

STRATEGIES ON THE DEVELOPMENT OF INTERNATIONAL SHIPPING CENTER—
Strengthen cooperation, coordinated development, and consolidate the status of shipping center
(draft outline)

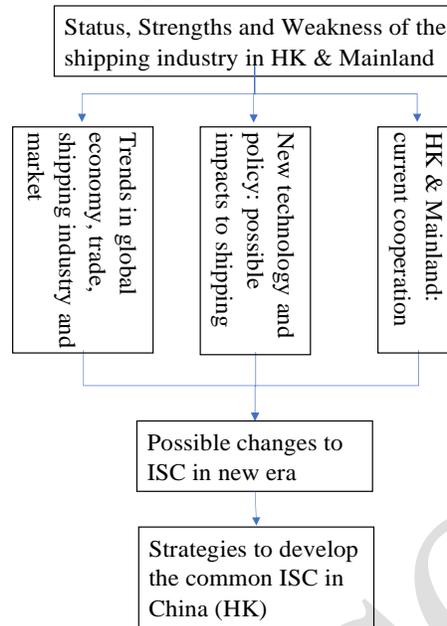
Introduction

Objectives: In recent years, great changes have taken place in the global economic development and trade patterns, which will inevitably change the future landscape of shipping industry. The development and application of network technologies, digitization and artificial intelligence in Mainland China has boosted many industry sectors, and it will surely exert significant impacts on international trade, as well as the operations of shipping industry, its service sectors, the business models, and may requires the change of laws and regulations. As an International Shipping Center (ISC), we must prepare our strategies in shipping industry development, design and adopt appropriate government functions, and train the right talents for the coming of this new era, and to coordinate the development of the shipping industry in Hong Kong and the Mainland based on our respective conditions.

The purpose of this study is to:

1. investigate the status, strengths and weaknesses of the shipping industry in Hong Kong and the Mainland;
2. understand the current condition and possible trends in global economy, international trade, shipping industry and markets;
3. survey the current cooperation of the shipping industry between Hong Kong and the Mainland;
4. collect the important policies in the Mainland that may have significant impacts on shipping industry;
5. analyze possible impacts of future major economic, policy and technology development on shipping industry and its service sectors;
6. propose the long-term strategies for the development of shipping industry in China including Hong Kong.

A flow chart of the research project is attached in next page.



Below is the initial outline of the report, which reflects the contents of the proposed research. It is preliminary and may need to revise in the study period.

1. Status, strengths and weakness of the shipping industry in Hong Kong and the Mainland

This section will investigate the status of the shipping industry development in Hong Kong and the Mainland. It first collects data through expert interview, industry questionnaire survey, and literature review, then analyze the strengths and weakness of the shipping industry development in these two places. A deeper analysis will be carried out based on the existing studies of IMCC and the new survey data. Next is a preliminary outline of the content, which may be supplemented if necessary.

1.1. Strengths of high-end maritime services in Hong Kong

- Financial environment
- Legal environment
- Ship registration
- Hinterland resources

1.2. Issues in the shipping industry development in Hong Kong

- Coordination between Government functions and market functions

- Balance between traditional shipping and maritime service sector
- Education and training of maritime personnel
- Long-term planning and policy research capacity
- Living cost
- Development and application of “internet+”

1.3. Strengths of shipping industry in the Mainland

- Preferential government policy and huge economic scale
- Large economic hinterland
- Size of Chinese shipping fleet (owned and controlled)
- Technology development and application
- Development of shipbuilding industry
- Multimodal transportation development
- Traditional maritime education in navigation

1.4. Issues in the shipping industry development in the Mainland

- Freedom of foreign exchange and internationalization of RMB
- Taxation
- Legal system
- Internationalization
- Regional monopoly

2. Status and trends in global economy, trade, shipping industry and shipping market

After exploring the strengths and weakness of HK and the Mainland, this section focuses more on the global market. Shipping is a global industry and many factors will play a role in the development of this industry. This section analyzes the change in global economic patterns, including the possible changes from East-West to North-South, the change of China from the “world workshop” to a large consuming country, and the impact of “One Belt One Road” initiative.

2.1. Status and trends of global economy and trade

The spatial pattern of global economic development has been changed significantly after the economic reform of China and the 2008 financial crisis. In this section, we assess the forecasts

made by major international agencies on the spatial pattern of future economic development and provide analysis on the possible changes in the global shipping industry and shipping market.

2.2. Status of shipping industry and market

Ocean cargo shipping is the center of shipping industry, which is also the key to the shipping service sector. This section analyzes the current freight shipping market and judge the future trend, which will be useful for the assess the future trend in maritime service sector.

- Container shipping
- Dry-bulk shipping
- Tanker market
- Ship financing and shipping derivative market

3. New trends in shipping and shipping markets brought up by new technology and policy

This section analyze the possible factors in the new era for shipping. Internet has revolutionized many sectors in the commodity exchange. However, as an indispensable part of commodity flow, the operation of shipping industry is still very traditional. The level of application of internet technology is still not comparable with aviation or rail transportation. At the same time, the change of global economic environment, the implementations of major policies, such as the “One Belt One Road” that can have significant impact on global economy, as well as the increasing influence of China on international affairs, etc., will cause major changes in the shipping industry. This section analyze the possible impacts of the new technology and policies, and predict the possible changes in the future shipping industry.

3.1. Application of E-Commerce and Artificial Intelligence

3.2. Role of China in the international shipping policy due to the rise of its maritime power

3.3. Tougher environmental standard and “Green Shipping”

3.4. “One Belt One Road” initiative

3.5. Supply-side reform

3.6. Development of the Greater South China Bay Area

4. Status of cooperation between Hong Kong and the Mainland

This section investigates the current cooperative measures for the development of shipping industry between Hong Kong and the Mainland, and provide the basis for the strategic development of shipping industry and ISC.

4.1. Between Shanghai and Hong Kong

- Exchange in conferences and forums
- Extend business in Hong Kong for Shanghai international shipping company

4.2. Between Guangdong Province and Hong Kong

- The development of navigation channel and networks in Pearl River Delta Region
- Communication and cooperation among port cluster in Guangdong and Hong Kong
- Cooperation in legal and arbitration services between Guangdong and Hong Kong
- Cooperation in international shipping services between Nansha Port and Hong Kong
- Cooperation in maritime services (“Mutual recognition of the ‘Cooperative Scheme in Ferry and Search & Rescue Center’ among Guangdong, Hong Kong and Macao”)
- Comprehensive development plan for the cooperation of modern service industries in Qianhai, Shenzhen and Hong Kong

4.3. CEPA

5. Chang in the development of international shipping center in new era

There are many big changes in both Hong Kong and the Mainland, in the level of economic development, their role in international trade, their position in international shipping industry. They are all very eager to develop the shipping industry and ISC. However, in the new era, the content of ISC, its focus, and direction for development will not stay the same. For the development of ISC, it is essential to recognize the changes and catch the trend.

5.1. New directions for the development of ISC in Hong Kong

- Center for shipping finance and legal services
- Center for shipping derivatives
- Maritime arbitration center
- Center for international maritime law and policy research
- Shipping business operation and management center
- Shipping knowledge and technology application center

- Education Center for international high-end shipping experts.

5.2. Directions for the major shipping centers in the Mainland

- Global shipping logistics Center
- Modern ship engineering research and application center
- Center for the shipping e-commerce operation and management
- Smart shipping (ships and terminals) R&D center
- New energy source R&D center for shipping

6. Strategies for the development of International Shipping Center

Strategy 1: Opportunity for cooperation between Hong Kong and the Mainland

Regional cooperation

- PRD area: the development of South China Bay Area
- Intra-regional: intensify the cooperation between Hong Kong and Shanghai through Free Trade Zone and Free Port, as well as Shipping Exchange

Cooperation on technology and platform development

- Information exchange and sharing
- E-business ecosystem

Cooperation in education

- Cooperation on training shipping professionals
- Promotion, exchange and application for the advanced shipping technologies in both China and abroad.

Strategy 2: Promote the status of ISC in Hong Kong

On government function

- Increase the input on maritime education and research
- Better maritime publicity and increase the public awareness
- Actively seeking opportunity for high-level cooperation

On industry

- Enhance creative and innovation
- Close communication with the shipping industry in the Mainland
- Expend the level of internationalization

On educational Institutions:

- Coordinated development in academic and applied research
- Balanced research and education
- Coherent development in technology, engineering, business, law and policy research.
- Balance the academic ranking and industry promotion

7. Summary and conclusion

Time frame of the project

This project involves a broad subject area that requires detailed research. Therefore, we plan to divide the whole project into six parts based on the above outline. The expected time is 2 years, with detailed plan as shown below.

	2017		2018												2019												
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Project outline																											
1. Strength/weakness of the shipping industry in HK and Mainland																											
2. Global economy, trade, shipping industry and markets																											
3. Change to shipping industry and markets in the new era																											
4. current cooperation between HK and Mainland																											
5. Changes to ISC in the new era																											
6. Development strategy in ISC.																											

After finishing this project, we will publish it in our website, and then update according to new changes in the related area. An introduction of specific sections will be published in newspapers and professional journals. Thus, the government, industry and educational institutions will obtain the most updated policy analysis and strategy recommendation.