

Speech by STL at HKFI x IUMI Seminar – Insuring the Global Navigation (English only) (with photo)

Following is the speech by the Secretary for Transport and Logistics, Mr Lam Sai-hung, at the HKFI x IUMI Seminar – Insuring the Global Navigation today (November 21):

President Denèfle (President of the International Union of Marine Insurance (IUMI), Mr Frédéric Denèfle), Secretary General Mr Lange (Secretary General of the IUMI, Mr Lars Lange), Deputy Chairman Mr Tam (Deputy Chairman of the Hong Kong Federation of Insurers (HKFI), Mr Ivan Tam), distinguished guests, ladies and gentlemen,

Good afternoon. My warmest welcome to you all, particularly to the President and Secretary General of the IUMI, who have traveled all the way to join us here. My sincere gratitude to the IUMI, for their unwavering collaboration with the Hong Kong Federation of Insurers to organise this seminar titled Insuring the Global Navigation.

Hong Kong's strengths in marine insurance

From a barren rock to becoming a leading international maritime centre, Hong Kong has fostered a robust maritime tradition. For the next few minutes, allow me to introduce our distinctive strengths in marine insurance, ranging from our traditions and institutional advantages to our continuous policy advancements, as well as our comprehensive network with the world and the Mainland China.

Ranked fourth globally by the Xinhua-Baltic International Shipping Centre Development Index, Hong Kong is home to a vibrant maritime cluster, with over 1 100 port and maritime companies providing a variety of quality maritime services, of which marine insurance plays a vital role.

We have a flourishing marine insurance market, with more than 80 local and foreign insurance companies that offer a broad range of marine insurance products. Over the past 10 years, gross premiums on ships, damage and liability in Hong Kong witnessed a cumulative growth of 72 per cent, amounting to over HK\$3 billion (close to US\$400 million) in 2022. Protection and indemnity (P&I) associations are active in Hong Kong. Twelve out of the 13 members of the International Group of P&I Clubs have a presence in Hong Kong, which is the largest cluster of representatives outside London. And let's not forget the Asia Hub, established by the IUMI since 2016, which marks the organisation's first permanent presence outside Europe.

Underpinning our robust marine insurance market is a strong base of shipowners and our world-leading ship registration. Our shipowners ranked fifth in the world in terms of deadweight tonnes owned, and inclusive of

ships managed, Hong Kong shipowners and ship managers operate a sizeable fleet which accounts for one-tenth of the deadweight tonnage of the world's merchant fleet.

We also have the fourth-largest shipping register in the world in terms of gross tonnage. Further to expanding our service coverage through the setting up of seven regional desks around the world, we are working to further enhance the services of the Hong Kong Shipping Register and explore potential markets, so as to consolidate our leading position in ship registration.

Hong Kong's strong core of ship owners/operators and world-leading ship registration would no doubt generate demand for and bring ample business opportunities to the maritime business services, including marine insurance.

Favourable business environment and strong policy support

While our shipping core is built up over the years, leveraging on our institutional strengths and business-friendly environment, such as the rule of law, a highly transparent and low-rate tax system, free flow of capital and information, free port and efficient customs, an educated and professional workforce, we are not complacent. The Government is putting in great endeavours to develop the maritime industry and bring it to new heights.

Since year 2020, we have introduced an array of tax concessionary measures specifically tailored for the maritime industry. Notably, half-rate tax concessions at a rate of 8.25 per cent for reinsurance and selected general insurance business, including marine insurance came into effect in March 2021. Through the new tax regime, Hong Kong becomes an even more attractive place for development of marine and specialty risk insurance.

In the Policy Address just announced by our Chief Executive last month, the Government has once again pledged its commitment to developing Hong Kong into a leading international maritime centre. We will roll out an action plan on maritime and port development strategy later this year to spearhead maritime development from an industry-oriented perspective, enhance high-end maritime services, especially professional services such as marine insurance, and develop our maritime strengths in collaboration with the trade. We will also step up efforts to expand the local maritime network and enlarge the maritime cluster to provide growth impetus for our high-end maritime services including marine insurance.

Hong Kong's unique positioning

Asia, particularly China, is witnessing significant growth in the insurance industry. As the doorstep to Mainland China, Hong Kong receives the blessing of policy support at the national level. The National 14th Five-Year Plan buttresses Hong Kong's development in respect of the "eight centres", one of which being the international shipping centre. It also supports the development of high value-added maritime services in Hong Kong for better integration with the country's development course.

Capitalising on our distinct advantages of having the strong support of the motherland while being closely connected to the world, Hong Kong can play up its unique positioning under "one country, two systems" as a conduit between the Mainland and the world. On the one hand, Hong Kong provides an international platform and familiar environment for Mainland insurers to expand capacity here and go global. On the other hand, by cultivating co-operation with international maritime organisations, such as BIMCO (the Baltic and International Maritime Council) and the International Chamber of Shipping, we serve as a springboard for international maritime enterprises and organisations to enter the Mainland market. With elevated promotion efforts, we aspire to strengthen our role as a confluence of international and Mainland enterprises, and make Hong Kong the preferred destination for maritime business.

International collaboration

A case in point is the Belt and Road Initiative, which comprises the land-based "Silk Road Economic Belt" and the seafaring "21st Century Maritime Silk Road". The Initiative ushered in its 10th anniversary this year. At the Third Belt and Road Forum for International Cooperation held in October, President Xi Jinping announced eight major steps our country will take to support high-quality Belt and Road co-operation, two of which concern building multidimensional connectivity and supporting an open world economy. Hong Kong as a highly open economy with strong international connectivity can play an active part to contribute. Hong Kong has maritime connections with some 90 countries out of over 150 countries along the Belt and Road corridor. As the Belt and Road Initiative increases the flows of people and goods, and boosts demand for relevant services, Hong Kong can offer its well-developed high-end services to cater for the growing demand, which in turn will open up fast-growing markets and create new business opportunities for our maritime service providers.

Ladies and gentlemen, as we gather here at this juncture when the world's post-pandemic return to normalcy is gaining traction, our fundamentals in the maritime business remain sound. With the staunch support from our country and the uniqueness as a junction where East meets West, Hong Kong is well positioned to grasp the vast opportunities brought by various national development initiatives. We welcome you to come and tap the business opportunities here, and together we have much to achieve.

Once again, I wish to thank the IUMI and the HKFI for their continued support and for organising this event. I look forward to the sharing and discussions, and wish the seminar every success. Thank you.

