

# Generous tax concessions look set to reinforce Hong Kong's status as a premier maritime centre

Over the past decade or more Hong Kong's maritime centre had lost some ground to aggressive regional rivals. But a stimulus package delivered by the Hong Kong Government is aimed at reversing the decline and attracting new businesses to the territory.



Among a raft of incentives introduced in October 2018 by the city's Chief Executive in her Policy Address, concessions for marine insurers and ship leasing companies that could see rates of corporate tax halved to 8.25% have been attracting particularly favourable attention by these maritime support services.

The chief executive of the Hong Kong Federation of Insurers, Peter Tam says the industry is welcoming the business-boosting measures.

"I'm pleased to say that our position is fully aligned with that of the Government. Our members

will be working together diligently to deliver the right outcome, as we believe that the newly introduced tax incentives have the potential to create a more favourable business environment and thereby help Hong Kong to catch up with regional competitors," he says.

Currently, Hong Kong's marine insurance market accounts for less than 1% of global marine premiums. If the tax concessions are to work as intended they must be sufficient to attract more insurance capacity.

"We definitely see domestic and overseas marine insurers reassessing their options in terms of where they locate their business. The lure of Hong Kong has been greatly enhanced by the Government's bold and most timely moves." Mr Tam adds.

According to Nigel Anton, managing director and head of shipping finance at Standard Chartered, Hong Kong's ship finance market has been characterised by the traditional secured mortgage debt business.

"But recently Chinese leasing companies have been rapidly building up their shipping portfolios in Hong Kong. That the Government wants to encourage more ship leasing in Hong Kong is an interesting development that we think is very promising," says Mr Anton.

"We shall be watching this development closely, and will be looking out for more information on this as and when it becomes available," he adds.

Mr Anton maintains that Hong Kong's status as a ship finance centre is already in the ascendent and in a good position to capitalise on any additional advantages the market might enjoy.

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**Nigel Anton**

Managing Director and head of Shipping Finance, Standard Chartered



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"Hong Kong is seen as a very important maritime hub and that encourages regional shipowners and ship managers to rely on Hong Kong to have these professional services on hand. As such it should fulfil the Government's wish that more ship owners and ship managers choose to locate here, which was an objective specifically raised in the Government's recent policy address."

While the targeted tax concessions for marine insurers and ship leasing companies may have attracted the most attention, they were effectively the icing on the cake. Other important measures introduced in October included an additional HK\$200m for the Maritime and Aviation Training Fund; a proposed dismantling of the Transport & Housing Bureau into separate Housing and Transport Bureaus; and further support for quality dispute resolution services.

Bjorn Hojgaard is the chief executive of Hong Kong's largest ship manager, Anglo Eastern Group. He suggests that the latest government-led initiatives for Hong Kong's maritime sector are symptomatic of a close and growing collaboration between the shipping industry and government, both locally and nationally.

"It's a development that we can only applaud, as it sets the foundation for Hong Kong to continue to enjoy a "maritime centre of excellence" status globally. It builds on the tradition and longevity of Hong Kong as a natural deep water port and trading station, from where international shipping has grown and over time created a self-sustained ecosystem in which all parts of the shipping industry can prosper," he says.

"The Chief Executive's policy address, this year in particular, had promising initiatives for shipping in the SAR, not least the prospects of a separation of the Transport & Housing Bureau into two separate bureaus; with a dedicated one for Transport in the future," he adds.

"At the end of the day, shipping is perhaps the most global and mobile of all industries, where corporations and assets can change hands and

location rapidly in response to more favourable conditions.

"To maintain Hong Kong as a vibrant maritime hub it is important that the industry, together with regulators, keep innovating, incentivizing and incubating for a stronger maritime cluster.

"As ship managers, we thrive when 'maritime Hong Kong' is a place with a resilient community of commercial principals, a reputable flag and ancillary quality services like insurance, arbitration, classification, brokerage etc. Hong Kong is our home and I hope it will stay that way for many decades to come."



**Bjorn Hojgaard**

Chief Executive, Anglo Eastern Group



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**Peter Tam**

Chief Executive of the Hong Kong Federation of Insurers



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