

Speech by STH at seminar-cum-luncheon in Copenhagen, Denmark (English only) (with photo)

Following is the speech by the Secretary for Transport and Housing and Chairman of the Hong Kong Maritime and Port Board (HKMPB), Mr Frank Chan Fan, at a seminar-cum-luncheon in Copenhagen, Denmark, jointly organised by the HKMPB, the Hong Kong Trade Development Council, the Hong Kong Economic and Trade Office, London, and the Denmark-Hong Kong Trade Association today (March 12, Copenhagen time):

Dear Mr Hennsen (Chairman of Denmark-Hong Kong Trade Association, Mr Nickolaj Hennsen), Mr Hemmingsen (Group Vice CEO of Maersk, Mr Claus Hemmingsen), Mr Zhao (Chargé d'affaires of Chinese Embassy in Denmark, Mr Zhao Shiren), distinguished guests, ladies and gentlemen,

Good afternoon. I am most delighted to be here at Copenhagen today, gathering with friends of the maritime industry from Denmark and Hong Kong. I am pleased to take the opportunity to share with you my observations and thoughts on what makes Denmark and Hong Kong trusted partners in maritime co-operation.

Denmark and Hong Kong: Common Background

Maritime is the lifeblood of the global economy that carries around 90 per cent of world trade. In 2017, the total volume of global seaborne trade has reached 10.7 billion tons, a 4 per cent growth as compared to 2016. The United Nations Conference on Trade and Development has projected an annual average compound growth of 3.8 per cent up to 2023. This is a rather promising outlook for the maritime sector amidst uncertainties in the global landscape.

In terms of maritime and shipping, Denmark is the sixth largest nation in terms of gross tonnage of the world's merchant fleet. Danish maritime companies account for about one-fourth of Denmark's total exports. As for Hong Kong, our shipping industry has been part and parcel of our history since mid-nineteenth century. With our ideal geographical location at the heart of Asia and free-trade economy, the Hong Kong Port grew strenuously and fueled every step of our economic transformation from a small fishing village into Asia's World City.

Nowadays, the Hong Kong Port is one of the busiest container ports in the world. Notwithstanding the intense competition, our role as the super-connector between East and West is timeless. We provide about 310 container liner services per week connecting to around 450 destinations worldwide. With over 800 shipping-related companies operating in Hong Kong, we are well-positioned to offer a great variety of quality maritime services ranging from

ship management, ship broking and chartering to marine insurance, maritime law and arbitration. We are also the leading international ship finance centre in Asia, with seven out of the world's top 10 book runners having offices in Hong Kong.

Denmark and Hong Kong: Mutual Interest in Chinese Market

While a similar background brings us together, it is our mutual interest that makes us trusted partners. In our case, the mutual interest would be the Mainland Chinese market. The fact that China took up some 14 per cent of the total exports from Danish shipping companies in 2017 speaks for itself. Indeed, such export volume is not only growing, but growing fast by nearly 16 per cent as compared to 2016.

On this, Hong Kong's unique relationship with the Mainland of China under the "one country, two systems" principle makes us the ideal springboard for Danish companies to do business with the Mainland. On the one hand, Hong Kong is part of China; on the other hand, our economic, legal and social systems are different from those of the Mainland. We are blessed to enjoy both the benefits of free trade and the first-mover advantage in the Mainland's major national initiatives. For those who are eager to tap into the Chinese market, Hong Kong offers the know-how, has the market access, and is the best platform to start your venture.

Among our various close ties with Mainland China, the most exciting new development is the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area last month. The Greater Bay Area encompasses Hong Kong, Macau and nine other cities in the Pearl River Delta. With a population of 70 million, and a GDP of US\$1.5 trillion, the Greater Bay Area is one of the most open and economically vibrant regions in China. The Outline Development Plan gives clear support for Hong Kong's status as an international maritime centre through the development of high-end maritime services. Hong Kong will actively work together with our maritime partners to seize the opportunities.

Mapping the Future of Hong Kong's Maritime Sector

Since the arrival of our delegation yesterday, we are enthused to hear about your ambitious plan to stay "Ahead of the Curve" by seeking to strengthen the Danish fleet and maritime employment by 2022. Hong Kong has also devised a clear policy roadmap for reinforcing our role as an international maritime centre. In October last year, we unveiled a package of initiatives to bolster the high value-added maritime services, including drawing up tax measures to boost ship leasing and marine insurance businesses, and injecting funding for nurturing maritime talents.

Take marine insurance as an example, we have a flourishing marine insurance market with a full range of insurance services on offer by global providers. Currently, we are home to almost 90 marine insurers underwriting hull, machinery and cargo risks, of which 35 are foreign insurers. In its 145-year of history, the International Union of Marine Insurance has chosen Hong Kong as its first overseas presence outside Europe. The setting up of

the Asia Hub by the Union is a testimony of Hong Kong's position as a prominent industry player in Asia. The Government is now seeking to offer a profit tax concession of 50 per cent for qualified marine insurance business, resulting in a net tax rate of 8.25 per cent. This will open up further opportunities and bring our marine insurance industry to new heights.

Closing

Ladies and gentlemen, while Denmark and Hong Kong are thousands of miles apart, our common background and mutual interest have brought us together. Indeed, I see promising prospect for us to make a good team in spurring the growth of the shipping industry. A moment later, fellow members of the Hong Kong Maritime and Port Board will share with you the specific strengths and opportunities lying with Hong Kong's maritime and port industry. On this note, may I wish you all a fruitful exchange today, and I look forward to welcoming you in Hong Kong one day. Thank you.

