cooperate and go out to the world together,” he concluded.



“Hong Kong is the base for this expansion with all the knowledge, expertise and talent, as well as capital base, that is here”

Why Hong Kong is the centre for alternative dispute resolution

China trade generates hundreds of disputes annually. Hong Kong is the place to go for fast, effective dispute resolution



A GUIDE TO ARBITRATION

Arbitration is only available where the parties have agreed to submit their disputes to arbitration rather than the court's jurisdiction. This choice will be honoured in Hong Kong (even if the choice is for foreign arbitration). Whereas litigation is public, arbitration is confidential between the parties and therefore can represent a preferred method of dispute resolution for parties who are keen not to have their disputes discussed in public.

ARBITRATION ORDINANCE

The Hong Kong government's policy has been to encourage arbitration as a forum for dispute resolution. In 2010 they updated the Hong Kong Arbitration Ordinance (CAP 609) to follow the UNCITRAL Model Law more closely. The Ordinance states that its purpose is to facilitate the fair and speedy resolution of disputes by arbitration without unnecessary expense. Consequently arbitration proceedings in Hong Kong benefit from minimal intervention from the courts, and the court will stay its own proceedings in favour of arbitration when required.

Parties are free to agree how disputes should be resolved between them and are free to appoint any arbitrator they wish. This means that parties can conduct ad hoc arbitration (i.e. one without a governing institution) or institutional arbitration (i.e. one subject to the rules and procedures of an institution such as the ICC or HKIAC).

ARBITRATORS' POWERS

Powers arbitrators have under the Arbitration Ordinance include:-

- Requiring a claimant to provide security for costs of the respondent defending the claim;
- Directing disclosure of documents, property or delivery of interrogatories;
- Directing inspection, photography, preservation, sale or sample taking of any relevant property.

APPEAL FROM ARBITRATION

There is a limited right of appeal from Hong Kong arbitration award to the Hong Kong High Court. For matters which are deemed to be “domestic arbitrations” there is built in limited right of appeal on grounds of serious irregularity and questions of law. However, most maritime and international commercial matters will not be defined as “domestic arbitration”. If parties wish to have these rights of appeal apply they have to actively “opt in” either at the time of agreeing to an arbitration clause or at the time arbitration proceedings are commenced.

INSTITUTIONS

Hong Kong is home to several arbitral institutions: Hong Kong International Arbitration Centre (HKIAC); China International Economic and Trade Arbitration Centre (“CIETAC”) and the China Maritime Arbitration Centre (“CMAC”) – the latter two being the first outside Mainland China.

The presence of CIETAC and CMAC in Hong Kong illustrates that it Hong Kong is a centre for disputes resolution in the region.

If parties adopt institutional rules the institution is responsible for running the practical and procedural aspects of the arbitration.

HKIAC

HKIAC was founded in 1985 as an independent non-profit organisation for administered arbitration, mediation, adjudication and domain name cases in Hong Kong and was ranked as the third most preferred and used arbitral institution globally and the most favoured institution outside of Europe by the Queen Mary University London/White & Case 2015 International Arbitration Survey.

HKIAC has procedures for running short form arbitrations as well as procedures for Small Claims and “Documents Only” arbitrations. There are also provisions allowing for: interim measures and emergency relief (such as preserving assets); joinder of parties; consolidation of arbitrations; and expedited procedure.

Where parties have agreed to ad hoc arbitration the HKIAC is the authority to determine the number of arbitrators, where there is no agreement, and /or to appoint an arbitrator for a party who fails to do so.

MARITIME ARBITRATION

Parties to maritime arbitration disputes may resolve their disputes either under ad hoc arbitration agreement adopting various procedural rules including the LMAA rules. There is a division of the HKIAC which focusses on maritime dispute resolution. The Maritime Arbitration Group has produced a guide to Maritime Arbitration and a specialised Maritime Arbitration clause and maintains a list of specialised maritime arbitrators.

CONVENIENCE

Geographically Hong Kong is located less than four hours’ flight away from all of Asia’s key markets, while half of the world’s population is within five hours’ flight time. Beijing, Shanghai, Singapore, Taipei, Manila, Kuala Lumpur and Perth are in the same time zone, while Bangkok, Jakarta, Seoul and Tokyo have only one hour’s time difference.

English and Mandarin are de facto standard languages in Hong Kong’s business circles, and there is no shortage of judges, arbitrators, legal counsel, expert witnesses and other professionals who are fluent in both languages. Dual-language arbitrations frequently take place in Hong Kong, thereby eliminating the time and expense of hiring interpreters.

ENFORCEMENT OF HONG KONG JUDGMENTS

Enforcement of overseas court judgments against parties based in Mainland China is often fraught with difficulty. However, where parties to a contract have agreed to an exclusive Hong Kong jurisdiction clause Mainland Chinese courts are bound to honour a Hong Kong judgment and assist in enforcing it. Hong Kong also has reciprocal enforcement agreements with many countries around the world.

“Hong Kong is home to several arbitral institutions: Hong Kong International Arbitration Centre (HKIAC); China International Economic and Trade Arbitration Centre (“CIETAC”) and the China Maritime Arbitration Centre (“CMAC”)”

ENFORCEMENT OF HK ARBITRATION AWARDS

Hong Kong is a party to the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards 1958. The procedure for obtaining an order for recognition and enforcement of a foreign award in the Hong Kong High Court is straightforward and fast. The enforcement of arbitration awards between Hong Kong, Mainland China, Macau and Taiwan are dealt with under special arrangements.

CONCLUSION

Hong Kong has long since been regarded as a place where the best characteristics of the East and West come together in happy confluence. Hong Kong's legal institutions and supporting legal industry are a prime example of this, whereby the most respected aspects of the common law system are combined with an in-depth understanding of the business practices and cultures of Asia.

Andrew Rigden Green is a partner at Stephenson Harwood. Catherine Smith is a senior associate at Holman Fenwick Willan.

THE CASE FOR THE COMMERCIAL ARBITRATOR

Once upon a time, apart from its procedural attributes, arbitration was favoured by many disputants due to the perception that it was a less expensive means of dispute resolution than litigation. Over time as arbitrations have been increasingly taken over by high-flying Queen's Council or law firm partners costs have escalated to way beyond the point where cost might be a consideration.

This is unfortunate because it's a fact that some of Hong Kong's finest arbitrators are come from a purely commercial background, Danny Mok, Philip Yang and Arthur Bowring to name just a few.

Danny Mok spent 20 years on the frontline in a career in shipping before spending the last 17 years as a commercial arbitrator, primarily arbitrating maritime disputes. As a Hong Kong local Mr Mok is passionate about the territory leveraging its advantages as an arbitration centre.

"Few would doubt that China is the locomotive behind shipping and commodity trading and these types of activities generate a lot of disputes. Our proximity to China and the fact that we are part of China helps a great deal," he says.

"But it is also our differences that make us so attractive. Our legal system and the quality of the arbitrators are outstanding.

"Most maritime contracts that I come across are governed by English law. Commercial people should feel comfortable using Hong Kong because Hong Kong follows English Law. Australia and Singapore also follow English Law but the reason people choose Hong Kong is the volume of expertise we can offer here.

We have many well-known international shipping law firms here. We have experts, knowledgeable in both commercial and technical matters. We can offer consultancy service and give expert evidence in arbitration if necessary," he adds.

In addition to the institutional advantages Mr Mok maintains that maritime arbitrators have the upper hand when it comes to appreciating the subtle differences that exist between east and west. "This enables us to read the evidence more objectively," he insists.

Contained in China's 13th five-year plan was a pledge by the national Government to support Hong Kong's ambitions as an arbitration centre for the region. Mr Mok feels it is now time for the Hong Kong authorities to step up to the challenge by educating the younger generation.

Who knows if youngsters will take up the challenge but it is vital that they are at least aware of this exciting and rewarding profession," he concludes.

Kerry is connecting the world

From a humble warehouse to one of the most successful logistics firms in the world, Kerry Logistics Network has ridden the Hong Kong advantage

Today, Kerry Logistics Network has a presence in 51 countries and territories, more than 1000 service points and over 25,000 employees. The company has come a long way since it completed its first Hong Kong warehouse in 1981.

Putting KLN's development in logistics terminology you could say that for the first 18 years of its existence it was on a long runway. During those first two decades Kerry was primarily engaged in warehouse operations, completing development of five warehouses and acquiring an additional facility by 1991.

Marking its entry into logistics operations the firm started to provide trucking services to warehousing customers in 2000, after completing its flagship logistics facility, Kerry Cargo Centre, in Hong Kong in 1999.

The beginning of the new millennium saw KLN really take off. In 2001 China joined the World Trade Organization, unleashing an unprecedented wave of productivity that created the world's factory within five years.

"We began to significantly expand our operations through acquisitions beyond Hong Kong shores in 2001," says executive director Global Ocean KLN, Deepak Saxena.

"We opened our first logistics centre in China in 2003, and quickly expanded nationwide by 2005, before going on to open international freight forwarding operations in Greater China, Korea, ASEAN countries, India, Europe and the United States," he adds.

In 2007, in a pioneering move, KLN launched KART, an ASEAN-wide cross-border road transportation network linking Singapore, Malaysia, Thailand, Vietnam, Cambodia, Laos and Myanmar directly with Mainland China. In the same year the company expanded into the Middle East and invested in one of Indonesia's largest logistics companies.

By the early 2000s KLN had already become a fully-fledged supply chain solutions provider with offerings from three key operations, Integrated Logistics; International Freight Forwarding; and Express.

Our decision to become a 3PL operator, was determined by the three major economic and commercial trends of, outsourcing (IL), trade globalization (IFF), and e-commerce (Express)," says Mr Saxena.

CHINA'S ONE BELT ONE ROAD INITIATIVE

China - always one of KLN's most important source markets - is the market that keeps on giving. The Country's Belt and Road initiative is a massive development strategy, and is a gift to companies such as KLN.

"Belt" refers to a huge area in Eurasia, and "Road" stands for the sea route that links China's coastal cities to Africa and the Mediterranean, traversing key ports in Southeast Asia and the Suez Canal.

Unveiled by Chinese President Xi Jinping in 2013, Mr Xi set up a US\$40bn Silk Road infrastructure fund to kick-start the project. It covers 65 countries on three continents, including Kazakhstan, Uzbekistan, Russia, Thailand, Malaysia and Indonesia and it has been a catalyst for growth for KLN.

"This is a critically important project for us, says Mr Saxena.

"Key to this [OBOR] initiative is the development of an unblocked road and rail network between China and Europe.

"Our new acquisitions in China and the Commonwealth of Independent States, is helping to drive our market-leading position as we roll out a full range of integrated logistics services to our customers via intermodal routes connecting Southeast Asia markets to CIS.

"The market channels are highly likely to grow through this initiative and for KLN it's a matter of ensuring a superior presence across the loop and making sure we have the right products for our customers.



Deepak Saxena, executive director,
Global Ocean, KLN



“We already have a strong presence in Southeast Asia, India, Greater China, the EU and the CIS, which will ensure Kerry delivers value to our customers,” he says.

DIGITIZATION

In order to stay ahead not only in terms of global presence but also technological innovation, KLN is rapidly digitizing many of its processes.

“We are putting a lot of effort into digitization. At our Centralized Service Centre (CSC -Back office), we have recently introduced our Global Rate, Sales and Tender modules, which will boost our transparency along our global network and increase sales and productivity tremendously. We are also exploring the Internet of Things, Robotics and Big Data management.

NEW DEVELOPMENTS IN LOGISTICS

Looking to the future, Mr Saxena sees KLN entering further into freight e-commerce through digitization of processes between freight products. More logistics hubs will balance alliances for greater productivity, and multimodal avenues will expand to save time and money for large and extra large supply chain companies looking to optimize and promote very professional outsourcing.

“Newly focused and developed trade lanes such as the Silk Road are also key drivers in this ultra-competitive freight industry. With our new acquisitions and resources being deployed to join Southeast Asia to CIS, KLN is bound to stand as a major player as the Belt and Road grow.

“Looking further ahead we are currently undertaking feasibility studies and simulations to see how we can deploy our resources further west to benefit EU nations,” he says.

The Hong Kong advantage

Even as the company, year-by-year, creates an ever-larger global footprint, there has never been any doubt that Hong Kong should remain the centre of operations.

“Here in Hong Kong, China is our main back yard where investments in sectors such as 3&4PL and warehousing helped us gain access to verticals markets such as Auto, F&B, Fashion and Lifestyle, Pharma, E&T etc. In this way and in this place, KLN has acquired its distinctive position in the market,” says Mr Saxena.

“Hong Kong’s open access to foreign direct investment gave us a big advantage as a listed company. It greatly helped fuel growth in our two big verticals, international freight forwarding and integrated logistics making as we evolved into a One Stop Shop for our elite customer groups across all verticals.

“As a listed company KLN has a key responsibility to deliver value to our shareholders. Hong Kong has a vital supporting role in supporting that achievement by offering the following key advantages:

- Financial stability
- Proximity to the booming ASEAN markets
- Robust legal system
- Leading financial centre
- Double taxation treaties and related incentives
- Leading arbitration centre for fast, efficient dispute resolution
- Simple low-tax regime

Mr Saxena commends the Hong Kong authorities for making great efforts to make the territory’s logistics advantage sustainable in the long-term.

“Steps have been taken by the Government to ensure the channels to the port are deep enough to accept the arrival of ultra-large container ships, and measures are in place to extend the back up land. This will add to the port’s capability to handle bigger volumes.

“The Hong Kong-Zhuhai-Macao Bridge, now under construction will, on completion in 2016, cut travel time between Zhuhai and the Kwai Tsing Container Terminals from three-and-a-half hours to 75 minutes and that between Zhuhai and Hong Kong International Airport from four hours to 45 minutes. Thus providing swifter access to growing volumes of goods from South China via Hong Kong to the world at large,” he adds.

“Hong Kong continues to build a world-class reputation on its 150 years experience as a thriving maritime community. With its many marine and marine-related businesses, strong government and NGO support, I am confident Hong Kong will retain its position as a premier maritime hub in Asia,” Mr Saxena concludes.



Insurance Authority hits the ground running

Hong Kong's aspirations as a marine insurance and reinsurance hub are set for a boost

As of June 2017, Hong Kong is home to 88 marine insurers underwriting hull and machinery and/or cargo risks. In 2017, these businesses collectively wrote HK\$1.265bn in net premium, paid HK\$565.8m in claims and made an underwriting profit of HK\$262m, a striking achievement when marine insurers globally have made a loss for the past 18 years. On that basis Hong Kong can already boast a status as one of the leading marine insurance centres. Recent developments however, suggest that the territory is not resting on its laurels.

On 7 December 2015, Hong Kong took a significant step in remaining at the forefront of global standards of insurance regulation. In accordance with the International Association of Insurance Supervisors protocol, it established the independent Insurance Authority (IA), thus becoming for the first time an insurance regulator financially and operationally independent of government and industry.

IA AT THE HELM

The IA took over the regulatory functions of the then Office of the Commissioner of Insurance, a government department, on 26 June 2017. In a completion of the transfer of responsibility of government the IA will take over the supervision of market conduct from the three self-regulatory organizations namely, the Insurance Agents Registration Board established under the Hong Kong Federation of Insurers, The Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association in 2 years' time.

While many of the new initiatives that the IA is currently driving have a material effect on all lines of business including long-term business this article focuses on marine business and a discussion with Simon Lam, executive director, General Business at the IA.

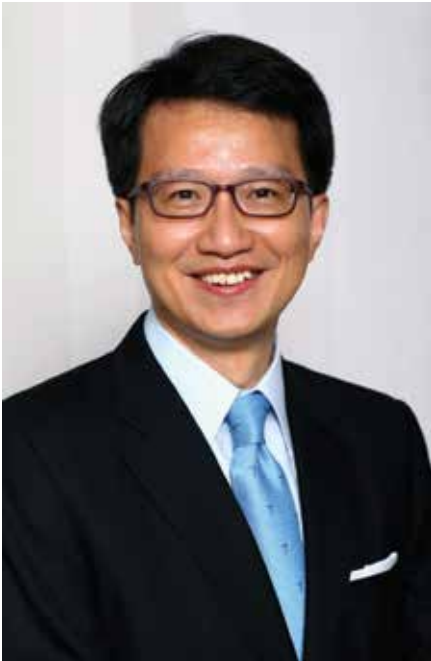
Key to the regulator's transformation and Hong Kong's alignment with global standards is the introduction of a Risk-based Capital Regime (RBC).

"The RBC we are working toward is in line with what is expected of a regional financial hub like Hong Kong and matches the international financial community in terms of supervision, best practice and the alignment of capital to volatility, which will of course underpin the financial stability of the economy," says Mr Lam.

"All insurers whether general or long term will benefit from the stability of the business that the RBC will bring," he adds.

With a target launch for the RBC in 2020, there is a lot to do in the interim. Currently

"All insurers whether general or long term will benefit from the stability of the business that the RBC will bring"



Simon Lam, executive director, General Business at the Insurance Authority

the IA is collecting data from the market players and under Pillar I of the process the capital requirements in relation to the risk volatility of the market will be quantified. In 2018, IA will examine the parameters specific to Hong Kong.

"The RBC has been launched in a number of markets, but every market is a little bit different. We want to create something that mirrors the unique nature of the Hong Kong market," explains Mr Lam.

REWARDS FOR THE RBC

When the RBC is eventually in place it is expected to reap rich rewards for Hong Kong market through improved access to the massive Chinese insurance market. The Mainland's China Risk Oriented Solvency System, introduced on 1 January 2016, has strengthened local capital requirements, risk management and transparency disclosures. This has brought China in line with, and in some case overtaking, global standards.

In essence the C-Ross framework imposes higher capital charges on local insurers in Mainland China who purchase offshore, including Hong Kong based, reinsurance than if the local insurer purchase reinsurance inside Mainland China.

In an effort to overcome this obstacle the IA has been in discussions with the China Insurance Regulatory Commission (CIRC), which has thus far led to a Memorandum of Understanding being signed between the two parties with the objective of achieving an equivalency assessment with Hong Kong's solvency regime.

"In reaching this understanding we hope that in the context of our pursuance of the RBC, and with an acknowledgement of our existing very prudent financial and regulatory supervisory framework, the CIRC will be persuaded to offer preferential treatment to those professional reinsurers based in Hong Kong as compared to reinsurers in other locations," Mr Lam says.

"This would be reflected in a lower capital charge imposed on Chinese insurers who reinsure with reinsurers in Hong Kong, and increase the attractiveness of Hong Kong as a base for international reinsurers, who will be in the position to write business more competitively from Hong Kong.

"We are now in second stage of discussions with CIRC to determine how the equivalency should be assessed. Later this year we will have further discussions with CIRC, where we hope that we can work out a deal that will benefit reinsurers in Hong Kong.

"Simultaneously, we have been meeting with reinsurers in Hong Kong to assess what they consider to be the most important considerations of any agreement we make. We hope that this will kick start a process of reinsurers really realizing the strategic importance of Hong Kong in relation to getting the business in China," Mr Lam adds.

NURTURING THE NEXT GENERATION

If Hong Kong is going to capitalize on the opportunities that may arise from the new regulatory landscape it will have to provide the talent. In this respect it is fortunate that the industry and bodies such as the IA are working together to raise the expertise of its practitioners. Last year the "Young Insurance Executive Development Programme" was introduced. In the case of marine insurance, the HKFI is working with companies in the marine insurance field that are prepared to offer students work opportunities on the understanding that the students are able to spend one day a week at the Vocational Training Council. There they will pursue a programme that will lead to a recognised professional qualification.

Mr Lam thinks that programmes like the YIEDP and others that are in the planning stage will go some way to overcoming a stereotypical view of the insurance industry that tends to be predicated by late night nuisance calls from life insurance agents.

"For many reasons, for many years, and in many jurisdictions, insurance has carried an image that is less professional than we would like.

"Within the insurance industry there are many professions. In fact there is so much diversity that you can satisfy the career aspirations of many different individuals. On the professional side we need lawyers, actuaries, underwriters and qualified accountants. If you are more a salesperson you could be an agent or a broker. The possibilities are many and we need to get this message across to young talented individuals in Hong Kong," says Mr Lam.



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Hong Kong Shipowners Association: 60 years of support for the shipping community

Managing director of the Hong Kong Shipowners Association, Sandy Chan pays tribute to the organization's achievements over more than half a century



Sandy Chan, managing director, HKSOA

Six decades sounds like a long time, but the Hong Kong Shipowners Association will soon celebrate its 60th anniversary.

Since joining the Association last December, I have often been asked about my observations about the industry and the Association. As a well-trained, former public servant, I should tell only the “truth”. And the honest answer is that while the shipping industry has faced many different challenges in the past, the Association has always been a reliable partner, providing good services and support for its members with the limited resources available.

As a trade organization, the core function of the Association has always been, and will continue to be, to promote and protect its members' interests on all fronts – locally, nationally, and internationally.

At the international level, the Association has a strong, vocal presence, effectively co-operating with many counterpart organizations, shipping-related industries, government and non-government organizations, with the common goal of having a positive impact on the sector. These efforts are particularly important, given the ever-increasing regulatory burden, and especially when dealing with new regulations that are not well conceived or implemented. As pointed out by our chairlady, Sabrina Chao, “Whilst the destiny of shipping markets is not wholly in our hands, one thing that we can help ensure is that Hong Kong remains at the forefront of the debate on shipping regulations.”

Therefore, for many years, HKSOA personnel have been active members of important organizations in the international shipping community. For example, Sabrina Chao was elected president of the Asian Shipowners Association in May this year. Kenneth Koo, our past chairman, is currently the vice chairman of INTERTANKO. Both play major roles in their respective organizations. Arthur Bowring, our senior consultant and former managing director, has been the chairman of the Labour Affairs Committee of the International Chamber of Shipping for over a decade, where he has made a substantial contribution on matters related to seafarers and manpower training. The Association has just nominated Martin Cresswell, our technical director, as the chairman of the ICS Marine Committee, which oversees numerous technical and environmental issues related to the industry.

Their responsibilities are not easy ones. To take three of the most complex issues faced by the ICS as examples – reducing COs, the global cap on sulphur in fuel, and the management of ballast water – the issues are complex, sensitive and controversial. The Association has been updating its members on the development, providing advice and suggestions.

At the national level, the Hong Kong shipping sector, and therefore the Hong Kong Shipowners Association, also faces opportunities as well as challenges.

With China emerging as a major maritime nation and the promulgation of the “Belt and Road” initiative and the Greater Bay Area Scheme, there has been considerable discussion on how the shipping sector can capitalize on these opportunities.

These are areas where we can add value to our members' operations. With the support of its China Promotion Fund, the Association has been active in promoting professional, technical and information exchange between Hong Kong and the Mainland. In June

“As a trade organization, the core function of the Association has always been, and will continue to be, to promote and protect its members' interests.”



HKSOA managing director, Sandy Chan joins
HKSOA Chairmen Past and Present

this year, we had a most fruitful delegation visit to Shanghai, resulting in the formation of a “Shanghai-Hong Kong International Maritime Research Centre” which will carry out research, training and exchange projects in relation to the promotion of a maritime hub. Later in September, the Association will make its annual visit to Beijing to strengthen our network with relevant government organizations and private enterprises.

The Association secretariat has also established an effective working relationship with the Mainland regulatory authorities. Through liaison, we have helped members tackle their problems on the Mainland, and convey their views on Mainland policies and regulations that affect their business.

At the local level, the Association has always worked closely with the Government. We will continue to develop this relationship based on rapport and trust. We will examine policy and developments from the perspective of both the industry and government, so that we can approach the government with concrete proposals and practical solutions for solving industry problems with government cooperation and resource support.

Throughout the years the HKSOA has made useful and constructive contributions to the Hong Kong Shipping Registry. We are pleased to see continued enhancement of the services of the Registry and the good performance of Hong Kong-registered ships around the world.

Of course, we need more than government support. There are many different stakeholders and potential allies in the community. We advise legislators about the laws and rules that need to be changed. We encourage universities and other researchers to do more research on shipping technology in light of the increasingly stringent regulatory requirements. We host activities during the annual Hong Kong Maritime Week to attract young people to join the industry. We impress upon the media and the community at large that the shipping industry is a pillar of the local economy.

In addition to all these efforts of the Association to promote and protect members' interest, there is something that may be equally important in the eyes of our shipping community – the Association's role as a valued social club. We will continue to provide a social platform for this big family with common interests, including hosting networking activities, as well as educational and technical workshops and seminars.

Here we are then, moving toward our 60th anniversary celebrations. To mark the anniversary, we are planning a series of activities, lasting for a full year, with a Cocktail Reception on 23 November 2017 as the kick-off, and a Gala Dinner on 23 November 2018 as the finale.

The celebrations will comprise a wide variety of events, serving a number of purposes: member networking, community engagement, international partnership, and public relations and publicity.

Last but not least, as part of the HKSOA 60th anniversary celebrations, we will be hosting the Annual General Meetings of the ASA and the ICS in Hong Kong in the week of 14 May 2018. During the week, we will see many VIPs and delegates from different parts of the world gather in Hong Kong for something important for the world.

With 60 years of experience, we will build on past successes and do more for the sector.



Joining up the ports

Through years of effort and cooperation Pacific Basin has created a network and business model that ensures virtually fully laden vessels day in, day out

Pacific Basin has tested the waters in a variety of ways before arriving at the optimum formula for running one of the largest and most successful minor bulk operators in the world.

The company began its life as a joint venture between the founding management team of Chris Buttery and Paul Over and Belgian shipowner CMB. The management team subsequently bought out CMB.

Following the buyout the company had a flirtation with the NASDAQ in 1994 until two years later Malaysian interests moved in to buy up the company's assets. But Chris Buttery and Paul Over retained the name of Pacific Basin and relaunched the company in 1998.

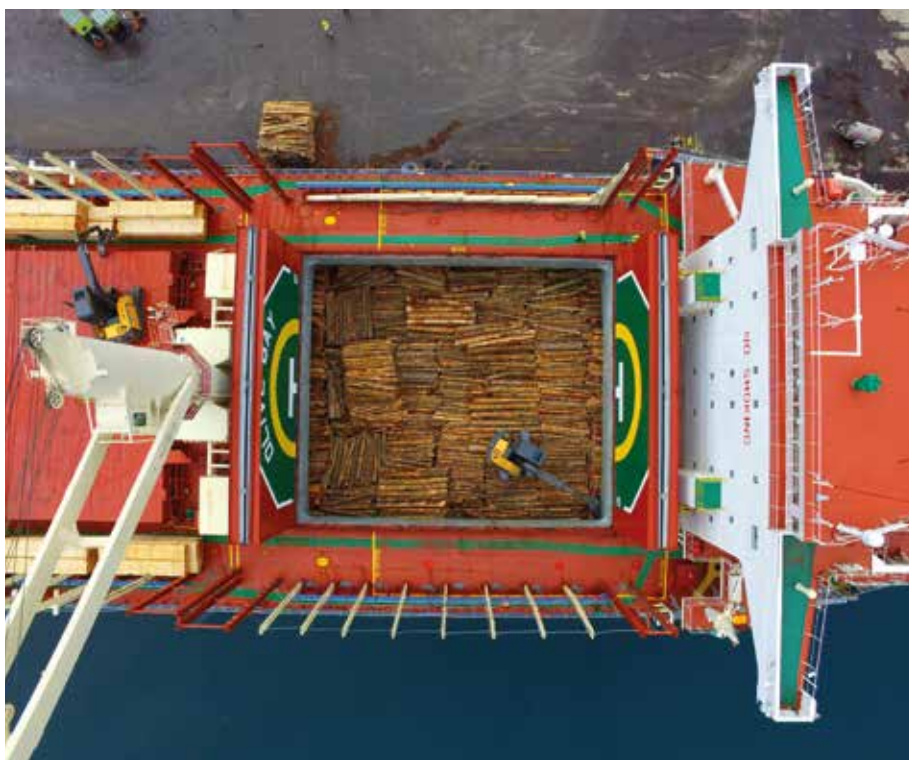
SECOND LISTING LEADS TO ORIGINAL TEAM BOWING OUT

In 2004 the management decided to take a second punt on the equities market, this time on the Hong Kong Stock Exchange. It was a decision that reaped rich rewards (\$US72m was raised), which helped boost the fleet beyond 19 owned vessels (more including newbuilding, second-hand commitments and options), seven chartered and 16 managed ships. Whether by luck or judgement by the management team, the timing of the listing could not have been better. From 2005 to 2008 the shipping market went stratospheric. Perhaps aware of the correction and lean times to come (although who could have guessed how long it would last?) Chris Buttery and Paul Over sold out their shares and retired from their executive positions in the company.

During the period of shifting tides in ownership Pacific Basin was quietly evolving in ways that would have lasting and positive results to this day. Most importantly, in 2000 the company bought a ship manager, giving Pacific Basin complete control of the shipping operation. As Pacific Basin's present chief executive, Mats Berglund explains, they had also formulated the optimum modus operandi.

A WINNING COMBINATION COMES TOGETHER

"There are two distinct business models for an operation such as ours. One is to time charter out your ships. This effectively makes you a tonnage provider. You manage the ships technically yourself, and that is important. But commercially speaking you do not employ the ships day to day. We do. We deal with the shippers directly. And we take cargo contracts. That – combined with our fleet



“As a public company, our shareholders want to manage their own diversification. They don’t want us to do that for them.”

size – is the fundamental reason behind our ability to outperform the market,” he says.

“It is primarily about scale and the ability to operate vessels that are laden for a high percentage of their time at sea,” says Mr Berglund.

“We operate handysize and supramax vessels because of the versatility of these crane-assisted ships. Such mid-sized dry bulk vessels can carry so many different cargoes,” he adds.

Every single owned handysize ship in the Pacific Basin fleet is logs-fitted. With this additional attribute the vessels can carry any of the minor cargoes. The company is very particular about the ships that it buys and charters in. Primarily Japanese built, they are considered the best performers for fuel consumption and reliability, and best designed for the company’s trades.

“If you have the scale, if you have a good fleet and you have good people around the world, you can find and develop the necessary cargo combinations,” says Mr Berglund.

“Our vessels spend more than 90% of their days at sea in a laden state. If you have capesize ships you would be happy to achieve 50% laden days at sea because there are no backhauls. That is why we can outperform the market,” he adds.

With a comprehensive global office network and with its fleet of interchangeable ships, Pacific Basin has built an ultra-efficient logistical system.

“It’s cargo in, cargo out,” he says.

“It is a matter of finding cargoes and developing these combinations, building working relationships, and controlling the valuable cargoes, either by way of cargo contracts or through the relationships we have with charterers. But you cannot build such a business model with a small fleet. You must have the scale and the focus,” adds Mr Berglund.

As of today, Pacific Basin has about 260 ships on the water and the company is the largest owner/operator of handysize vessels in the world. But Mr Berglund complains that the market is still extraordinarily fragmented with Pacific Basin controlling only 6% of the market. “There is still room for growth,” he insists.

Meanwhile, the company has created an effective way of exploiting a large number of vessels outside its ownership in order to gain that necessary scale. Of the 260 ships

mentioned, Pacific Basin owns 106 vessels with an additional 30 vessels long term chartered (together known as the core fleet). It then takes short-term positions around that core system to optimize operations, as Mr Berglund explains.

"If we have a cargo in a port and our closest core ship is five days away but there is a third party ship just two days away we look to charter in that ship on a short term arrangement and use our own ship for third party cargo. That way we generate a very high utilisation of our own fleet and make a little margin on the operating activity," he says.

DID PACIFIC BASIN MAKE A RARE MISCALCULATION?

Today the average age of Pacific Basin's owned fleet is eight years. One reason for that may be that the company sold a number of ships in 2007 and 2008 before pushing for growth once again in 2010.

"The thinking of the company at that time was that the price of dry bulk vessels was ridiculously high and the stellar freight rates unsustainable. It was partly why the company diversified at that time," says Mr Berglund.

It was during 2007-2009 that Pacific Basin's harsher critics might suggest that the company made one of its rare missteps. With the capital generated from the sale of vessels and operating cash flows, the company diversified into terminals, ro-ro ships, towage business and even equity investment in unconventional gas and Chinese real estate. In the event, only the gas investment and the part of the towage business that served the Gorgon offshore gas project off Western Australia could be considered a success. Mr Berglund recalls:

"With hindsight we probably should have paid the money back to the shareholders, but at least the company did not continue to invest in dry bulk vessels at that overheated time in the dry bulk cycle. The thinking was to invest in sectors that did not correlate with the dry bulk market," he adds.

By 2014, to all intents and purposes, Pacific Basin decided to return exclusively to its core business of dry bulk.

Mr Berglund sums up the company's current position:





“We deal with the shippers directly. And we take cargo contracts. That – combined with our fleet size – is the fundamental reason behind our ability to outperform the market.”

Extolling the virtues of a listed shipping operation

“We are a listed company and so essentially we manage other people’s money. Investors want focus. They want to know what they are going to get. They don’t buy Pacific Basin to get ro-ros. And they don’t buy Pacific Basin to get real estate in China. Those diversifications were a distraction for our shareholders and, on a day to day basis, for our management and staff.

“As a public company, our shareholders want to manage their own diversification. They don’t want us to do that for them,” he adds.

While many shipowners in Asia remain largely family-owned, Pacific Basin’s decision to go public is another key condition of its success, says Mr Berglund.

“As far as we are concerned the greater the transparency and the higher the levels of corporate governance the better it is for us. We want our investors to have full confidence and deep insight into what we do. It gives us more access to capital,” he adds.

HONG KONG

The final piece in Pacific Basin’s perfect jigsaw is its location. Mr Berglund sums it up thus:

“We have our base here in [Hong Kong]. We have our history here and we have most of our staff here supported by teams in 11 regional offices around the world. Hong Kong is great value for money when it comes to back office functions. Our staff members are deeply loyal and highly ethical.

“More than half our seafarers are Chinese and recruited and trained through our Dalian manning office. All our owned ships are Hong Kong-registered/flagged. In fact we are a big contributor to the Hong Kong Registry and we are happy with the services we get from it. Together with the Hong Kong Shipowners Association, the Shipping Register contributes to this being a good place to be based and Hong Kong’s nature and city life makes this one of the most exciting places in the world,” Mr Berglund concludes.

A life well managed

Anglo Eastern Group's executive chairman Peter Cremers looks back on a sparkling career and the creation of one of the world's greatest ship management companies



Anglo Eastern Group's executive chairman Peter Cremers was born in Hasselt, a small town in Belgium's Limburg province in 1949. Almost as far away from the sea as it is possible to be in Belgium, nevertheless, due to a branch of the family being involved in barging, Peter was barely six years of age when he first set eyes on the great European ports of Rotterdam and Amsterdam. During school holidays he would frequently head off on one of the barges and witness the crew offloading cargo from the Congo, which was a Belgian colony until 1960.

Back at school the merits of a good education was drummed into the lad by his father, a teacher of physics. One of his brothers went on to be a teacher too but when entering university Peter broke the mould and had his mind set on a career in electronics.

"Electronics was a sexy subject back then [1960s]. But after my second year a university professor sparked my interest in naval architecture. There were very few students on the course but that was an attraction in itself. It meant that I was getting virtually one-on-one tuition. I thought, why not?" he explains.

After completing a course that would equate to a MA today, Peter was soon accepted at a Belgian shipyard beginning what at first appeared to be another false start.

"I began in the engineering department, which as a naval architect is a bit of a disaster. It's not really what you want. You want to design ships, right? You don't want to design engine rooms and pumps."

But, in a relatively short space of time he found himself in charge of the whole engine room design department. This would later prove to be useful when, much later he went in to ship management.

"I'd done a bit of naval architecture and design, propellers, engine rooms, hydraulics you name it. With hindsight it gave me theoretical and hands on experience of the industry, which was a useful grounding for my future career."

Some 20 years later the past was to catch up with Peter when Anglo Eastern managed four ships built for the Canadian shipping firm, Fednav, designed by him and his team at the yard in Belgium. There's a twinkle in the eye and a laugh when he recalls friend's derisory comments on the ships' quality and design.

FIRST STEPS IN SHIP MANAGEMENT

In the event Peter was to stay just five years at the shipyard before he was looking to new horizons. In 1980 he joined the ship management division of Belgium's Coblefret Group. Five years later and he was on the move again and Anglo Eastern came tantalisingly into view for the first time.

The CMB Group in Belgium acquired 50% of Anglo Eastern and they hired me to run it from Hong Kong," he says.

"We started with just 12 ships. For the next 10 years Anglo Eastern Ship Management was basically an offshore Belgian in-house ship management company for the CMB Fleet. This was the time when the Belgian flag and Belgian seafarers became expensive, so it made sense that all new CMB tonnage was managed through the Hong Kong subsidiary rather than from Belgium," he adds.

FOUNDING A PHILOSOPHY

In the story of the Anglo Eastern Group this was an important time that had an influence on the company's strategy to this day.



“I began in the engineering department, which as a naval architect is a bit of a disaster. It’s not really what you want”

“For the first ten years of our life this company only had to provide a good service at a competitive price level. But money making from this company was not there.

“I only had to make sure that the people in Belgium, my owner’s customers had a good service from us. And when we entered third party ship management we brought the same thinking to the operation. Not profits first, service has always been the main driver. I can say today profits are still not the main driver. And that is probably what makes us different from the others,” he explains.

THE TEAM TAKES OVER

During a short period between 1995 and 1997, Hong Kong’s now iconic dry bulk specialist Pacific Basin Shipping owned Anglo Eastern before passing it to a Malaysian concern in 1997. It was a significant year for Hong Kong when the territory returned to Mainland China. It was a red-letter year for Peter, too as it was the time when he and his management team of Marcel Liedts and Richard Wong bought the company out for an undisclosed sum.

“We needed money at the time and managed that by offering 24% of the shares to eight of our Indian colleagues. And that has been the strength of this company ever since. We were 11 people with a common purpose. I even got away with reducing their salaries in the early days as we fought for a position,” says Peter.

“We have had the same strong team for 30 years,” he adds.

Peter recalls that in the early days of Anglo Eastern clients came to a ship manager to get cheap crew and cheap overheads. Today, he insists the company sells expertise.

Back in the day small was beautiful. Then it was thought that 45 ships was the optimum size of a ship management company. But in the last ten years, with the advent of more efficient back offices with many automated processes the thinking has been turned on its head and large ship managers have an economy of scale that pays dividends when purchasing equipment and services.

The extent to which Anglo Eastern gets involved in crewing the vessels has evolved over the years. But the company has had a firm commitment to India as a source for seafarers since 1985.

“From the beginning we started with Indian seafarers on board and Indian superintendents.

“This was something entirely new when CMB owned most of the company.

“I was still working in Belgium when the first capesize was crewed by Indians. In those days a Belgian guy came on board a ship for four months and from that moment he was counting down the days before he could get off. With the Indian seafarers it was different. They saw the ship as their home. Being there was their life. That is why today we are so big in India. The superintendents, the people who helped buy the company were Indians. We have always been deeply rooted in India,” he says.

“We want our people to be part of the system from the beginning. We employ 28,000 people and I’m pleased to say 27,000 of them have been recruited through an Anglo Eastern office.”



The reader would probably have gathered by now that there is going to be no unveiling of secret formulas for the running of one of the most successful ship management companies in the world. Peter insists there are no secrets. Anglo Eastern has no use for consultants with five or ten year forecasts and plans. Instead he maintains that with a small board comprised of close friends decisions are made as to the most appropriate next move based on prevailing conditions of the company and the wider market.

Anglo Eastern may not have a long-term strategy but it does have a philosophy.

“A basic philosophy of our company is that wherever in the world there is somebody who wants to work for us, they should be able to walk into an Anglo Eastern office from the first day. That has been a policy decision and as a result we control 95% of our crew.

“We want our people to be part of the system from the beginning. We employ 28,000 people and I’m pleased to say 27,000 of them have been recruited through an Anglo Eastern office.”

In addition, to a number of training centres around the world including the Philippines, India and Ukraine, Anglo Eastern opened the first Maritime Academy in Mumbai in 2010.

“This is an example of a natural first step in this direction rather than any long-term strategizing,” says Peter.

“We train 400 cadets every year, from high school into cadetship. In a few years from now a large percentage of our officers would have been working with the company since the age of 20, he adds.



ANGLO EASTERN PULLS OFF LARGEST SHIP MANAGEMENT MERGER

Although long-term strategizing may not be the norm at Anglo Eastern, Peter admits that the audacious takeover of one of the world’s first third party ship management companies, Hong Kong-based Univan in 2015, was not an overnight decision. He even hints that the idea may have been discussed with Univan’s founder Captain Charles Vanderperre before the latter’s death in 2009, when Peter was chairman of the Hong Kong Shipowners’ Association. Ultimately his own secession plans appear to have been the catalyst for a move that many in the market had rumoured even before the deal was struck.

“I was very impressed by Bjorn Hojgaard, when he took over as chief executive at Univan. You could say it was an expensive way of acquiring a new chief executive,” he jokes. “But it went deeper than that. The family that owned Univan had always shared with us the same way of thinking that a ship management company should be run.”

Described at the time as the largest ever merger of independent third party ship management companies, the deal came with an addition of around 100 ships to the Anglo Eastern fleet, which today stands at more than 600 vessels. It was in effect a game changer that set off a number of similar deals in the ship management sector in the years that followed, though none as large as that undertaken by Anglo Eastern.

Although Peter is now considering altering his title from executive chairman to simply chairman, and taking a bit of a back seat, it is to be sincerely hoped that there are no plans to sail (a favourite pastime) off into the sunset anytime soon.

A portrait of Rosita Lau, a woman with short dark hair, smiling slightly. She is wearing a dark blazer over a dark collared shirt. The background is a soft, out-of-focus grey.

A champion for Hong Kong maritime

Rosita Lau may not have achieved an early ambition to reach the stars but she is one of the highest flyers in the Hong Kong maritime environment

The global maritime sector is an intimate coterie where members of consequence know everybody else. In a dispute it is a rare company that will appoint a law firm; rather it will know through the community which individual lawyer is the best for the task. Ultimately the star performers define the value of a venue like Hong Kong. One such star performer is Rosita Lau.

In her over 20 years at international law firm Ince & Co, Ms Lau has broken so many glass ceilings it could be hazardous to walk in her wake. Graduating from junior assistant solicitor to being notified that the firm's partners unanimously voted to promote her to be a partner of the firm in just five years was a record in itself but when she achieved that position she was the first female partner of the firm's Hong Kong office and the first Chinese female partner of the firm.

Since then Ms Lau, who specialises in transportation law, dry shipping, aviation, ports and terminals, logistics, insurance, international trade and personal injury, has received countless accolades and awards. Most recently in 2010 and 2016, Ms Lau was twice ranked among "The World's Top Ten Shipping Lawyers" by Lloyd's List, the first Hong Kong lawyer and also the first Chinese lawyer to obtain this international accolade, and hitherto the only Hong Kong lawyer and only Chinese lawyer to gain it twice.

It was again a Hong Kong first when Ms Lau won the Lloyd's List "Individual Maritime Lawyer of the Year Award" in October 2016.

Other awards and accolades include "Best in Shipping Award" presented by Euromoney at the Asia Women in Business Law Awards in 2014. A record breaking run (17 consecutive years, since 2000) as a leading individual in shipping on the Legal 500 Asia Pacific. And Ms Lau has been ranked a Leading Lawyer in Aviation and Maritime By Asia Law & Practice since 2004. She has also been ranked by Chambers Asia Pacific as a Band 1 Shipping lawyer for years.

In light of such universal recognition it comes as a surprise to discover that the law was not Ms Lau's first choice of career. "I wanted to be an astronaut," she says. "I had excelled in both arts and science subjects but when it came to the stage of having to specialise, a combination of a dislike of my physics teacher and pressure from the principal



to specialise in either humanities or science meant that my dream died then,” she adds without betraying how difficult the choice was.

BEGINNINGS

Her parents, who were both highly educated, arrived in Hong Kong in the 1950s along with thousands of other Mainland Chinese who were fleeing because of the turmoil in China at that time. Her father had studied political science at university and her mother had completed high school with flying colours. Her mother always came first in school examinations and competitions. “I was not born when my parents came to Hong Kong”, says Ms. Lau, “but I recall my parents describing how difficult their early days in Hong Kong were having to start from scratch.” Ms Lau recalls that her parents afforded her and her sister and two brothers a great deal of freedom in their educational pursuits. “My sister and I were never pressured into following traditional female roles,” she says.

Ms. Lau studied law in England and obtained a Master degree in Law with a Mark of Merits from the London School of Economics. It was the exposure to material on Carriage of Goods by Sea, and the General Agreement of Tariffs and Trade, soon to be replaced by the World Trade Organization, during her time at LSE, which opened her eyes to the possibilities of a career in maritime law. But at this point nothing was set in stone.

She did her practical training in London. She remembers very vividly the days of having to deliver briefs to Counsel at Temple in freezing cold weather in the evening, and running to the Civil Courts at The Stand with Counsel to arrive at hearings in time, often carrying a heavy brief case with bundles of documents and the thick White Book.

THE ROAD NOT TAKEN

Decisions, the impact of which may resonate down the years, can sometimes be taken on the spin of a coin. In Ms Lau’s case, following the completion of practical training, while still in London, she received job offers from five English international law firms with offices in, inter alia, Hong Kong. “I took the position at Ince & Co, simply because it was the first offer I received.” Had she taken one of the other offers a career in maritime law may never have transpired.

Reporting at the Hong Kong office of Ince, Ms Lau was quickly put through her paces with a pile of cases that the more experienced team of lawyers didn’t want. More striking to people today was the makeup of the team, which was almost exclusively male and English despite it being just a few years before the handover of Hong Kong to China. An anecdote characterises the mood of the times.

“Chris Moore was the senior partner of our Hong Kong office when I joined. He was a very capable lawyer who was enthusiastic and made a great deal of effort to make contact with local and Mainland Chinese clients, and so was Patrick Griggs, our then global senior partner, a renowned figure of the international maritime world, even after his retirement,” she recalls.

“When Chris introduced me to clients some of them assumed I was either his girlfriend or his secretary,” she adds.

In the early days much of her time was spent translating the wishes of clients and the instructions of lawyers from Chinese to English and vice versa and to assist her English seniors in acting for the Hong Kong or Chinese clients, or acting for English speaking clients in dealing with Chinese counterparts in deals or disputes. “From the outset I thought it was imperative that there be more Hong Kong or Chinese lawyers if we were to cope with the increasing workload arising out of more and more transactions between Hong Kong and China.”

Since then Ms Lau has gained satisfaction from witnessing a rising number of local or Mainland Chinese lawyers who have joined the ranks of the international law firms.

Since joining Ince, Ms Lau also spent a lot of time expanding the firm’s practice in Asia, in particular China. She built up a wide network of clients and contacts locally and in China. “I am lucky to have a lot of friends and clients who are supportive. I treat all clients as friends. In return, they know that I care for them and friendship was further tightened,” says Ms Lau.

Today as a long-time partner of the firm Ms Lau, a keen classical music buff, finds an analogy in the work she performs with that of a conductor of a symphony orchestra.

“When one has a big, complicated case, where the shipowners may be thousands of miles away, you may also have to deal with cargo interests, crew, the crew’s families, the P&I Club, the hull and machinery insurer, the authorities of the place where the matter or incident happened, and, the media. And they will all be seeking your attention at the same time. Being in the middle you have to coordinate everything in a very clear minded way. You cannot afford to make any mistakes and at the same time you must ensure that your whole team works efficiently,” she says.

“You are not a good maritime lawyer if you cannot attain that level of coordination and efficiency and achieve the best results in an as cost effective way as possible,” she insists. It’s a fact that she feels that in today’s cut-throat world of competition some clients may have lost sight of. It’s a point that Ms Lau feels strongly about.

Conceding that the decade long shipping slump has been a major factor in a changing attitude toward maritime lawyers and their value she is still disturbed that for clients, price is too often the bottom line. Specifically, a major constituent of clients for the services of maritime lawyers are the maritime insurers, which have their traditional charging scale for lawyers’ fees says Ms Lau.

“Maritime lawyers are frequently involved in cases that are just as complex as cases handled by lawyers involved in construction law or Intellectual property law, yet maritime lawyers get paid less comparatively speaking because of such traditional fee scales of maritime insurers,” she adds.

But fees earning is not her paramount target. Providing services of the highest standard is. Ms Lau is charitable enough to spend enormous amounts of her own time as well on serving her clients, training up the juniors in her firm, building up, she believes, the biggest team of bilingual maritime lawyers in Hong Kong at a very early date and well before the return of sovereignty over Hong Kong to China. She also obtained the licence to set up her firm’s Shanghai office as early as 2000, in record breaking fast speed, before China joined WTO. She is known in the market for training young lawyers. Some of the junior lawyers she trained have subsequently gone on to careers as lawyers at other firms or in-house council in P&I Clubs. “This is part of my contribution to the Hong Kong maritime industry,” she says.

SERVICE TO THE MARITIME COMMUNITY

One might speculate that dissatisfaction with the level of respect the maritime law profession is being accorded might have been one of the factors that led Ms Lau to become active in promoting Hong Kong’s maritime prowess beyond the realms of the office. It’s a nice theory but not the case. Amidst her very busy work schedule, in fact, she has always been approached by the government and various organizations that have looked to her assistance.

Ms Lau was first invited to join a government maritime delegation to Dalian, China in 2004 and since then she has been a frequent delegate of Hong Kong maritime missions overseas and in China. She served as a chairman of the Appeals Board of Hong Kong Building Ordinance from 2003-2010. Subsequently she was appointed a member of the Maritime Industry Council in 2011 and she continued contributing from that appointment, providing the government with her view on how to enhance Hong Kong as an international maritime centre. She continued promoting Hong Kong’s maritime services. “I am honoured to be an ambassador for Hong Kong. Hong Kong has so many advantages and Hong Kong maritime players have achieved so much. They need to be promoted and made known to the world. We have been too humble in the past,” says Ms Lau.

RADICAL PROPOSALS

In 2016 she was appointed a member of the newly established Hong Kong Maritime and Port Board where she sits on all three committees. Also in 2016, Ms Lau joined a special working group under the auspices of the Financial Services Development Council. The recommendations of the working group, which were published in early 2017, suggested



that tax concessions should be considered to attract more insurers to Hong Kong. In a Hong Kong context this was a radical suggestion in the face of government tradition that has long been proud of its laissez faire approach to business, and where special concessions were anathema. In fact Ms Lau is a firm advocate of proposals which may be seen as more radical still. They centre on Hong Kong's Shipping Register, noted for being the largest national register in the world and the fourth largest register overall.

"Having the fourth largest ship register is one thing but I hope more work and employment for our maritime services would result from it, and with concerted efforts of multi-bureaus and multi-government departments we can do so," she exclaims.

"We have to be able to offer some incentive that will tie in owners with Hong Kong as a maritime hub. If a shipowner were to be offered substantial discounts on his P&I or hull and machinery cover when he registered a ship this would be a great attraction. It is an offer that could be subsidised by the government at least for a limited period. Such a scheme would go a long way toward achieving the aim of creating a hub in Hong Kong for marine insurers and reinsurers."

Furthermore if we make the requirement, the process and procedures of application for authorizations of P & I Clubs in Hong Kong simpler, more straightforward and efficient, more P & I Clubs will come because without authorization, they cannot underwrite in Hong Kong and will not be in full operation in Hong Kong. With that, more insurance and business and connected services will have more opportunities, she opines.

"The immediate outgoing Secretary for Transport and Housing Professor Anthony Cheung had done a lot in listening and responding to the requests of the maritime industry players during his administration of the maritime industry. The setting up of the Maritime and Port Board is a breakthrough," says Ms. Lau. "I am looking forward to seeing more advances under the reign of the new Secretary Mr. Frank Chan".

With the advent of the new administration led by chief executive Carrie Lam such a proposal doesn't seem as impossible as it might have been. There are early indications that the Lam administration will be more open handed – and the possibility of tax concessions for some have already been mentioned for the first time.

Meanwhile, Ms Lau's work with the Manpower Development Committee of HKMPB has already reaped solid results in the pursuit of wider opportunities for prospective maritime lawyers.

Ms Lau maintains that when she joined the MIC six years ago, Hong Kong's educational institutions offered precious little in the way of maritime courses. There has been progress. For a number of years the Hong Kong Government had been providing scholarships to students of the Dalian Maritime University who took the one-year Master in Common Law degree at Hong Kong University. This year the scholarship scheme has been extended to students from the Shanghai Maritime University. Whilst welcoming the initiative Ms Lau has been critical of what appears to be one-way traffic that fails to benefit home-grown talent.

"I feel it is essential that we nurture home-grown shipping law graduates if new policies are to be effective," she says. Ms Lau feels it is important to get the attention of the new generation as early as possible. As a result of her suggestions to the MDC Hong Kong's secondary schools will receive specially prepared learning packages about the maritime sector, possibly as early as this November, to coincide with Hong Kong Maritime Week.

At the university level, meanwhile, the Hong Kong University's Law Faculty has re-packaged a programme of shipping related modules including marine insurance, international trade and basic principles of shipping law. Students who opt to take these subjects in the third and fourth year of their degree may be entitled to claim a newly created scholarship from the Maritime and Aviation Training Fund. The new programme began this autumn.

Ms Lau may not have achieved her early ambitions of becoming an astronaut. For that we might have to thank an uncongenial physics master. Hong Kong maritime is the better for her.



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Fleet Management Limited

11/F, Everbright Centre, 108 Gloucester Road, Hong Kong

T +852 2298 8300 E fml@fleetship.com W www.fleetship.com