

Hong Kong High-end Maritime Services: Development and Opportunities 香港高端航运服务业：发展与机遇

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**The 5th Maritime Silk Road Port
International Cooperation Forum**
第五届海丝港口国际合作论坛

■ An important support pillar for the **Belt & Road Initiative**



GREATER BAY AREA ■

POPULATION

71mn

>UK, Italy, South Africa

LAND AREA

56,000km²

<Ireland, Latvia, Panama, West Virginia (US)

GDP

US\$1.6trillion

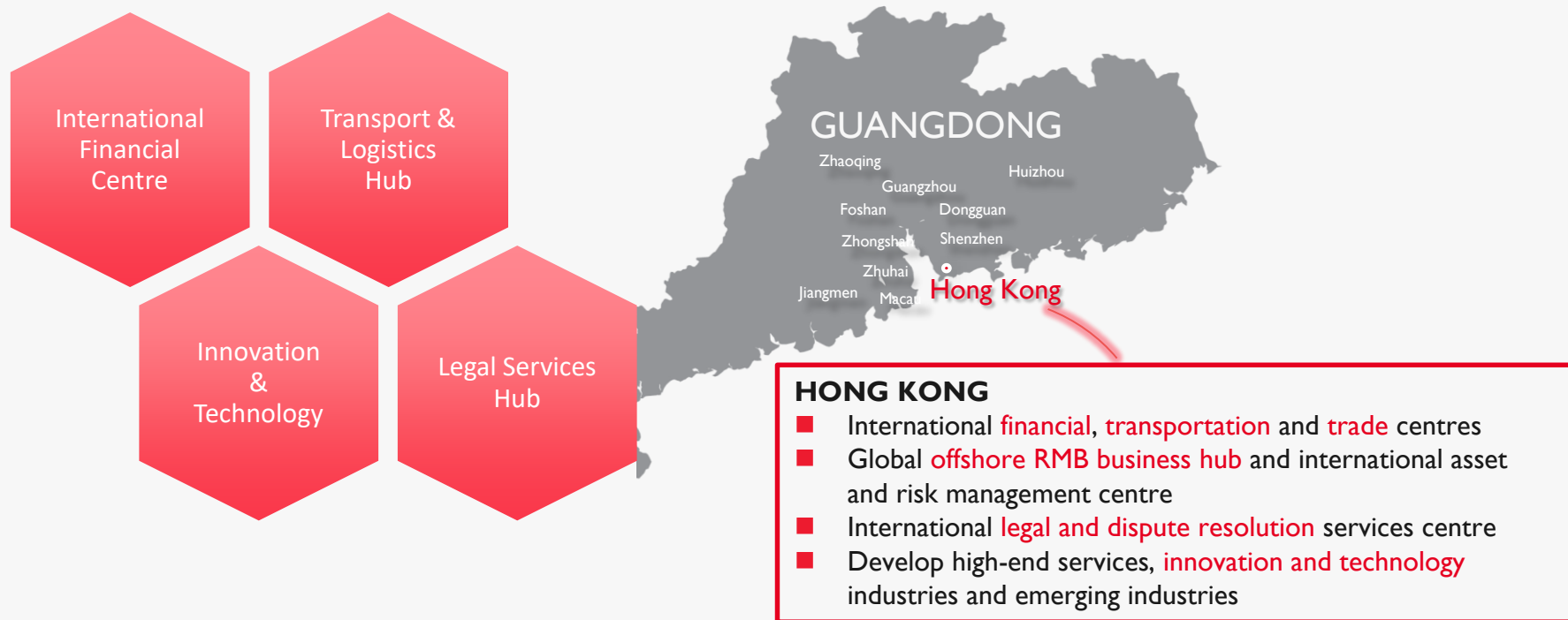
>Indonesia, Netherlands, Turkey

COMPARISON WITH THE WORLD'S MAJOR BAY AREAS ■

	Guangdong-Hong Kong- Macau Bay Area	San Francisco Bay Area	New York Metropolitan Area	Tokyo Bay Area
Land area (sq km)	56,000	17,900	21,500	36,900
Population (mn)	71	7.6	20.2	44.0
GDP (US\$ bn)	1,600	781.2	1,657.5	1,774.2
Real GDP growth (%)	7.0	5.3	0.9	1.9
GDP share of tertiary industry (%)	65.6	71.9	83.3	77.0
Per-capita GDP (US\$)	21,750	102,230	82,050	40,360
Stock Market Capitalisation (USD Trillion)	7.6	N.A.	30.5	5.7
No. of World Top 100 Universities	4	2	2	2
Air freight traffic (mn tonnes)	7.96	1.18	2.16	3.58
Port container throughput (mn TEUs)	66.48	2.42	6.25	7.76

KEY ROLES OF HONG KONG

Coordinated and innovation-driven regional development with more seamless flows of
people, goods, capital and information



OUTLINE DEVELOPMENT PLAN GREATER BAY AREA



In Feb 2019, the Central Government released the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, which sets out the directions guiding the development of the Greater Bay Area. It includes:

- To consolidate and enhance Hong Kong's status as an international **financial, transportation** and **trade** centres
- To support Hong Kong's development of **high-end maritime services** such as ship management and leasing, ship finance, marine insurance as well as maritime law and dispute resolution services, and provide such services to Mainland and Macao enterprises.



HONG KONG **Policy Address 2018** (released in Oct 2018)

- The Government will implement measures to support and enhance the development of **high value-added maritime services**



Great Bay Area International Maritime Hub ■

- There are **9** terminals run by **5** experienced private-sector operators (HIT, MTL, Cosco-HIT, ACT, Goodman DP)
- One of the busiest ports in the world. In 2018, it handled nearly **20 million** TEUs
- **310** container liner services per week to about **450** destinations worldwide
- B&R initiative covers some 60 countries, HK port has cargo movements to/from **58** of them
- **9/10** busiest container ports are in Asia
- **7** of them are in China (incl HK)
- **3** of them are located in the Bay Area

**Bay
Area**

Top 3/10 Container Ports

Rank	Port in the World	Throughput ('000 TEUs)
1	Shanghai	42,010
2	Singapore	36,599
3	Ningbo - Zhoushan	26,351
4	Shenzhen	25,736
5	Guangzhou	21,912
6	Busan	21,592
7	Hong Kong	19,596
8	Qingdao	19,315
9	Tianjin	16,007
10	Dubai	14,954

GBA OPPORTUNITIES PRD PORT CLUSTER ■

- Hong Kong, Shenzhen and Guangzhou are the 3 GBA cities among the top 10 container ports in the world.
- The Great Bay Area will strengthen infrastructure construction and develop internal communication channel within the region
- Promote effective cooperation and avoid vicious competition
 - Throughput of Hong Kong is currently undermined by regional competition



OUTLINE DEVELOPMENT PLAN

- To increase the overall capacity of international shipping services of Guangzhou and Shenzhen, further enhance the service capacity of infrastructural facilities including ports and fairways, form a complementary and mutually beneficial system of port, shipping, logistics and ancillary services with Hong Kong, and strengthen the port cluster's overall international competitiveness.

Potentially to develop **Big Data & Blockchain** technology in collaboration of the ports in GBA

FROM CONTAINER PORT TO HIGH VALUE-ADDED.

- “Although there has been a declining trend in the container throughput of Hong Kong Port in recent years, we still have our advantages, which include a long-established maritime tradition, our geographical location, and the clustering of shipowners, shipping companies and maritime services sectors.”
- “We must capitalise on Hong Kong’s unique strengths and the immense opportunities brought by the **Belt & Road Initiative** and the **Greater Bay Area** development to develop **high value-added maritime services.**”

By Mrs. Carrie Lam in Policy Address 2018



Policy Address 2018

New Maritime Initiatives ■

The Chief Executive, Mrs Carrie Lam, released new moves in maritime on 10th Oct 2018, such as:

- Formulate tax measures to foster **ship leasing** business;
- Provide tax concessions for the **marine insurance** sector;
- Support Hong Kong to provide **dispute resolution** services to the global maritime industry;
- Setting up regional desks of **HK Shipping Registry** in selected overseas and Mainland offices
- Inject HK\$200 million into the Maritime and Aviation Training Fund (**MATF**)



GBA OPPORTUNITIES

SHIP FINANCING & SHIP LEASING ■

HONG KONG ADVANTAGES & OPPORTUNITIES

- International financial centre and world freest economy*
 - In view of the differences in the **regulatory and approval standards** for financial products between the Mainland and Hong Kong, better synergy should be promoted
- World **largest offshore RMB** hub (70% of global)
 - Foreign capital can be introduced thru HK to participate in the PE & VC Funds in GBA
- Premier **financial infrastructure**, effective **financial regulations** and an abundant pool of **financial professionals**
 - To enhance HK as ship financing centre and green finance hub and serve the corporates in GBA



7 of the world's **top 10** bookrunners on syndicated marine finance loans have set up offices in Hong Kong.



* The Heritage Foundation's economic freedom index

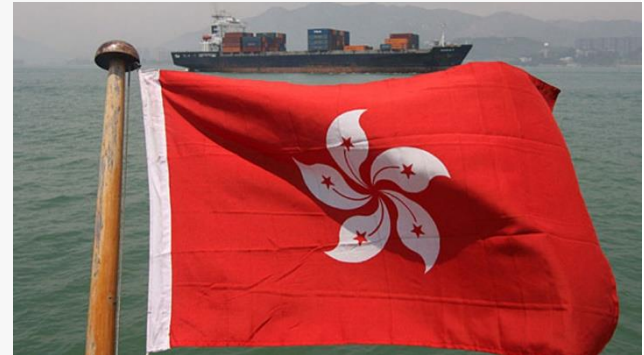


- The total gross premium of insurance on ships in Hong Kong surged by almost **10% yearly** on average in the past decade, while it's only 7% for general insurance business
- 12 out of the 13 members of the International **PNI Clubs** have presence in Hong Kong
- Germany-based International Union of Marine Insurance (**IUMI**) chose Hong Kong as its first overseas hub.
- HK Government proposed allowing Hong Kong insurers to set up **post-sales service centres** in the GBA, also is in discussions with the China Banking and Insurance Regulatory Commission to enable the distribution of Hong Kong insurance products throughout GBA

GBA OPPORTUNITIES MARINE INSURANCE ■

HONG KONG SHIPPING REGISTRY

- Setting up **Regional Desks** in selected Government's overseas and Mainland offices
- To provide support to shipowners with timely response and support at times of need
- **London, Shanghai** and **Singapore** ready to serve early 2020
- Gradually extended to cover **Australia, North Asia** and **North America**



HK-SHENZHEN INNOVATION & TECHNOLOGY PARK IN THE LOOP ■

- Situated at **Lok Ma Chau Loop** (落馬洲河套區), near HK-Shenzhen border
- **87-hectare**, 4 times the size of Hong Kong Science Park
- A key base for **co-operation** between HK and the Mainland in innovation and technology research
- To **attract** top enterprises, research institutions and higher education institutes from the world





TECHNOLOGY & R&D ■

Technology Talent Admission Scheme (TechTAS)

Fast-track arrangement for the admission of
overseas and Mainland R&D talents

Super Tax Deduction for R&D expenditure

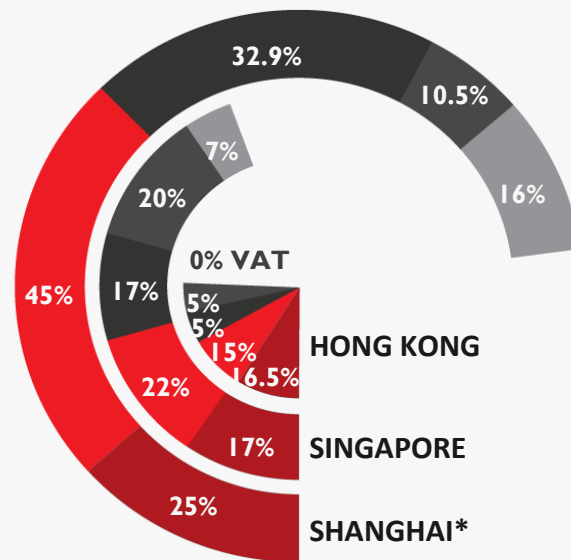
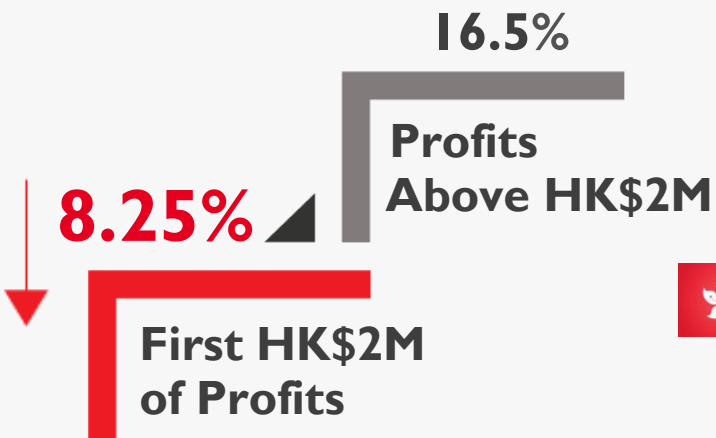
- **300% tax deduction** for private enterprises on the first **HK\$2 million** of qualified R&D expenditure
- Remaining enjoys **200% tax deduction**

Policy Address 2018

- Inject HK\$20 billion into the Research Endowment Fund
- Launch a HK\$3 billion Research Matching Grant Scheme

LOW & SIMPLE TAX SYSTEM

Two-tiered tax system



- Corporate Income
- Personal Income
- Employer Social Security
- Employee Social Security
- VAT

* There is no standard rate across the Mainland China. Shanghai is used as an example.



- X VAT/GST/Sales tax
- X Capital Gains Tax
- X Withholding tax on investments
- X Estate duty
- X Global taxation
- X Wine duty



Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with **40** jurisdictions.



Negotiations with **11** jurisdictions are in progress.

(as of May 2018)



WORLD TOP CAPITAL RAISING DESTINY



- **World's No. 3** global financial centre, behind London & New York; **1st in Asia**⁽¹⁾
- **77** of the world's **100 top banks** operate in Hong Kong
- **World's 3rd largest** and **Asia's 2nd largest** stock market by market capitalisation in early Apr 2019 (US\$5.78 trillion)⁽²⁾
- **World's No.1 for IPO funds** raised in full year 2018.⁽³⁾
 - HK ranked No.1 for IPO funds raised in 2009 to 2011, 2015 and 2016.

(1): Global Financial Centers Index (GFCI) published by Z/Yen.

(2): *Hong Kong pips Japan to become world's third-biggest stock market*, Financial Times 10 Apr 2019

(3): KPMG. SCMP

HONG KONG MARITIME WEEK 2019 ■

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introduction to service
providers

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