

# Shipping operations triple gross tonnage

## MARINE DEPARTMENT HONG KONG SHIPPING REGISTER

Hong Kong's Shipping Register surpassed the 23 million gross tonnage mark in April 2004, consolidating Hong Kong's status as an international maritime centre.

The record high represents a tripling of gross tonnage since 1999 and means the shipping register now ranks eighth in the world.

The substantial growth is the result of a series of innovative initiatives to make shipping operations more user-friendly, cost-effective and efficient and an ambitious promotion programme to market the register since 1999.

These measures include:

- minimising shipowners' economic burden by reducing the registration and annual tonnage fee by 85% and 45% respectively;
- making the register more user-friendly by providing round-the-clock, 365 days a year registration service and shipping enquiry hotline;
- providing a one-stop service for registration of vessels. Formalities now take just two hours compared with one or two months previously;
- reducing the tonnage charge for provisional registration from one-quarter to one-twelfth of the annual tonnage charge;
- simplifying the fee structure by eliminating quite a number of miscellaneous fee items.

"The success brought by these measures is enormous," said Mr P C So, General Manager of the Marine Department's Shipping Registry and Seafarers Branch. "They have been well received by ship owners.

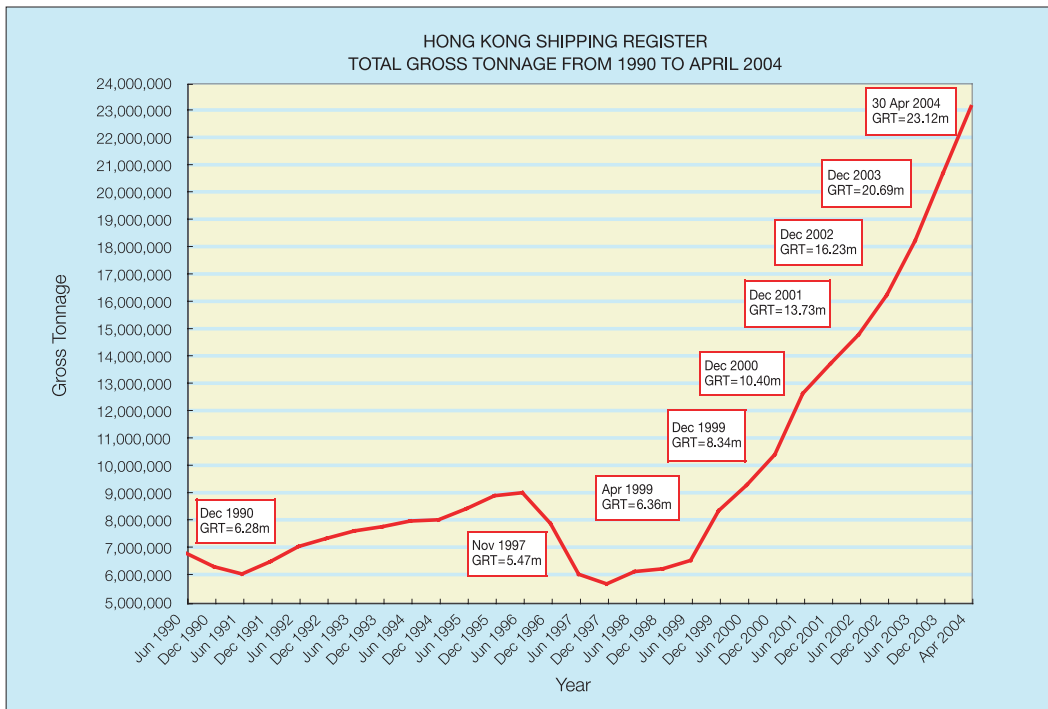
"Just take the year 2003 alone. The shipping register has grown to 879 vessels with an increase of 27.5% in tonnage over 2002," Mr So said.

"These measures have encouraged shipowners to register their vessels as Hong Kong flag ships and to establish their businesses in Hong Kong. The setting up of regional headquarters or offices here generates lots of business opportunities. Just imagine the need for the provision of maritime facilities and services such as office accommodation and equipment, ship financing, ship broking, communications, legal advice and arbitration, insurance, logistics and so on.



*Panamax bulk carrier – a typical ship type in the Hong Kong Shipping Register.*

“The economic benefits to our community are sometimes beyond our recognition,” he said.



Gross Tonnage of the HK Shipping Register.

### Taxation agreements with trading partners signed

To remove the burden of double taxation on shipping, Hong Kong has signed avoidance of double taxation agreements with eight major trading partners: the United States, Mainland China, Republic of Korea, New Zealand, the Netherlands, Britain, Singapore and Germany. These agreements allow the concerned Hong Kong companies to have tax concessions on profits derived from shipping business in these countries.

In addition, Hong Kong has signed a “preferential port dues” agreement with the Mainland that gives Hong Kong-registered ships a 30% reduction in dues in Chinese ports.

These taxation relief incentives are welcomed by the industry. Even so, Hong Kong strives to conclude more avoidance of double taxation agreements and preferential port dues agreements with other major trading partners for the benefit of the industry.

### Innovative Flag State Quality Control system adopted

Hong Kong remains firmly committed to upholding ship safety and fulfilling its obligations as a Flag State in accordance with the United Nations Convention on the Law of the Sea. The Hong Kong Shipping Register has a solid reputation as a register of high quality.

“Quality control of Hong Kong-registered ships has been enhanced by the introduction of a new approach – the Flag State Quality Control system,” Mr So said.

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“Under this system, statutory surveys on cargo ships are delegated to nine accredited classification societies.

“Enforcement of quality control for Hong Kong-registered ships is done by regular inspections by these classification societies, which have an international network of qualified ship surveyors.

“We, on the other hand, focus our attention on the effective monitoring of these classification societies in respect of surveys/audits, and regular dialogue with the shipping companies to ensure proper management of their ships.”

Mr So said the performance of all ships and companies on the Hong Kong Shipping Record was carefully monitored and a computerised database had been developed for inspections of ships and company audits.

Only the low-end 5% of Hong Kong-registered ships are inspected by the Marine Department surveyors each year with the costs borne by the Marine Department, he said.

“The system has received overwhelming support from the shipowners as it greatly enhances efficiency and cost-effectiveness,” he said. “We are seen as being very supportive and helpful to the shipowners, and of course we are.”

As a world-class shipping register, Port State Control detention rates for Hong Kong-registered ships remain well below world averages. In fact, when the second phase of the International Safety Management Code came into force internationally in July 2002, all Hong Kong-registered ships and their management companies succeeded in obtaining the required certification ahead of the deadline.



*The logo of the Hong Kong Shipping Register.*

## Status as an international maritime hub maintained

As an international maritime hub, Hong Kong is the ideal place to explore shipping opportunities in Asia. Its unique location as part of the Pearl River Delta, deep-water port, excellent infrastructure, well-developed legal system, dynamic commercial activity in the region as well as its clean and efficient civil service offer a conducive business environment for the development of the shipping industry.

Furthermore, Hong Kong is a free port, has a 100% market-driven economy and is a natural gateway to new economic opportunities on the mainland of China.

“The signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is sure to open up many new business opportunities on the Mainland for Hong Kong,” Mr So said.



*Director of Marine, Mr S Y Tsui, (right) and the Master of M.V. “OOCL Shenzhen” – Container Ship at her maiden voyage to Hong Kong.*

“We maintain a very good working relationship with the relevant Chinese authorities including those in the Pearl River Delta region. We are enthusiastic about the future of the Hong Kong Shipping Register and the Hong Kong Maritime Industry.”