



供應鏈及資訊管理學系

DEPARTMENT OF SUPPLY CHAIN AND INFORMATION MANAGEMENT

恒生管理學院

HANG SENG MANAGEMENT COLLEGE



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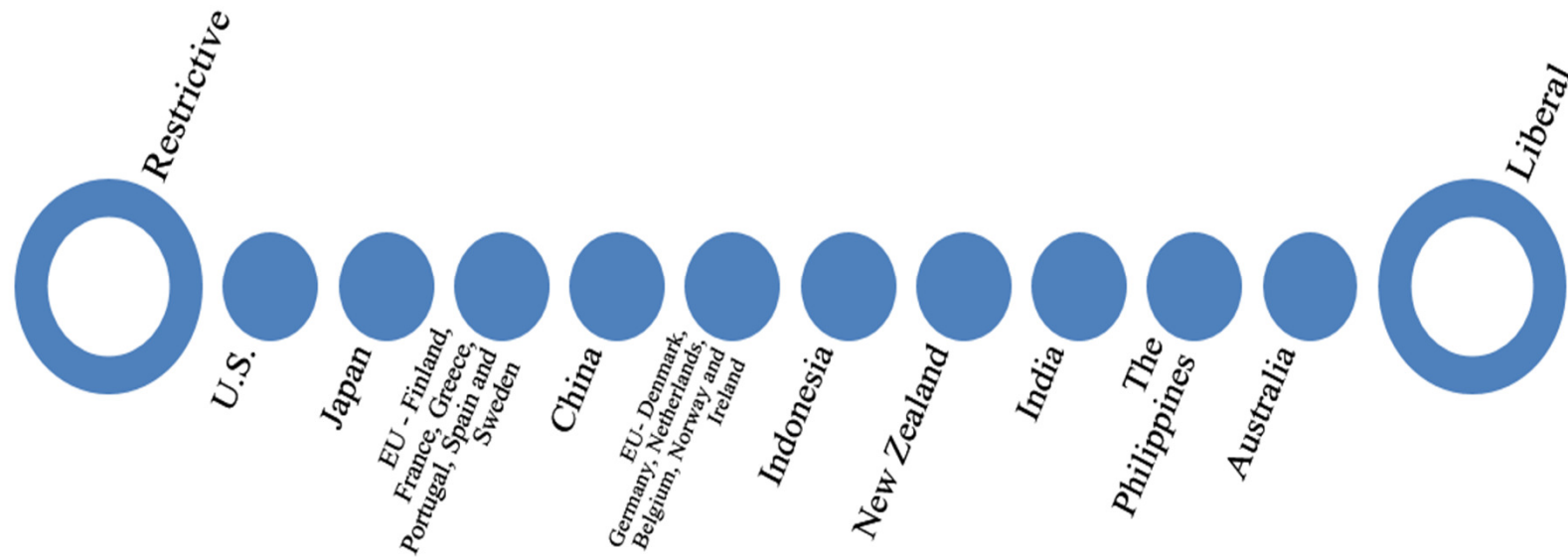
# Maritime Code of China (Cabotage)

- **Maritime transport services between ports of PRC**
  - Shipping operators of Chinese capital; and
  - Chinese-flag vessels
- **HK, “One Country, Two Systems”, not regarded as Chinese port**
  - Foreign ships, with containers loaded on a Chinese port, transit in Hong Kong





# Cabotage Policy Comparison Between Countries





# Cabotage Policy

- **Relaxed since 2013, in Shanghai Free Trade Zone (FTZ)**
- **Chinese owned but foreign-flagged vessels**
  - **allowed to transport goods between Shanghai FTZ and other Chinese ports**
- **Qingdao, Ningbo and Guangzhou - lobbying hard for similar relaxation**





# 內地自貿區有限度放寬沿海運輸權法中的捎帶規管



交通运输部关于在国家自由贸易试验区试点若干海运政策的公告

交通运输部公告 2015 年第 24 号

中資非五星旗國際航行船舶的沿海捎帶業務：

- 註冊在境內的中資航運公司可利用其全資或控股擁有的非五星紅旗國際航行船舶，經營以自貿區開放港口為國際中轉港的外貿進出口集裝箱在國內沿海對外開放港口與自貿區開放港口之間的捎帶業務。

# Strategic Position of Hong Kong

- **Policy Address of 2015 on HK**
  - “... well positioned to serve as a springboard for Mainland maritime companies looking to ‘go global’”
  - “...a platform for international maritime companies to tap the Mainland market”
  - “...an important international maritime services hub for China and the Asia-Pacific region”
- **13<sup>th</sup> Five-Year Plan for the National Economic and Social Development of PRC**
  - “support for HK in enhancing its status as international financial, transportation and trade centers.”





# Hong Kong's

## Trading and Logistics Industry

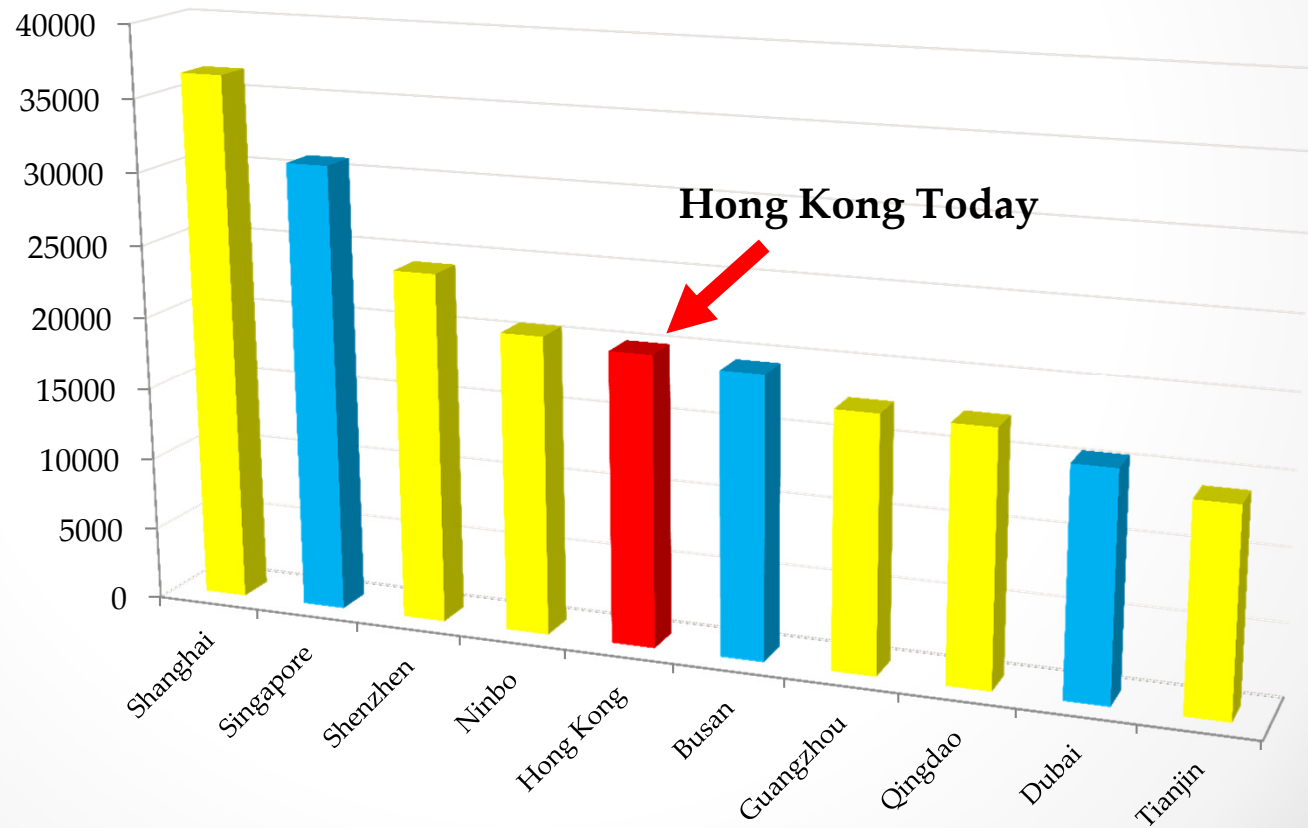
- **765,000 employees in the trading and logistics sector**
- **23.4% of Hong Kong's total GDP**
- **HK - China's second largest trading partner**
  - **HK throughput, over 85% related to China**
- **HK processed 90% of shipments by seaport**





# Hong Kong was World's #1 container port

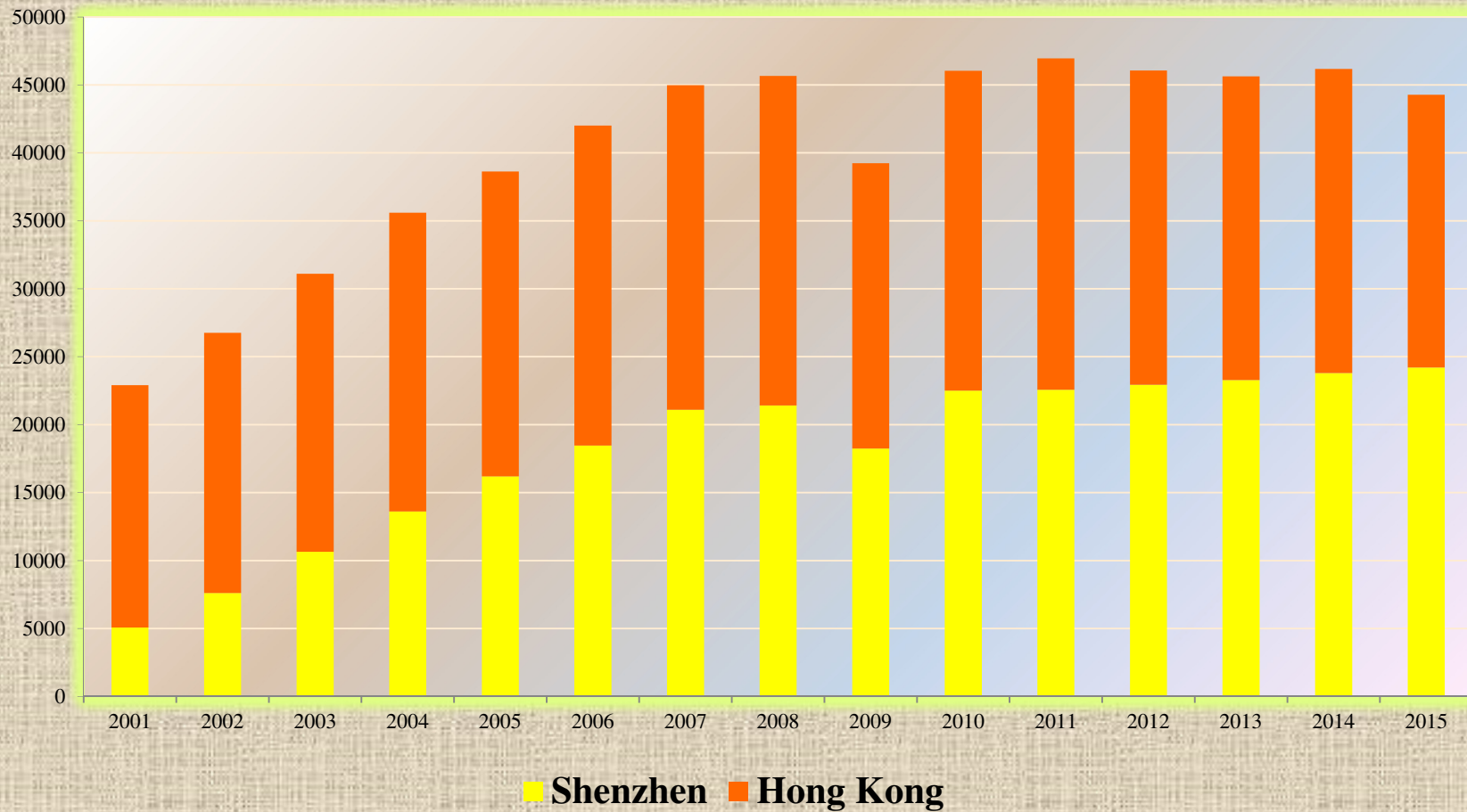
2015 Throughput '000 TEUs





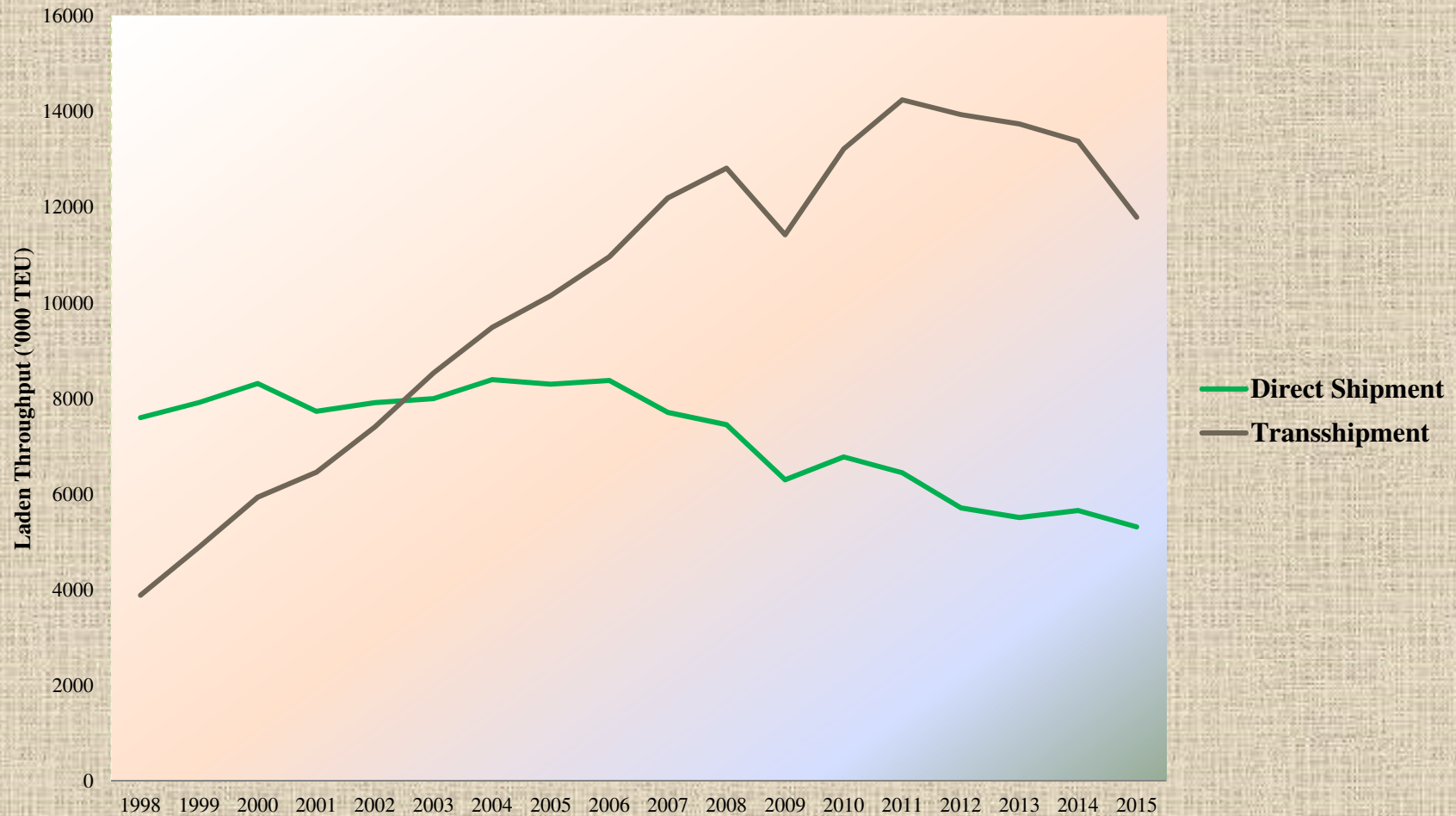
# Total Throughput of Hong Kong & Shenzhen Ports

'000 TEU





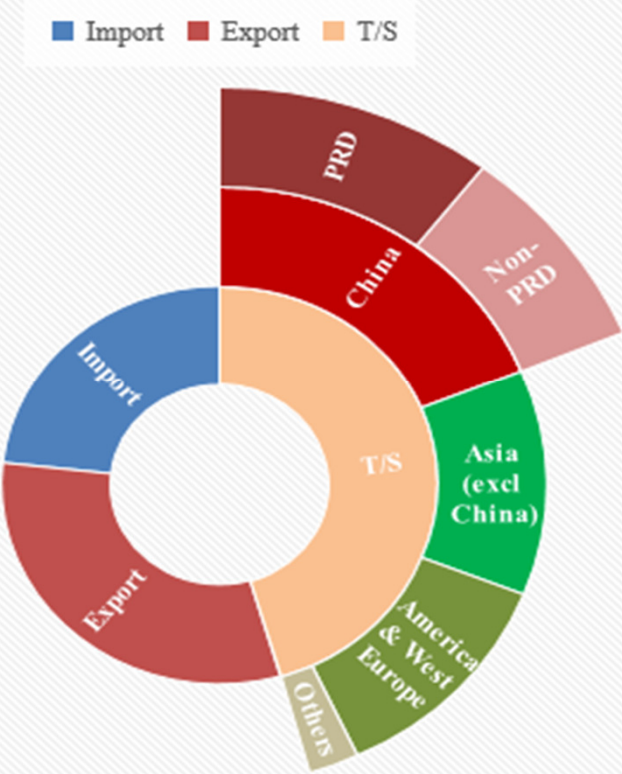
# Hong Kong's Laden Container Throughput (1998-2015)



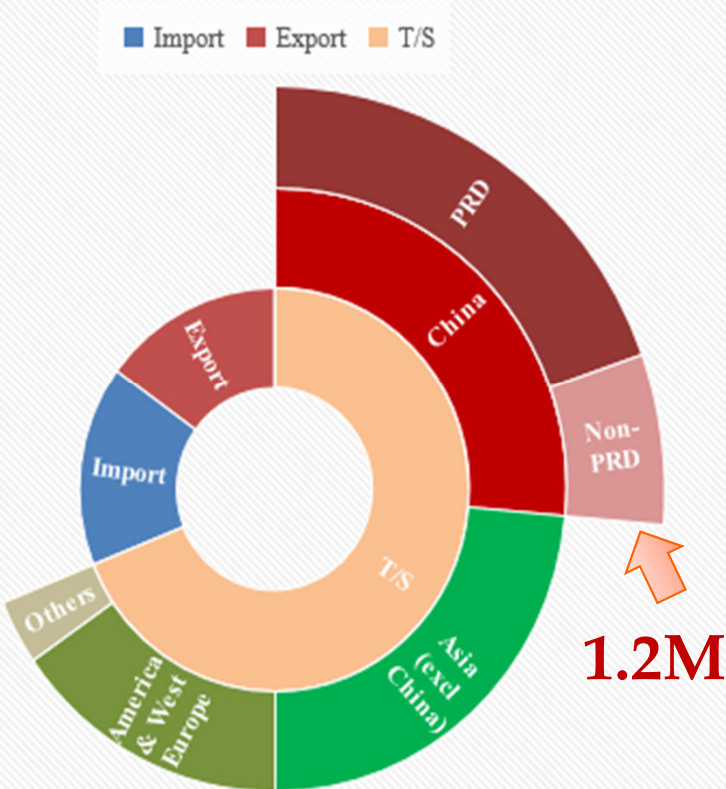


# Maritime Transshipment Development

## Laden Container Movements (2001)



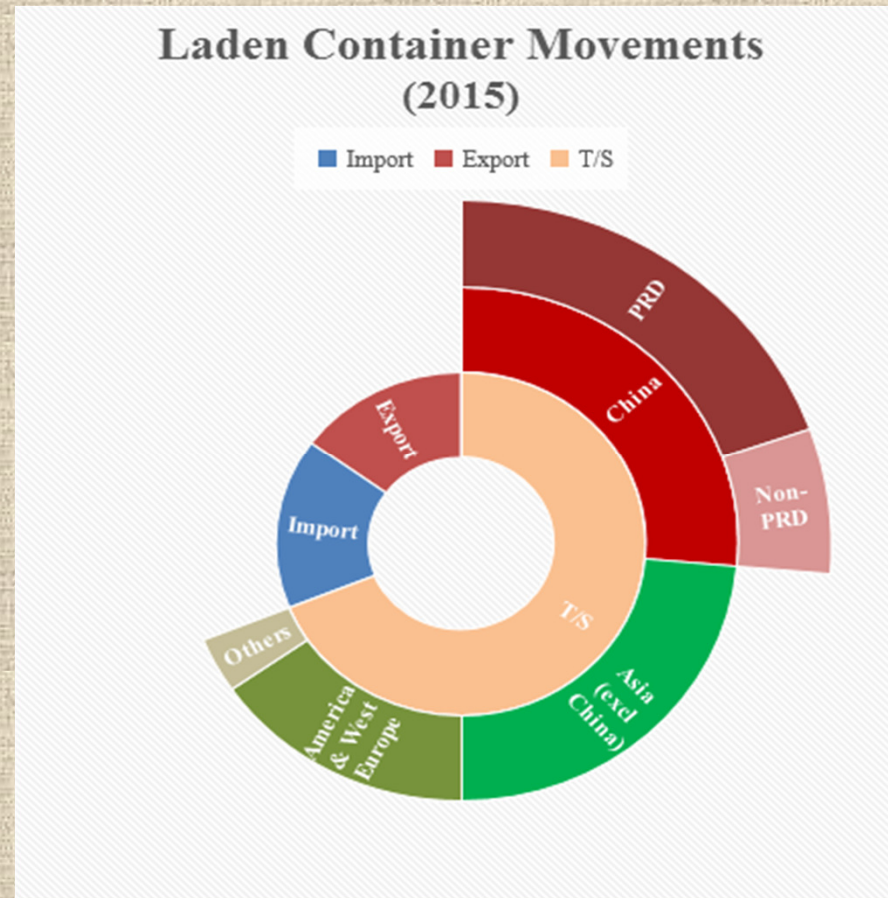
## Laden Container Movements (2015)





# Short-term Impact of Cabotage Policy to Hong Kong

**14% (2.4M TEU) decrease of the throughput – worst case scenario**

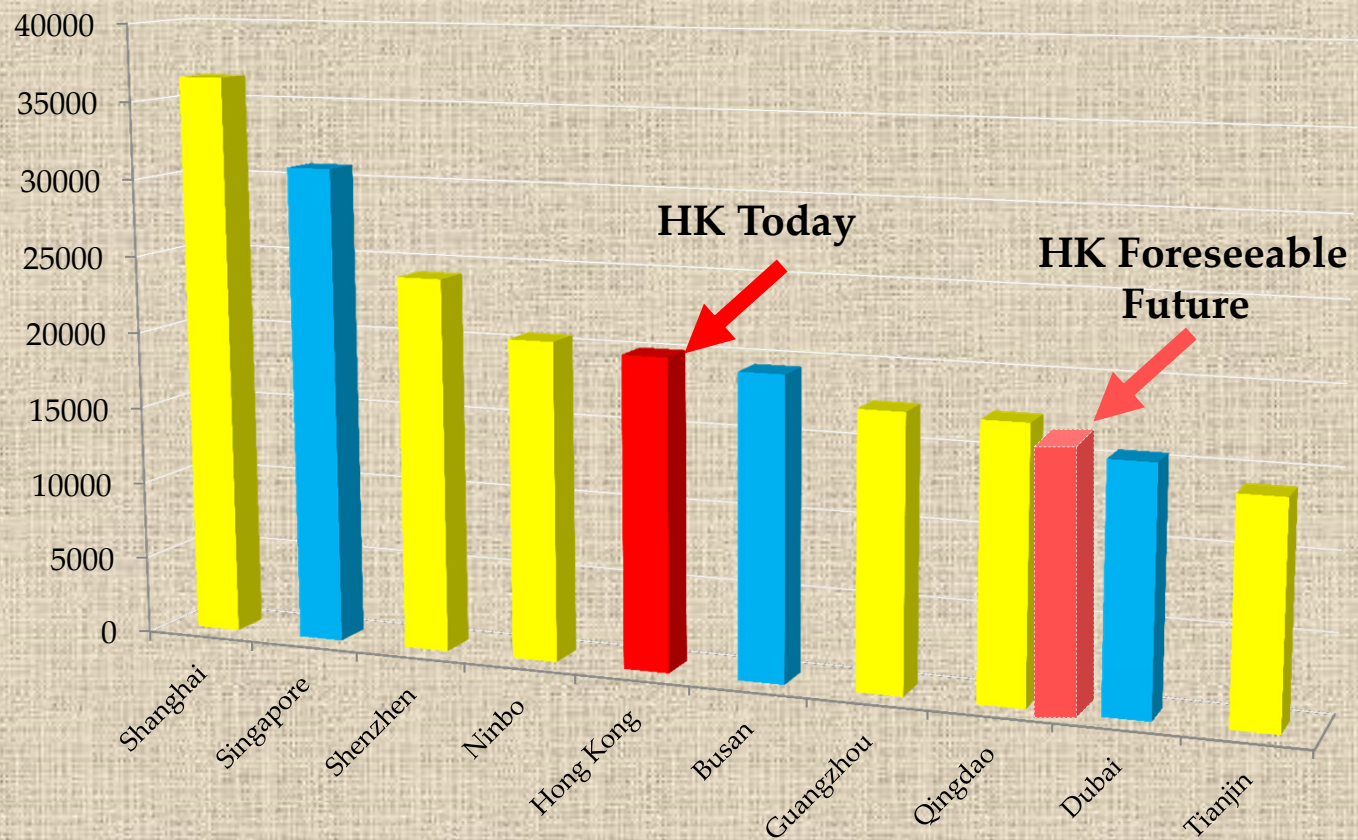






# Hong Kong's Future Position

2015 Throughput '000 TEUs





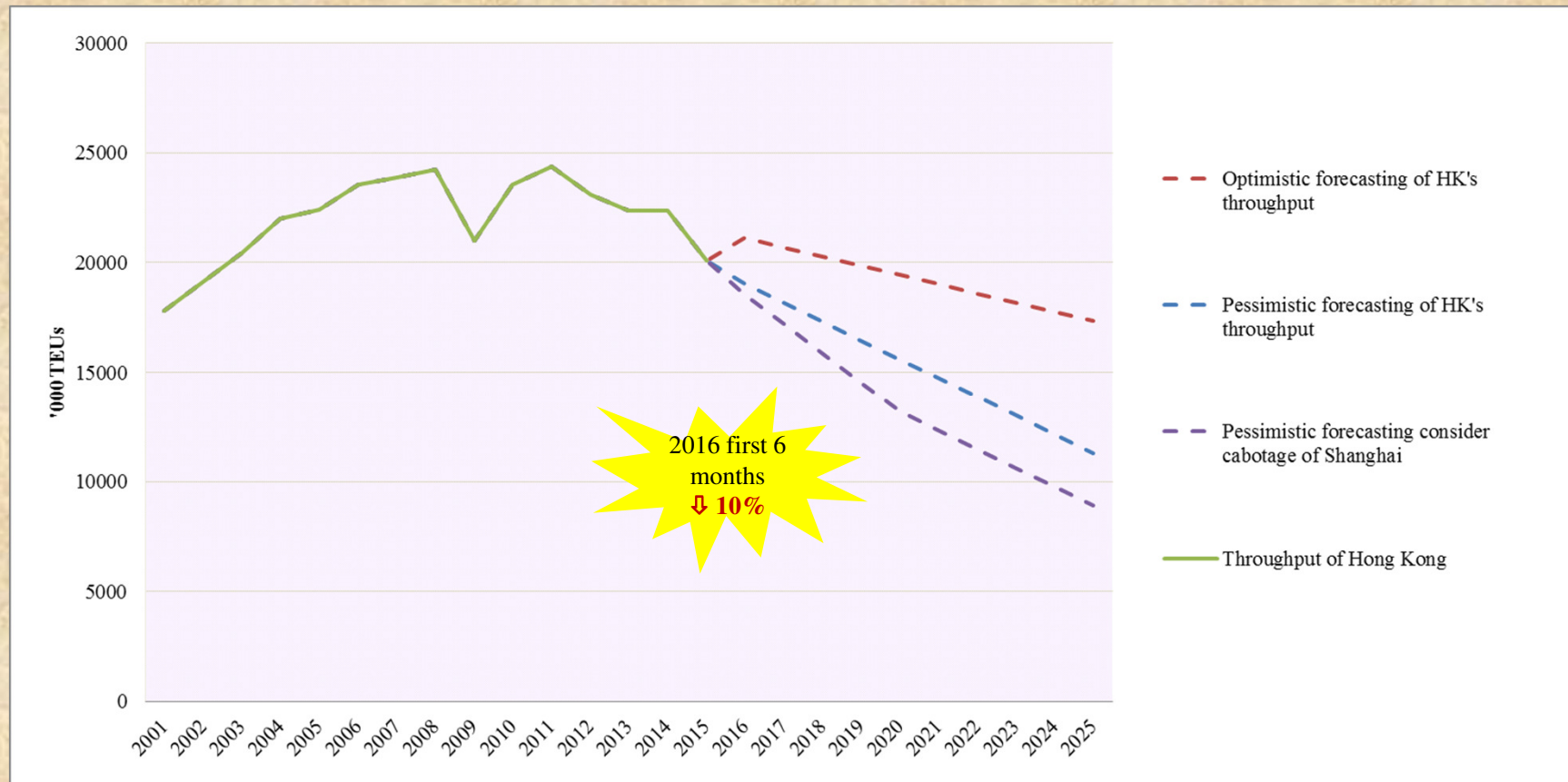
# Long-term Impact of Cabotage Policy to Hong Kong: Loss of Hub Capability to Shenzhen

- Hong Kong port
  - 2015 - 340 container vessels per week, connecting 470 destinations worldwide
  - From 2001 to 2015: container throughput increased from **17.8 million** to **20 million**
- Shenzhen ports
  - 2015 - 131 international container routes, and 21 feeder routes,
  - Over half of routes involve both Hong Kong and Shenzhen.
  - From 2001 to 2015: container throughput increased from **5 million** to **24 million**



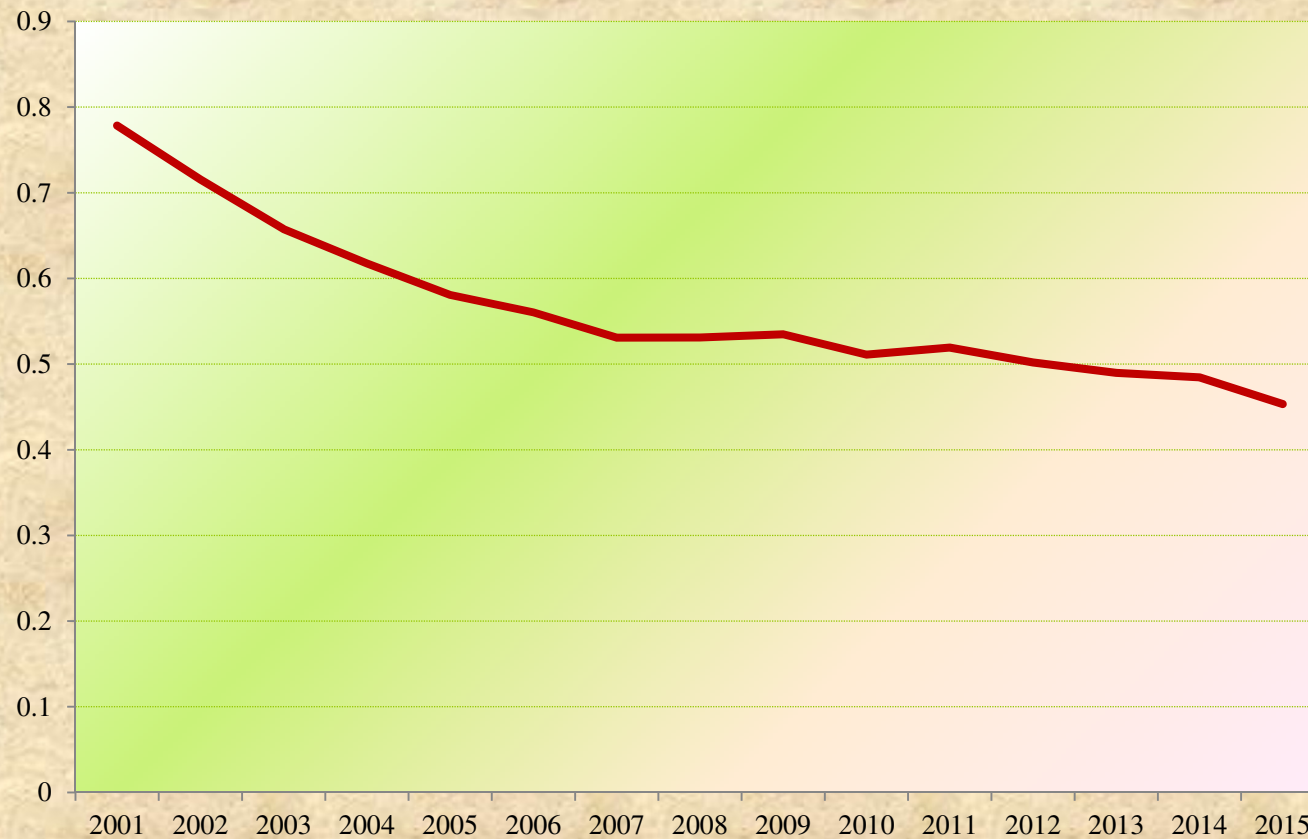


# Forecast of Hong Kong's throughput (different scenarios)





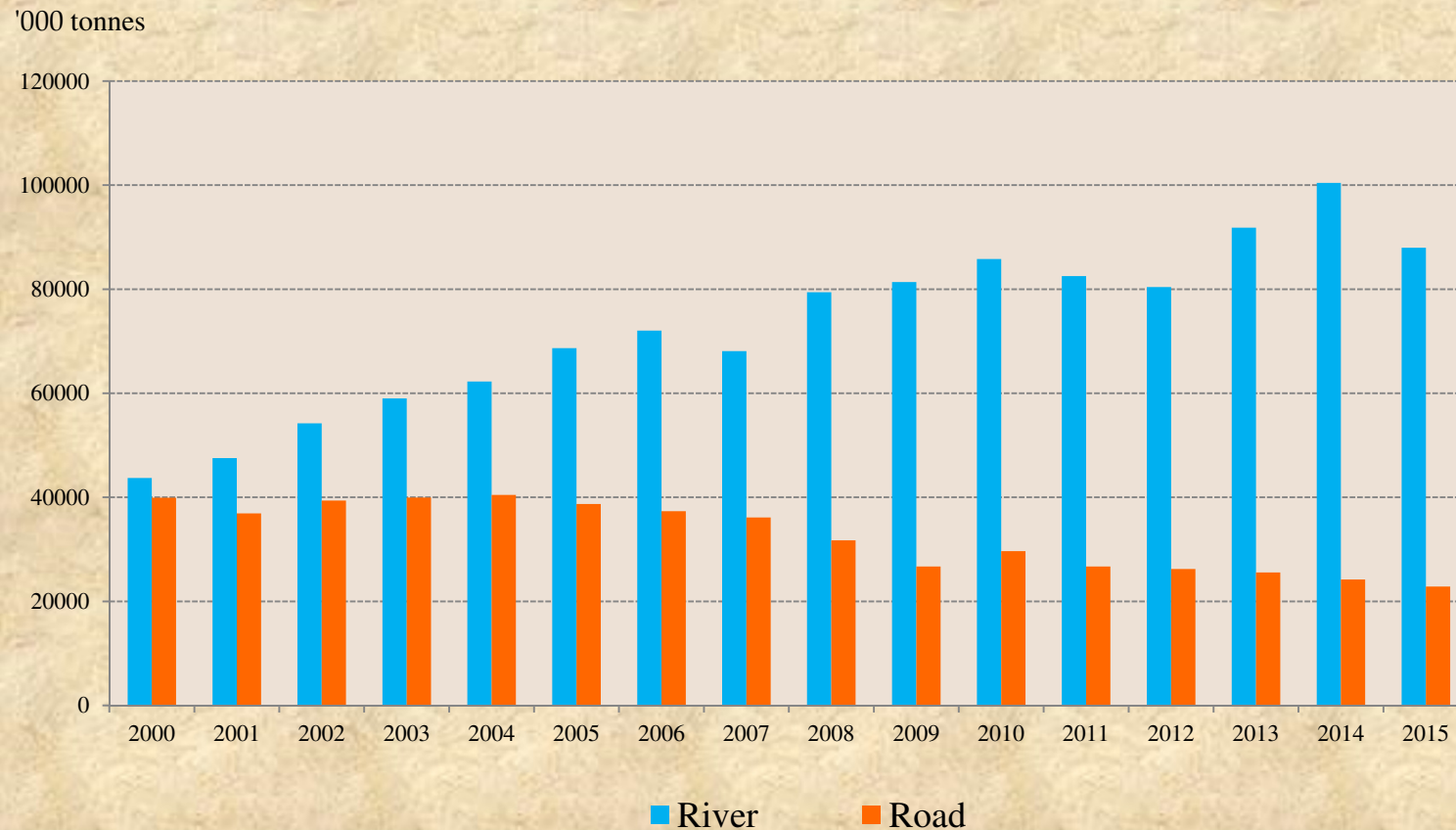
# Competition from PRD Ports – Impact to PRD-Transshipment HK's Proportion of (Shenzhen + Hong Kong) Throughput





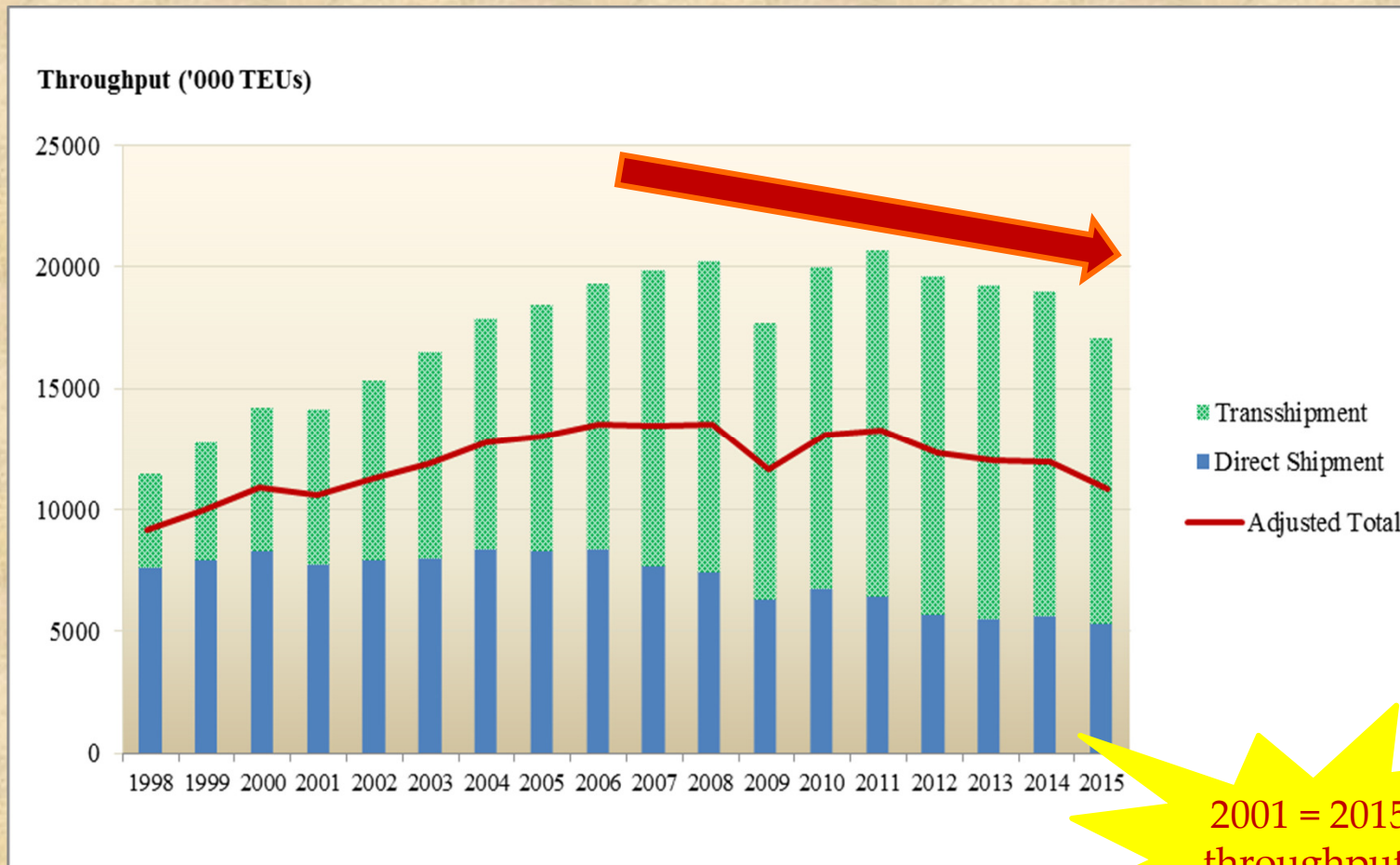
# Competition from PRD Ports – Impact to PRD-Transshipment

- **Decrease** in land transportation between Hong Kong and the PRD region





# Double-counted Effect





# Recommendations

## *On Cabotage Relaxation*

- 1. Communicate Cabotage relaxation concerns to China officials**
- 2. Consultation with stakeholders on the Impact of Cabotage relaxation to Hong Kong and Mainland**





# Recommendations

## *On Innovations to capture Emerging Market of the Region*

### 1. Collaborations with **PRD Special Economic Zones**

- **Strengthen cooperation between HK and PRD regions**
- **Guangdong-HK-Macau Cooperation zone**
- **Collaboration between Stakeholders of the Region**
- **Belt and Road Initiative – policy coordination**





# Recommendations

## *On Innovations to capture Emerging Market of the Region*

### 2. HK as major **Import Gateway** of China

- **China's import is increasing**
- **HK - Free port and well-established logistics connectivity**
- **From outbound logistics to inbound logistics**
- **Belt and Road initiative**





# Recommendations

## *On Innovations to capture Emerging Market of the Region*

3. To capture part of the **e-Commerce Market**
  - **China - Largest cross-border B2C market by 2020 with imported goods purchased online reaching US \$245 billion**
  - **Collaboration between Maritime logistics stakeholders to target e-Commerce Market**





# Recommendations

## *Schemes to increase competitiveness of HK Logistics Industry*

- **Upgrade logistics facilities and services**
- **Single-window operation**
- **Expand the terminal capacity**
- **Innovative technologies and systems**
- **Headquarter incentive schemes and tax regimes**
- **Incentive policies on ancillary shipping services**
- **Increase bilateral double taxation relief**





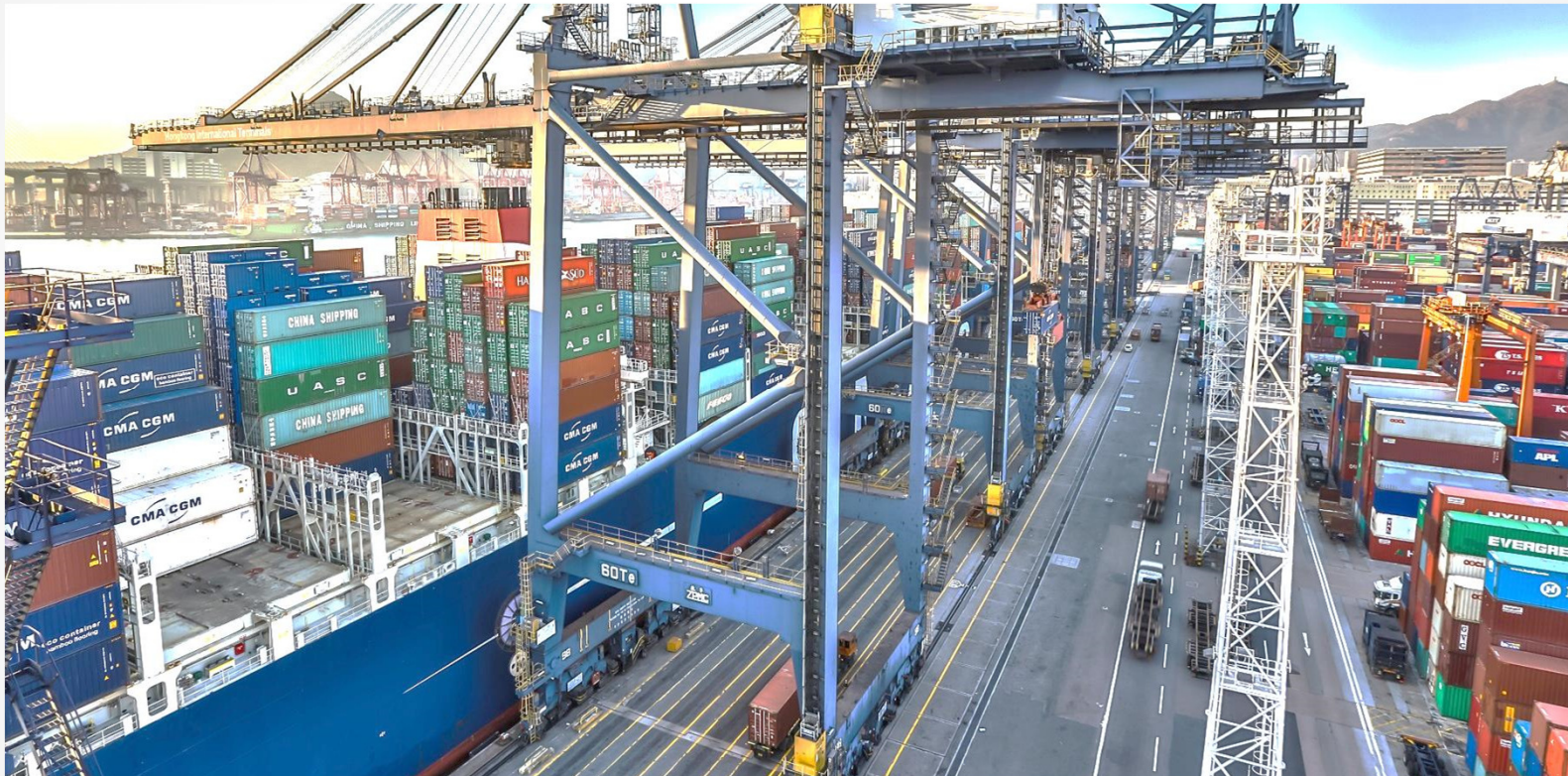


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*Thank You!*

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