

# 立法會

## *Legislative Council*

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### **Panel on Economic Development Meeting on 23 November 2015**

### **Background brief on proposed establishment of a maritime body for promoting the development of the maritime industry in Hong Kong**

#### **Purpose**

This paper provides background information on the proposed establishment of a maritime body for promoting the development of the maritime industry in Hong Kong, and summarizes the views and concerns expressed by Members on relevant matters.

#### **Background**

##### Proposed new maritime body

2. It is the Government's policy to enhance Hong Kong's position as an international maritime centre by leveraging on the competitive edge in developing quality and international maritime services, such as ship registration, management and broking, shipping agency, ship finance, maritime insurance, and legal and arbitration services. To this end, the Transport and Housing Bureau ("THB") and the Hong Kong Maritime Industry Council ("MIC") have commissioned in November 2011 a consultancy study on "Enhancing Hong Kong's Position as an International Maritime Centre" ("the Consultancy Study"). The Consultancy Study has examined and reviewed the strengths of Hong Kong and the challenges it faces as compared with five other international maritime centres (namely, London, Singapore, Oslo, Rotterdam and Shanghai). It has also analyzed the development potential of Hong Kong's maritime industry, and made strategic recommendations on the future development of its maritime cluster.

3. The report of the Consultancy Study was published in April 2014, which has pointed out that the maritime industry is facing keen competition from other maritime centres in the region and recommended the setting up of a new maritime body to proactively drive the long-term development of the maritime industry in Hong Kong through dedicated resources and expertise. The consultant has also recognized that Hong Kong has the potential to further enhance its position as an international maritime services hub, whereas the trend for the maritime industry in Hong Kong to move towards high value-added services is obvious.

4. As announced in the 2014 and 2015 Policy Address, the Government is working towards the setting up of a new maritime body for driving the long-term development of the maritime industry. Based on the Consultancy Study, the Administration has commissioned an expert to look into the scope of work and organization of the new body with a view to ascertaining its financial and business sustainability. It intends to consult the Legislative Council ("LegCo") and the industry about the preliminary proposals based on the results of the expert study and about its plan on the relevant preparatory work as appropriate. It has also made a staffing proposal to LegCo to create a supernumerary Administrative Officer Staff Grade C post for about five years to, among other things, assist in the preparation for setting up this new maritime body<sup>1</sup>.

5. According to the Administration, setting up a new maritime body will bring together resources of the Government and the industry more effectively in driving policy and industry research, overseas promotion, manpower training etc. Pending the establishment of the new body, THB will enhance the functions of MIC, and will join hands with the industry, Hong Kong Trade Development Council ("HKTDC"), Invest Hong Kong and Vocational Training Council to step up promotion in overseas and the Mainland markets, conduct policy research and manpower training, and attract more high value-added maritime services to cluster in Hong Kong.

### **Previous discussions**

6. Members of the Panel on Economic Development ("the Panel") expressed related views and concerns in respect of the proposed maritime body as well as the future development of the maritime industry at the meetings on 27 January 2014, 2 February, 27 May and 22 June 2015. Some of their major views are summarized in ensuing paragraphs.

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<sup>1</sup> The staffing proposal is pending the approval of the Finance Committee.

### The new maritime body

7. A member enquired if the new maritime body would also promote the development of Hong Kong Port ("HKP") to avoid its importance being undermined. The Administration stressed that HKP and maritime industry complemented each other, and hence they were developed in tandem. Both of them played a strategic role in the overall development of logistics and related industries. In the context of considering the operational and financial sustainability and the structure of the new body, the expert study commissioned in 2014 by the Government also looked into, among others, whether and how the HKP's development should be covered in the new body's scope of work.

8. A member suggested that the Hong Kong Seamen's Union should be represented on the new maritime body. The Administration undertook to consider this suggestion.

### Further development of the maritime industry

9. Members enquired about the efforts and accomplishments that had been made by the Administration in driving the further development of the maritime service sector in Hong Kong. According to the Administration (LC Paper No. CB(4)589/14-15(01)), to allow overseas enterprises to gain a better understanding of the development potential of Hong Kong's maritime industry, MIC (chaired by the Secretary for Transport and Housing) had been joining efforts with HKTDC, Invest Hong Kong and the trade in carrying out promotional activities, holding seminars and participating in exhibitions in overseas and the Mainland markets. For example, since 2011, the Government had joined hands with HKTDC in organizing the annual Asian Logistics and Maritime Conference to promote Hong Kong's strength as a regional maritime and logistics hub.

10. Members also asked about the tasks that would be undertaken by Hong Kong in playing the role as "super connector" for the Mainland and the overseas maritime companies, and the advantages it possessed in playing this role. They also enquired about the number of Mainland companies that had been helped by Hong Kong to "go global". In response, the Administration advised that Hong Kong was positioned as the "super connector" between the Mainland and other parts of the world. About 9% of the ships worldwide were managed by Hong Kong which enabled it to serve as an important platform for Mainland maritime companies to "go global" and as a gateway providing professional services for overseas maritime companies to tap into the Mainland market. With the centre of global economic development shifting eastward, and the emergence of China to become a "world shipping power", the Government had made proposals to the

Central Authorities in relation to formulation of the National 13th Five-Year Plan ("the Plan").

11. When discussing about the staffing proposal of a new directorate post, a member enquired whether the Administration would set any goal in fostering the development of Hong Kong's maritime industry. In addition, in view of the Plan and the "One Belt, One Road" initiative, he asked how the Administration would map out strategies to reinforce Hong Kong's status as the international maritime centre. The Administration advised that although there was no quantitative target, it was mindful to leverage the competitive edge of Hong Kong under "One Country, Two Systems" in providing high value-added maritime services, namely marine insurance, maritime law and arbitration, ship finance, as well as other support services. The further development of such services in Hong Kong would in turn help the maritime service sectors to grasp the immense development opportunities available to them under the Plan and the "One Belt, One Road" initiative.

12. Members also discussed about moving the maritime industry in Hong Kong towards high value-added services, including ship management, chartering and finance, maritime law and arbitration as well as maritime rental and insurance. The Administration considered that given the physical space limitations in Hong Kong, HKP should compete for advancement in quality instead of just quantity. High value-added and modernized services such as professional talent and maritime services for the maritime industry, as well as aircraft finance for the air cargo industry, should be the foci of future development.

#### Manpower development

13. A member expressed concern on the current status of manpower development and training funds of the maritime industry. The Administration responded that developing high value-added international maritime services would be very important for the future development of HKP and the logistics industry. To this end, the Maritime and Aviation Training Fund ("MATF") had already been established in 2014 upon LegCo's approval to support programmes for training talents for both the maritime and aviation sectors. Amongst the various MATF initiatives, a summer internship programme was offered to university students with a view to showing them the diversity of job opportunities in the two industries.

## **Council questions**

14. At the Council meetings on 26 November 2008 and 10 June 2009, Hon Miriam LAU and Hon Regina IP raised questions about, inter alia, the challenges faced by the maritime industry in Hong Kong. Hyperlinks to the relevant written replies from the Administration are provided in the **Appendix**.

## **Latest position**

15. The Administration and its relevant consultant will brief Panel members at the meeting on 23 November 2015 about the suggestions on the set up of a new maritime body for promoting the development of the maritime industry in Hong Kong.

## **References**

16. A list of the relevant papers which are available on the LegCo Website (<http://www.legco.gov.hk>) is in the **Appendix**.

Council Business Division 4  
Legislative Council Secretariat  
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## List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Economic Development	27 January 2014	<a href="#">Minutes</a>
	2 February 2015	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">Administration's paper</a> <a href="#">Administration's follow-up response</a>
	27 May 2015	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">Background brief</a> <a href="#">Administration's paper</a>
	22 June 2015	<a href="#">Minutes</a>
Council meeting	26 November 2008	<a href="#">Written reply by the Secretary for Transport and Housing to a question on "Impact of "Three Direct Links" on Air and Maritime Transport, Logistics and Tourism Sectors" raised by Hon Miriam LAU</a>
	10 June 2009	<a href="#">Written reply by the Secretary for Transport and Housing to a question on "Challenges Faced by Hong Kong as a Maritime and Logistics Centre" raised by Hon Regina IP</a>
Hong Kong Maritime Industry Council	April 2014	Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre <a href="#">Full report</a> <a href="#">Executive summary</a>