

Opening remarks by STH at Asian Logistics and Maritime Conference (English only)

Following is the opening remarks by the Chairman of the Hong Kong Maritime and Port Board and Secretary for Transport and Housing, Mr Frank Chan Fan, at the Asian Logistics and Maritime Conference (ALMC) today (November 19):

Margaret (Executive Director of the Hong Kong Trade Development Council, Ms Margaret Fong), distinguished guests, ladies and gentlemen,

Good morning. On behalf of the Government of the Hong Kong Special Administrative Region, I extend my warmest welcome to you all to the 2019 Asian Logistics and Maritime Conference. It gives me great pleasure to join you at this flagship event of the Hong Kong Maritime Week which is also the largest of its kind in Asia.

The ALMC is now in its ninth edition. Throughout the years, I have always been proud to witness this home-grown conference growing in size and influence. The Conference has served as a pivotal platform for global logistics and maritime industry leaders to connect, and to exchange innovative ideas on how the industry can excel. The theme this year, as Margaret has highlighted, is "Connect and Innovate: Navigating Challenging Times", that captures fully the spirit and cannot be more fitting for what we are facing now.

Indeed we are standing at one of the most challenging junctures in recent memory. Globally, rising protectionism and geopolitical uncertainties have been weighing down economic outlook. At home, we face our technical recession, as we are dually hit by slowing economy and social unrest. The sea is rough. At times like this, we look for our strong fundamentals as an anchor. We are committed to supporting free trade and maintaining a level playing field for all. We spare no effort in honing our competitive edge and have always been recognised by the international community.

We have been ranked the world's freest economy by the Heritage Foundation for 25 consecutive years, and came third on the World Bank's ease of doing business rankings. Coupled with our robust institutional strengths, such as rule of law, judicial independence and quality talents, Hong Kong remains one of the world's best places to conduct business.

On top of excellent software, our hardware is equally impressive as a global trade and logistics hub. We boast the world's busiest international air cargo airport, with throughput totalling 5 million tonnes per annum in 2018. We are also home to one of the world's top 10 busiest container ports, with our total container throughput standing at 19.6 million TEUs in

2018. Every week, the Hong Kong Port sees 310 liner services connecting to 450 locations worldwide. Our shipping register is the fourth largest in the world, with a gross tonnage of more than 128 million as at end-September 2019.

The trading and logistics industries have always been our top economic pillars. Together, they account for 21 per cent of our GDP and 19 per cent of our total employment.

This is why Hong Kong is home to over 800 shipping-related companies, providing top-notch maritime services including ship broking, marine insurance, as well as maritime legal and arbitration services. We are also proud to host 12 out of 13 members of the International Group of Protection and Indemnity Clubs, seven out of the world's top 10 bookrunners on syndicated marine finance loans, as well as a good number of world-renowned classification societies. Recognising our institutional strengths and other advantages, the International Chamber of Shipping has set up the China Liaison Office in Hong Kong, being its first office outside London.

Connectivity, as we all know, is key to the logistics game, and we never stop to improve our infrastructure. We are making good progress on the construction works for the third runway of the Hong Kong International Airport and its associated facilities, which are expected to come into operation by the end of 2024. Upon full commissioning, the system is expected to increase our airport's handling capacity to around 9 million tonnes of cargo annually by 2030 and up to 100 million passengers too. This will further strengthen our standing as the world's premier cargo airport.

In this era of e-commerce, there is fast growing demand for express and small-parcel delivery. Our Airport Authority is collaborating with its business partners to expand the express air cargo terminal to enhance Hong Kong's capability in handling these shipments. The relevant works have just commenced last month. When completed in 2022, the cargo handling capacity of the express cargo terminal will increase significantly by some 50 per cent to over a million tonnes per year. The premium logistics centre to be developed on our airport island will on other hand increase our capability of warehousing and shipment distribution. Scheduled to commence operation in 2023, the centre is expected to bring an incremental 1.7 million tonnes of air cargo to Hong Kong per annum when it operates in full capacity. So there is a lot to look forward to.

As for the development of high-value air cargo business, the Hong Kong airport has been recognised by the International Air Transport Association as a centre for excellence for pharmaceutical logistics since July 2017. Earlier this year, we were also the first airport ever to have obtained the same recognition for perishable logistics. These recognitions clearly showcase our airport's capability in processing pharmaceutical and perishable logistics.

The success of a trading hub like Hong Kong is demonstrated not only by the amount of cargo it processes each year, but, more importantly, by its connectivity. Last month, we celebrated the first anniversary of the

commissioning of the Hong Kong-Zhuhai-Macao Bridge. The Bridge, apart from linking Hong Kong to the west bank of the Pearl River, provides a more far-reaching transport network that links to the entire Guangdong-Hong Kong-Macao Greater Bay Area. A journey from the Hong Kong International Airport to Zhuhai, one of the fastest-growing cities in southern China, now only takes 45 minutes. I am confident that the Bridge, synergising with our international airport, will consolidate our role as a double gateway to the world and also to the Pearl River Delta Region. This will further expand Hong Kong's cargo hinterland and bring more business opportunities for our logistics industry.

On top of existing policies to underpin our logistics and maritime industries, this year we have also rolled out a host of measures to support further development. They include tax concessions for ship leasing companies and marine insurance providers, as well as setting up regional desks to better support ship owners covered by our shipping register. Through these and other facilitating measures, the logistics and maritime industries are well placed for success.

Ladies and gentlemen, I began my speech with a reference to the dark undertones of what the future holds for the global economy. Tough as it is, let's not forget that we are the ones who shape the future. It's what we're going to do to change the world together. With our resilience and can-do spirit, Hong Kong will rise, as we always have, above the waves and prove to the world that Hong Kong remains the ideal place for your businesses.

Last but not least, I am grateful to the Hong Kong Trade Development Council for braving the difficulties of organising the ALMC this year and making it happen. It's indeed a very challenging task and very well executed. I am even more grateful to all of you – your presence here is a vote of confidence to Hong Kong and one well cast. Your presence speaks for itself and means a lot to us. On that note, I wish you all a most fruitful, enjoyable and rewarding conference. Thank you.