

Speech by STH at Hong Kong-London Maritime Day (English only)

Following is the speech by the Secretary for Transport and Housing, Mr Frank Chan Fan, at the Hong Kong-London Maritime Day today (November 22):

Lord Mountevans (Chairman of Maritime London, Lord Jeffrey Mountevans), members of Maritime London and the Hong Kong Maritime and Port Board, distinguished guests, ladies and gentlemen,

Good morning. First of all, I would like to extend a very warm welcome to our friends from London. Welcome to Hong Kong, and we are very glad that you are here with us for the Hong Kong Maritime Week. We have packed together over 50 events this week to promote maritime services and foster closer ties among the maritime community.

Among the many activities during the Maritime Week, the Hong Kong-London Maritime Day is one that I have always been looking forward to. London was among the first overseas destinations I visited since I took office as the Secretary for Transport and Housing in July last year. The signing of the MoU with Maritime London on that sunny afternoon during the London International Shipping Week 2017 was indeed the first-ever agreement I have signed on behalf of the Hong Kong Maritime and Port Board. The Hong Kong-London Maritime Day today is the first-ever event co-organised by the Hong Kong Maritime and Port Board and Maritime London after conclusion of the MoU. The Hong Kong-London Maritime Day today therefore is a very special day.

The Hong Kong-London partnership is no coincidence. Hong Kong and London share so many things in common. In terms of trade, Hong Kong and the UK are both among the world's top 10 trading economies. Both Hong Kong and London are service-oriented, with the service sector accounting for over 90 per cent of our respective GDPs. When it comes to maritime, both cities have a long maritime tradition and a strong maritime cluster. London, needless to say, has over 300 years of experience in providing maritime services. The fact that it is home to the International Maritime Organization speaks for itself.

Though with a shorter maritime tradition, Hong Kong is home to a cluster of over 800 shipping-related companies that offer a broad range of maritime services from ship agency and management, ship broking, ship finance and marine insurance to maritime legal and arbitration services. Both cities share so many common strengths that make us leading international maritime centres. More importantly, there is immense potential for Hong Kong and London to collaborate on the maritime front in leading the continual development of the industry across the globe.

International shipping forms a core part of the global economy and we must always be prepared for changes in the macroeconomic environment. At this juncture, the global trading environment is facing uncertainties. The US-

China trade conflicts are clouding the global trade and shipping outlook, and their impacts would surface gradually. The fluid dynamics surrounding the Brexit negotiations are another source of uncertainty. Moreover, the consolidation and alliancing of liners have intensified regional competition among maritime cities. All these are imminent challenges that will have profound impact on the maritime industry in both Hong Kong and London.

While we hope that these conflicts and uncertainties would eventually ease and settle, we need to look for new sources of growth. The global economic centre of gravity has shifted to the East. For the past decade or so, emerging Asia including Mainland China has seen the fastest growth. The region has been the key impetus to the global economy, contributing some 60 per cent to the world's GDP growth. Asia is also home to a rising middle class with strong purchasing power. The World Bank estimated that by 2030, two-thirds of the world's middle class will come from Asia. In short, Asia will remain the world's powerhouse of economic growth in future.

Reflecting the growing demand, seaborne trade involving Asia has expanded to account for more than half of the world's trade volume. Nine of the world's top 10 ports in terms of container throughput are located in Asia, of which seven are in China. Over 90 per cent of shipbuilding activities took place in China, Korea and Japan alone. With these developments, the demand for professional maritime services in Asia is stronger than ever.

Indeed, using ship finance as an example, traditional shipping banks in Europe used to finance around 80 per cent of the shipping industry 10 years ago. While they still share some 60 per cent of the market nowadays, Chinese leasing firms are catching up and they now provide some one-fifth to one-fourth of financing for global shipping. The Belt and Road Initiative is also unlocking the immense potential flows of goods across the continents. Asia, in particular China, holds abundant opportunities for maritime services.

As an international maritime centre, I am sure London would love to capture these opportunities, and Hong Kong is your perfect partner. Hong Kong is situated on the most thriving international sea routes at the heart of Asia. We are a regional transshipment hub well connected to over 470 destinations worldwide, including some 80 member states along the Belt and Road corridor. We also boast a strong presence of shipping principals including shipowners, cargo owners and traders, in addition to a vibrant maritime service cluster. Our strengths complement each other.

Hong Kong is well known for our business-friendly environment. We are the world's freest economy for 24 years in a row as well as the fourth easiest place to do business. As a Special Administrative Region of China, Hong Kong's maritime service providers enjoy preferential treatment when they access the Mainland market under the Closer Economic Partnership Arrangement. We therefore offer the direct gateway and springboard for the world to tap into the burgeoning Chinese market.

Our common law system, the rule of law, and cultural ties capable of bridging the East and West also make us the place to be for British companies

seeking to expand in Asia. In fact, over 700 British companies have already established their foothold in Hong Kong and become our partners. The UK is our fourth largest parent source for regional headquarters, regional offices and local offices in Hong Kong, just after Mainland China, Japan and the US.

Businesses aside, I would like to highlight manpower development as another potential area of collaboration. Hong Kong attaches great importance to nurturing maritime talents. Notably, we have set up the Maritime and Aviation Training Fund in 2014 to attract new blood to join the industry and enhance the competencies of existing professionals. To further strengthen the nurturing of maritime manpower, the Government will inject some GBP20 million to the Fund. With world-renowned marine education institutions in the UK, such as University of Southampton, South Shields Marine School and Warsash Maritime Academy, I look forward to closer exchanges on manpower development between Hong Kong and the UK to further consolidate our soft powers together.

In closing, may I wish you all a fruitful time at the Hong Kong-London Maritime Day. For our friends from overseas, please do find time to stroll around and savour our culture and local cuisine. You would be amazed.