

Port Development in HK and China



4th Asean Ports and Shipping

Agenda

- Logistics development in China
- Year 2010 Forecast
- Trade Flow in China
- Three Key Economic Zone
 - Bohai Economic Zone
 - Yangtze River Delta
 - Pearl River Delta
- Throughput of China's Major Ports
- Hong Kong's role
 - Hong Kong's Geographic Advantage
 - Hong Kong's hard infrastructure
 - Hong Kong's soft infrastructure

Logistics development in China

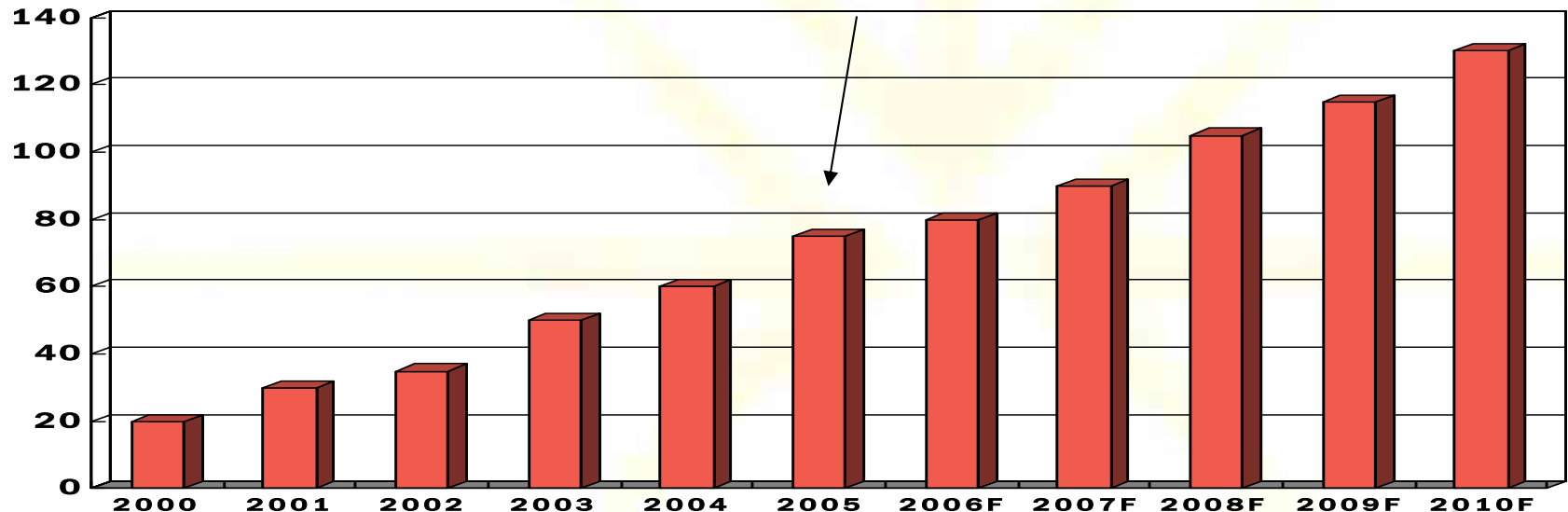
- Since the “open-door” economic reform in 1978, China has emerged as the world’s fastest growing major economy.
- China accounting for more than 4% of world trade and 20 – 25% of global import / export volumes of container traffic
- Latest (11th) Five-Year Plan,
 - First time Logistics identified as a key priority
 - Invested USD18 billion in logistics infrastructure in last 5 years.
 - Targets average annual GDP growth of 7.5% from year 2006 – 2010, with per capita income rising to USD2400.
 - Lower the cost of logistics in China. Currently at least 16% of the overall product costs. (Developed countries: less than 4%)
 - Cutting the cost of distributing goods in China by 2 – 3 % from 21.3% of GDP in 2004.

Year 2010 Forecast

- China's total container throughput will reach 130m TEUs by 2010, a 12.3% cargo growth over the next five years (2006 - 2010).
- Total turnover in logistics to grow from USD 6 trillion in 2005 to USD 11 trillion in year 2010.

China's Container Throughput

2005 Actual: 75.64 million TEUs

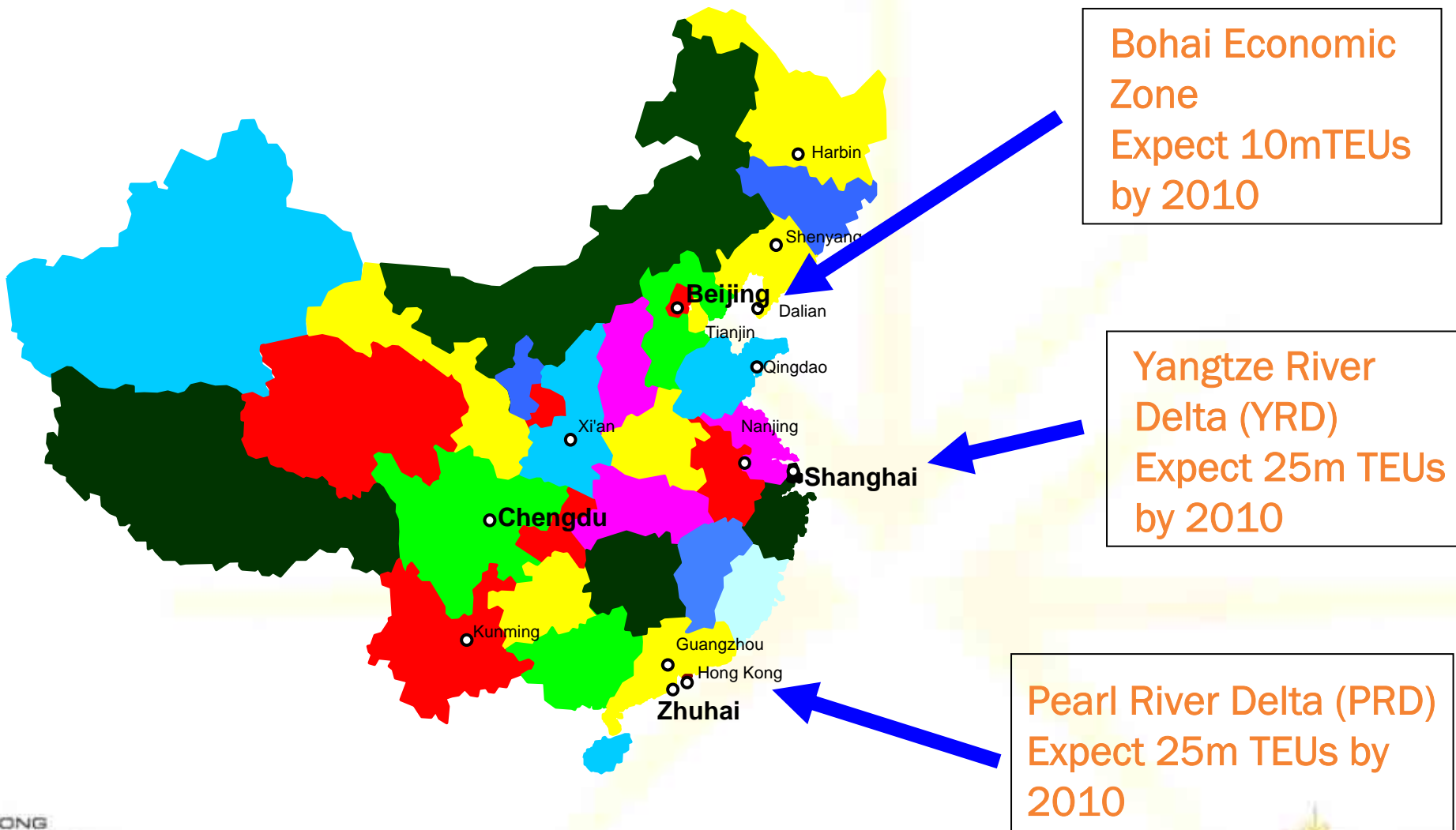


Source: Ministry of Communication forecast

Trade Flow in China

	Year 2000	Year 2005	5 year growth
Total value of imported and exported of goods (US\$ billion)	474	1,422	+ 199.8%
Total value of Exports of goods (US\$ billion)	249	762	+ 205.8%
Total value of Imports of goods (US\$ billion)	225	660	+ 193.3%

Three Key Economic zones



Bohai Economic Zone
Expect 10mTEUs
by 2010

Yangtze River
Delta (YRD)
Expect 25m TEUs
by 2010

Pearl River Delta (PRD)
Expect 25m TEUs by
2010

Throughput of China's Major Ports

Million TEUs	Year 2002	Year 2003	Year 2004	Year 2005
Tianjin and Qingdao Port in Buhai Economic Zone	5.8	7.2 (+ 24%)	8.9 (+23.6%)	NA
Waigaoqiao Port in Yangtze River Delta	8.6	11.3 (+31.4%)	14.6 (+29%)	18.1 (+24%)
Yantian, Shekou, Chiwan Port in Pearl River Delta	7.6	10.6 (+39%)	13.6 (+28%)	16.2 (+19%)
Hong Kong	19.14	20.45 (+6.8%)	21.98 (+7.5%)	22.4 (+1.9%)

Source: Ministry of Communication

Hong Kong Port

Hong Kong's role

- Hong Kong handles 80% of the PRD's imports and exports
- 28% of China's total international trade routed through Hong Kong but even higher percentage is managed from HK.
- Still 90% of river trade business transported by barge to Hong Kong for export due to the efficient customs clearance.
- HK is the world 11th largest trading economy with over 110,000 trading companies.
- HK manufacturers operate 60,000 factories and employ over 10m people in the PRD.
- Gateway both to and from China

Hong Kong as major seaport

- 80 shipping lines operating 450 calls per week to over 500 destinations globally. The terminals boast a record of 40 gate movements per crane per hour.
- In 2005, 22.4 million TEUs of containers were handled.
- Every minute of the efficient port operation means a cost saving of US\$139 for a 6,000 TEU container vessel with a daily chartering rate of US\$200,000.
- Hong Kong Govt is now streamlining port procedures, reducing port fees and charges and increasing mid-stream cargo handling capacity through establishing more service anchorages and to attract more river-trade cargo and ocean-going vessels.

Hong Kong as major seaport

- HK Government is enhancing efficiency in supply-chain management. Local universities are doing research and development of Radio Frequency Identification (RFID) and its application in logistics operation aiming to shape RFID developments and be the trend-setter in Asia.
- Strengthen the role for HK as Asia's virtual logistics hub.

Hong Kong's multi-modal linkage

- 28% of China's total international trade was routed through Hong Kong which make HK a key player in the global supply chain
- HK offers premier global supply chain services. E.g, global sourcing centre for Carrefour, distribution hub for Louis Vuitton in Asia except for Japan and manage inventory for Addidas, Lafuma and Ermeregila Zegna
- Strong multi-modal transportation linkage offer maximum choice, flexibility and efficiency for supply-chain management.
- HK is an important logistics hub for China and the region.

Major Ports in the Pearl River Delta



All major cities in the Pearl River Delta accessible
by car, ferry & train within 2 hours



Port Facilities in Hong Kong



- 9 container terminals with a total of 24 berths
- Operated by private operators including HIT, MTL, COSCO-HIT, Dubai Ports, ACT and PSA
- Annual capacity over 16.6 million TEUs

Container Terminal 10

- Maritime Cargo Forecast:
 - South China cargo growth rate = 7.0% p.a. (2002-2020)
 - HK container traffic growth rate = 4.2% p.a. (2002-2020)
 - HK container traffic volume is forecast to reach 40 million TEUs in 2020.
- The HK Government is still to decide:
 - when it is necessary to build CT10
 - where it should be located (South West Tsing Yi or North West Lantau)
 - how it would be operated (by common operators or dedicated terminals to shipping lines)

Land Transport and Connectivity to Mainland



Enhancement in physical connectivity with the Mainland. For example The Shenzhen Western Corridor, HK-Zhuhai-Macao Bridge which will triple the capacity to 80,000 cross-boundary vehicles per day and when completed, it will expand HK's cargo catchment area to the entire western part of the PRD region.

Hong Kong Shipping Register

- The United Nations Conference on Trade and Development (UNCTAD) ranked Hong Kong as the 5th maritime centre in 2005 in terms of vessel tonnage after Panama, Liberia, Bahamas, and Greece.
- As of end-of 2005:
Registered Tonnage: **29.809 million GT**
Total No. of Ships on the Register: **1085**
- Examples: OOCL, COSCO, China Shipping, Sinotrans, MSC, and Pacific Basin



Thank you !

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