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Panel on Economic Development Meeting on 27 May 2019

Background brief on the Hong Kong Shipping Registry

Purpose

This paper provides background information on the Hong Kong Shipping Registry ("HKSR"), and summarizes the major views and concerns expressed by members of the Panel on Economic Development ("the Panel") on relevant matters in previous discussions.

Background

- 2. The autonomous Hong Kong Register of Ships was set up on 3 December 1990 under the Hong Kong Merchant Shipping (Registration) Ordinance (Cap. 415). Upon the reunification with the People's Republic of China in 1997, the Hong Kong Special Administrative Region is authorized by the Government of the People's Republic of China to maintain a separate shipping register and issue certificates using the name "HONG KONG, CHINA."
- 3. According to the information provided by the Administration in October 2018, HKSR administered by the Marine Department ("MD") is the fourth largest shipping register in the world (in terms of gross tonnage). As at end August 2018, there were 2 589 ships registered in Hong Kong and their gross tonnage exceeded 120 million. Ships registered in Hong Kong enjoy excellent reputation of high quality with a port State detention rate far below those of other flag States.
- 4. The ship registration services of MD operate around the clock every day. Services provided include registration of ship's title documents, ship mortgage and inspection of records of the ships on the shipping register, etc. MD provides one-stop shop service in a single office to handle all

registration-related matters (such as application for maritime radio communication station licence, issuance of minimum safe manning certificate, etc). To ensure a more efficient and wider coverage of service area, ship registration services are also provided by the Marine Adviser of MD based in the Hong Kong Economic and Trade Office ("ETO") in London to ship owners in Europe.

5. As advised by the Administration in May 2017, MD was exploring the use of some overseas ETOs to issue Certificate of Registry ("CoR") for new vessels registered with HKSR in order to facilitate their immediate operation. MD had been providing instant online authentication services to validate the "Certificates of Competency", the "Certificate of Insurance or Other Financial Security in respect of Civil Liability for Oil Pollution Damage" and the "Certificate of Insurance or Other Financial Security in respect of Civil Liability for Bunker Oil Pollution Damage" issued by the Department. To further enhance the provision of ship registration services, MD would extend the instant online authentication services to cover CoR, which was expected to be implemented in the first quarter of 2018.

Previous discussions

- 6. Issues relating to HKSR's services were discussed at the Panel meeting on 26 June 2017 and the policy briefings held on 30 October 2017 and 22 October 2018. Members were in general concerned about the efficiency of HKSR's services and the emergency support services provided to ships registered in Hong Kong during their stay at places outside Hong Kong.
- 7. At the Panel meeting on 26 June 2017, members noted that in response to the industry's feedback, the following measures were being taken forward by the Administration to improve the services of HKSR -
 - (a) exploring the feasibility to expedite the delivery of CoR for newly built Hong Kong registered vessels in the Mainland and overseas by enlisting the assistance of ETOs;
 - (b) exploring the possibility to streamline the process of issuing exemptions and dispensations by putting in place a delegation arrangement from the Director of Marine ("D of M") to professional surveyors; and
 - (c) improving operational arrangements, such as releasing marine accident investigation reports as soon as practicable, and arranging pre-clearance of registration documents prior to the

day of ship registration to ensure smooth processing of the registration, etc.

- 8. The Panel welcomed the above measures and passed a motion urging the Administration to expedite the study on making use of the various overseas ETOs to provide a range of support services to registered Hong Kong ships at those overseas ports, including to provide registered Hong Kong ships with the required certified documents in a prompt manner when they were under inspection or detention by overseas port authorities.
- 9. In response, the Administration advised that to widen the coverage of service area and expedite the delivery of CoR for new ships registered with HKSR, MD was working with selected overseas and Mainland ETOs to enlist their assistance to deliver registration documents to overseas and Mainland shipowners. Moreover, MD had been providing instant online authentication services for some of the certificates it issued. An authentication system was also being developed to verify the authenticity of CoR by electronic means.
- 10. The Administration further advised the Panel at the policy briefing on 22 October 2018 that to extend the HKSR's service coverage, attract more ships to register in Hong Kong, and enhance regulation for the safety and quality of ships flying the Hong Kong flag, the Government would set up regional desks in selected ETOs overseas and Liaison Units in the Mainland by phases, for instance in Shanghai, Tokyo, Singapore, London and San Francisco, so that HKSR's services would cover the Mainland, Asia, Europe and Northern America. This initiative aimed at enhancing the quality of Hong Kong registered ships, providing more direct and prompt support to shipowners, and promoting HKSR.
- 11. On the progress of streamlining the process of issuing exemptions and dispensations by putting in place a delegation arrangement from D of M to professional surveyors, the Administration advised that more detailed study into the legislative amendments was underway, and that it aimed at consulting the Panel on the relevant legislative proposals within the 2018-2019 legislative session.

Council questions

12. At the Council meeting of 10 May 2017, Hon Holden CHOW raised a question relating to the development of high value-added maritime services. Hyperlink to the relevant written reply from the Administration is provided in the **Appendix**.

Latest development

13. At the meeting on 27 May 2019, the Administration will brief the Panel on measures to further enhance the quality and competitiveness of services provided by HKSR, including the proposed legislative amendments to the Schedule of Specification of Public Offices Notice (Cap. 1C) to delegate the authority of D of M in issuing ship exemptions to professional surveyors of ships.

Relevant papers

14. A list of the relevant papers available on the Legislative Council Website (http://www.legco.gov.hk) is in the **Appendix**.

Council Business Division 4 <u>Legislative Council Secretariat</u> 22 May 2019

Appendix

List of relevant papers

Issued by	Meeting Date/ Issue Date	Paper
Panel on Economic Development	26 June 2017 (Item V)	Administration's paper Motion passed The Administration's response to the motion passed Minutes
	30 October 2017 (Item III)	Administration's paper Minutes
	22 October 2018 (Item III)	Administration's paper Minutes
Council Meeting	10 May 2017	Council question on "Development of high value- added maritime services" raised by Hon Holden CHOW