

LCQ18: Promoting development of maritime industry

Following is a question by the Hon Holden Chow and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (June 28):

Question:

It is learnt that in order to promote the development of the maritime industry, the Government has introduced in recent years a number of policies, such as tax concession measures. There are views that should the Government be more proactive in attracting more international maritime enterprises to set up their operations in Hong Kong, Hong Kong's maritime industry will certainly be taken to a higher level. In this connection, will the Government inform this Council:

(1) whether, in order to support the development of a high value-added maritime industry, the Government has considered upgrading the Hong Kong Maritime and Port Board to an independent statutory body, thereby conferring on it wider powers and functions, and enabling it to steer more effectively the development of a high value-added maritime industry;

(2) whether it has considered allocating government land for pooling together the operations set up by international organisations in the maritime industry (including organisations relating to issues such as marine insurance, maritime arbitration and ship leasing), so as to establish a landmark conducive to the clustering of the maritime industry, as well as strengthen Hong Kong's image of promoting a high value-added maritime industry; if so, of the details; if not, the reasons for that; and

(3) given that there is an offshore liquefied natural gas (LNG) terminal in the waters of Hong Kong, whether the Government has set up a task force to explore the feasibility of allowing vessels to receive LNG offshore with the latest technology, so as to facilitate the development of Hong Kong's maritime industry, as well as achieve the targets of protecting the environment and reducing emissions, and tying in with the Central Government's efforts to realise carbon neutrality; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government is committed to reinforcing Hong Kong's position as an international maritime centre and enhancing our strengths in high value-added maritime services. In fact, the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" and the "Outline

Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" have shown express support to the position of the Hong Kong port and the development of high value-added maritime services in Hong Kong for better integration into the country's development course.

The Government has been implementing multi-faceted measures to further promote the development of the high-end maritime services industry. The Government has introduced various tax concessions since 2020, including tax exemption for ship leasing businesses, as well as half-rate tax concessions for the businesses of marine insurance and shipping commercial principals (i.e. ship managers, ship agents and ship brokers), in order to attract maritime enterprises to establish presence in Hong Kong. At the same time, we are actively promoting the development of "Smart Port", through putting in place a brand new data sharing platform by phases for facilitating data sharing in the maritime and port industry, thereby enhancing port efficiency. Besides, an additional HK\$200 million has been injected to the Maritime and Aviation Training Fund this year to enhance related manpower training. Furthermore, we will actively strengthen the collaboration between Hong Kong and ports in the Greater Bay Area (GBA). For example, a Memorandum of Understanding on Guangzhou-Hong Kong Greater Bay maritime co-operation was signed between the Transport and Logistics Bureau and the Guangzhou Port Authority in May 2023 to establish a communication and co-operation mechanism for port and maritime matters.

Looking ahead, we are actively taking forward a series of new measures announced in the 2023-24 Budget by the Financial Secretary. A Task Force on Maritime and Port Development Strategy has been set up with representatives from the Hong Kong Maritime and Port Board (HKMPB) and high-end maritime services industry, aiming to promulgate an action plan on the following strategies by the end of this year. These strategies include:

- (1) enhancing business sectors including ship finance, marine insurance, maritime arbitration and ship management, thereby enabling Hong Kong to become a global leading high-end maritime services market;
- (2) facilitating transformation of global maritime and port business towards zero emission;
- (3) promoting the development of smart initiatives and digitalisation in the maritime industry; and
- (4) fostering exchanges and collaboration among maritime industries in the GBA and those around the world.

We will also expedite studies on strategies for promoting the high-end maritime services industry and enhance exchanges among industries in the international arena and the GBA. The scale of the annual flagship event "Hong Kong Maritime Week" will also be expanded to strengthen the promotion of Hong Kong's maritime and port industries, so as to reinforce and continuously enhance Hong Kong's position as an international maritime centre.

In consultation with the Environment and Ecology Bureau and the Marine Department, the consolidated reply to the various parts of the question raised by the Hon Holden Chow is as follows:

(1) With regard to the suggestion of setting up a statutory maritime body, we consider that key issues such as financial sustainability and the need to carry statutory functions have to be resolved first. If the proposed statutory maritime body does not have a recurrent and stable source of income, it would be difficult to maintain effective and sustainable operation.

In fact, the HKMPB and its three committees have been playing an active role since their establishment in 2016. Thanks to the valuable suggestions by members of the HKMPB, we have implemented a number of new policies and measures in recent years, such as the new tax regime for ship leasing and shipping commercial principals as well as the arrangements for service enhancement of the Hong Kong Shipping Registry. In sum, the Government is open to the suggestion for establishing a statutory maritime body as a long-term arrangement and will consider the way forward as necessary.

(2) We are committed to reinforcing Hong Kong's position as an international maritime centre. Further to the establishment of the Asian Hub in Hong Kong by the International Union of Marine Insurance (IUMI) in 2016 to enhance marine insurance support in Asia, which is IUMI's first overseas office outside its headquarters in Hamburg, we have secured the establishment of the International Chamber of Shipping (ICS)'s first-ever overseas office outside its London headquarters in Hong Kong in 2019, since ICS's establishment in 1921. In addition, the Baltic and International Maritime Council (BIMCO) announced in September 2020 its adoption of the BIMCO Law and Arbitration Clause 2020 which has included Hong Kong as one of the four designated arbitration venues in its global standard maritime contracts. The annual general meeting of BIMCO was also held in Hong Kong in May this year. According to our understanding from the industry, international maritime organisations often co-operate with local industry organisations when setting up their offices in Hong Kong, including sharing of office and secretariat facilities. In view of the above, we have no plans at this stage to allocate government land for pooling together international maritime organisations.

We will continue to maintain close communication with the industry to understand their actual needs, and will adopt various measures to actively attract more international maritime organisations to set up offices in Hong Kong.

(3) As an international maritime centre, Hong Kong has been promoting the development of green port through different measures and encouraging the industry to adopt more sustainable shipping initiatives. To this end, Hong Kong becomes the first port in Asia to mandate ocean-going vessels (OGVs) to switch to low sulphur fuel while at berth. The Government has been collaborating with the Mainland to reduce emissions from vessels, including establishing jointly with the Guangdong Provincial Government a Domestic Emission Control Area in the waters of the Pearl River Delta Region that further tightened requirements for all vessels to use compliant fuel (i.e. low sulphur fuel or liquefied natural gas (LNG)), irrespective of whether they are sailing or berthing. To further encourage the use of clean marine fuel by OGVs, the Government has also been examining measures to take forward

the adoption of LNG in OGVs. As such, the Environment and Ecology Bureau and the Transport and Logistics Bureau have set up a joint working group to actively explore with the industry stakeholders specific measures to provide LNG replenishment for OGVs, such as to actively explore possible solutions of using the offshore LNG terminal newly constructed by the two power companies as a bunkering facility for OGVs, and to develop technical standards of LNG bunkering applicable to Hong Kong with reference to international practices, so as to actively co-operate in achieving the national carbon emission reduction goals and to contribute to the country's effort on shipping emissions reduction.