



Hong Kong ticks the right boxes for a premier maritime cluster

Far-reaching developments within Hong Kong's maritime cluster received a global airing through several prestigious online industry conferences in November and December 2020. Leading lights across the territory's shipping, finance and legal sectors used the many panel sessions to highlight local and national government, as well as industry initiatives that are augmenting Hong Kong's status as a premier regional maritime cluster.

Favourable tax measures

Recently launched tax concessions for ship leasing have been introduced with an eye on the growing dominance of the sector and Hong Kong's proximity to Mainland China, a leading source of ship leasing capital. Benjamin Wong, head of maritime cluster at InvestHK, a government department responsible for foreign direct investment, suggested the initiative could attract 12% of the global ship leasing market over the next decade.

Offering a shipowner's perspective, Hing Chao, executive director of Wah Kwong Maritime Transport Holdings said: "A significant percentage of newbuilding projects today have been backed up by ship leasing. In Hong Kong we are in a privileged position. We can tap into the leasing market as well as the very seasoned, experienced banks providing traditional shipping loans. It is the best of both worlds."

Jack Xu, deputy head of shipping, at Hong Kong-listed CMB Financial Leasing, said his company would be boosting staffing levels as a direct result of the favourable tax measures. Mr Xu noted that China's ship leasing sector had already exploited the territory's unrivalled reputation as a global financial hub when it issued bonds worth US\$25bn.

Ship leasing is not alone in benefitting from government largesse. Marine insurers, reinsurers and specialty insurers will also benefit from favourable tax concessions. The passing of Inland Revenue bill that will govern the new measures was passed in July. Selected insurance brokerage business will also benefit from the conditions of the bill.

Best jurisdiction for dispute resolution

The conference platform proved to be an effective medium for Hong Kong's legal sector to put forward its case as the arbitration and legal practices centre for Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

Rosita Lau, partner at international maritime law firm, Ince, related how Hong Kong has in the past year seen this role significantly strengthened with a number of high impact initiatives. Among them, pilot measures for Hong Kong and Macao legal practitioners to obtain Mainland practice qualifications and to practise as lawyers in the nine Pearl River Delta municipalities in the GBA.



Also, a Pilot Scheme on Facilitation for Persons Participating in Arbitral Proceedings in Hong Kong. The scheme offers facilitation for eligible non-Hong Kong residents participating in arbitral proceedings in Hong Kong on a short-term basis in order to strengthen Hong Kong's position as an international centre for legal and dispute resolution services in the Asia-Pacific region. And be in line with the Belt and Road Initiative as well as the GBA Development.

The establishment of the Hong Kong Maritime Arbitration Group as a separate entity in October last year, and BIMCO's decision to include Hong Kong among selected arbitration venues in October this year have both contributed to an enhanced recognition of Hong Kong as an arbitration centre of choice.

Another concrete boost to cross-border arbitration occurred during the short conference season. Edward Liu, legal director, Hill Dickinson Hong Kong, and principal representative of the International Chamber of Shipping's China liaison office, told viewers of the 27 November signing by the HKSAR Government and the Supreme People's Court of the Supplemental Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the HKSAR. The amendments in this Supplemental Arrangement will further supplement the spirit of the New York Convention and refine the 20-year-old Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the HKSAR, providing a simple and effective mechanism in both places on reciprocal enforcement of arbitral awards. It also fosters legal and judicial co-operation in civil and commercial matters.

Hong Kong has a role in the future development of the shipping industry

Universal maritime concerns aired at the various conferences in Hong Kong. Topping the agenda were the decarbonization and digitalization of the shipping industry. In both these urgent issues Hong Kong will have a role to play in the coming years.

The Hong Kong Government's HK\$100bn (US\$12.5bn) Innovation and Technology (I&T) fund, combined with local universities with strong R&D capabilities is deepening its partnership with Shenzhen (China's silicon valley) within the GBA. The Central Government strongly supports the cooperation between Hong Kong and Shenzhen in developing an international I&T hub in the GBA, and has agreed to their joint development of the Shenzhen/Hong Kong Innovation and Technology Cooperation Zone (SITZ), which comprises the Shenzhen Innovation and Technology Zone and the Hong Kong-Shenzhen Innovation and Technology Park.

Concurrently green funding and the adoption of ESG (environmental, social and governance policies) are on the lips of most of Hong Kong's financial institutions. Thus ensuring that adoption of new technologies will be fully sustainable. At the same time Hong Kong's maritime cluster is showing an eagerness to tap into the massive technological potential created by this cross-border cooperation.

InvestHK

Peter Cremers, chairman of Anglo Eastern, the territory's largest ship manager, summed it up best when he proclaimed, "Hong Kong is a damn good place to do shipping business."

Content mined from: Asian Logistics, Maritime and Aviation Conference (17-18 November), Lloyd's List Hong Kong Ship Finance & Law online forum (24 November), Captain's Table (26 November), The 2nd Annual Capital Link Hong Kong Maritime Forum (1 December), ICS Asian Shipping Spotlight (9 December).