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Hong Kong is expecting to strengthen its position as a shipping hub, in part through ship leasing and tax concessions

THE solidification of Hong Kong's shipping status was part of an upbeat consensus about the city's future at the Lloyd's List Hong Kong Ship Finance & Law online forum on November 24.

The forum heard that Hong Kong is well prepared to take advantage of its strengths, having recently launched tax concessions for ship leasing while also achieving the landmark of being included as an arbitration venue option in BIMCO contracts.

Benjamin Wong, head of maritime cluster at Invest Hong Kong, a department of the Hong Kong government responsible for foreign direct investment, said the government hopes to capture 12% of the global ship leasing market over a 10-year period, capitalising on the rapid growth of the sector in China.

On the specific development of Chinese leasing companies moving to Hong Kong, Mr Wong said: "We have been having talks with various parties and all are very interested and have just been waiting for the legislation to be passed."

Noting that the bill has been eagerly anticipated, Wah Kwong Maritime Transport executive chairman Hing Chao said it will strengthen Hong Kong's position as a hub in many ways, including helping owners to gain better access to liquidity while also helping to deepen the broader financial sector with more avenues for upstream investors to invest their funds.

Mr Wong concurred. "The multiplier effect of the bill will be strong," he said.

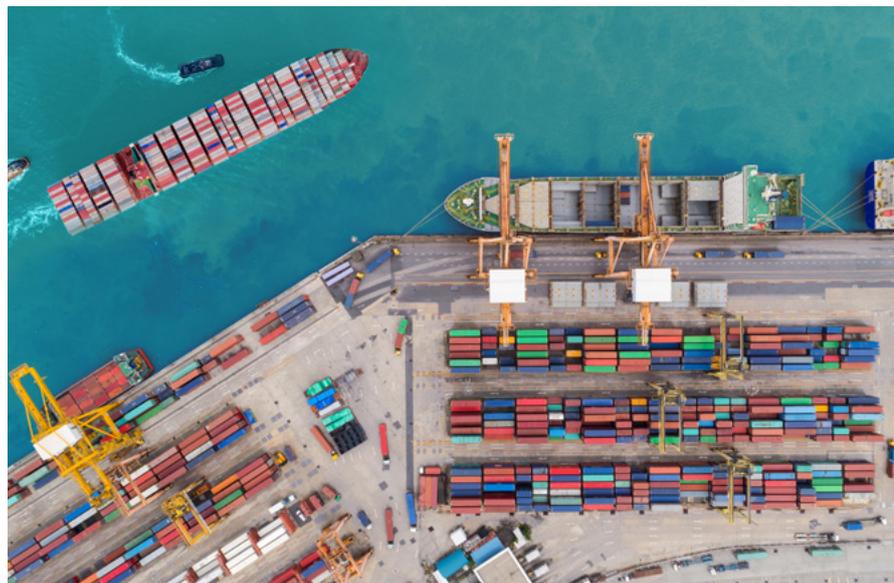
In that sense, both the Greater Bay Area (GBA), of which Hong Kong is an intrinsic part,

and China's latest dual circulation policy, are areas from which the city can benefit.

Mr Wong said: "Hong Kong can enjoy both elements because of 'one country, two systems' and the Greater Bay Area where it has been designated as the international trading centre."

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Hill Dickinson Hong Kong legal director Edward Liu suggested that while Guangzhou, also part of the GBA, has long been acknowledged as a major shipbuilding centre, the yards sometimes faced issues in raising



BENJAMIN WONG, HEAD OF MARITIME CLUSTER AT INVEST HONG KONG, SAID THE HONG KONG GOVERNMENT HOPES TO CAPTURE 12% OF THE GLOBAL SHIP LEASING MARKET OVER A 10-YEAR PERIOD

capital. Hong Kong can help fill this gap, he said.

Invest Hong Kong's Mr Wong said: "From our perspective, we assure the international business community and the shipping industry that Hong Kong is still the global shipping and financial centre of choice and a neutral legal and arbitration centre, and that we have a lot of government policies and directions to safekeep and also to improve the economy and the shipping industry. Rather than looking back, we are trying to do our best at what we can do."

The forum, sponsored by Invest Hong Kong, Hill Dickinson Hong Kong and the Hong Kong Maritime and Port Board, did not shy away concerns about simmering Sino-US tensions.

The speakers acknowledged hopeful signs that US President-elect Joe Biden's administration will adopt a more conciliatory position in its dealings with China.

"Having Biden come in should result in a somewhat more stable business environment and this will be good for the Hong Kong maritime industry," said Mr Chao.

Mr Liu pointed the forum to what he said would be greater predictability and stability as the two standout characteristics that can be expected of a Biden presidency, as opposed to Donald Trump's previous "Twitter politics".

"For policies or changes that have already been set in motion, and bearing in mind that the new US government will have a lot of issues to deal with, I think they will start with much more macro issues rather than rolling back policies specifically involving shipping [such as the unilateral suspension of the double taxation on shipping income agreement], but of course we will try our best to see if we can find a way out," said Mr Wong.

Mr Chao concluded that Hong Kong must boost its core strengths and advantages, strengthen its role as a super-connector to China and as a leader in the GBA and drive innovation and transformation in the maritime industry in order to position itself well for the future.



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