

**Port Benchmarking Study for Assessing  
Hong Kong's Maritime Services and Associated Costs  
with other Major International Ports**

**Purpose**

This paper is to brief Members on the findings of the captioned study.

**Background**

2. The Marine Department conducted a comparative study of port costs and port facilities in 2001 to assess the relative position of the port of Hong Kong in relation to other leading container ports. This study is an update of the 2001 study.

3. Hong Kong is a mature port with different types of cargo handling facilities. These facilities handle containers, general cargoes, petroleum, other liquid bulk, dry bulk, and vehicles. Although these facilities are integral parts of the port, with the exception of the container terminals, the majority of the cargoes handled are for domestic consumption. From the 2005 shipping and cargo statistical data, containerized cargoes handled in Hong Kong represented about 74% by weight of the total cargo throughput of Hong Kong. Given the above, the focus of this study is to benchmark the related port charges incurred by container ships at container handling facilities in Hong Kong, and against other leading container ports of the world.

**Objectives of the Study**

4. The objectives of the study are :

- To conduct a benchmarking exercise focusing on comparative port costs and the physical characteristics of container terminals at leading container ports.
- To evaluate the productivity of our container terminals and compare it with other major container ports.
- To conduct an analysis on services provided to visiting ships, port formality procedures and application of information technology in Hong Kong.
- To position the port of Hong Kong amongst major ports worldwide taking into account the cost and performance of the port.
- To formulate recommendations, as far as possible, on matters related to port charges and services provided by the Government.

## **Methodology**

5. This study involves an extensive survey of literatures with a view to collating data on port charges, container throughput, characteristics of container terminals, and port formality procedures. In parallel, interviews with international shipping lines and shipping agencies have been conducted so as to obtain their views on the performance of the Hong Kong port.

6. While quantitative comparisons are not practicable on services provided to ships, port formality procedures, and application of information technology are covered by empirical analysis.

## **Findings**

7. A summary of the findings of the study is as follows :-

- Hong Kong's position on total port charges is similar to the findings in 2001. Hong Kong remains as one of the ports with the lowest cost in the world with total port charges only slightly higher than Singapore and Port Klang in the region.
- The growth of container throughputs in Hong Kong from 2001 to 2005 was generally lower than other top container ports. The less encouraging achievement in throughput

growth indicates that Hong Kong is unable to get an even share of the strong growth in Mainland's container volume. Though Hong Kong is expected to benefit from Mainland's economic growth, appropriate measures need to be taken, if better throughput increase is to be achieved.

- In terms of number of berths and total quay length, Hong Kong is a major container port in the global context and second to Singapore in terms of regional context. The available alongside water depth of Hong Kong's container terminals is 15 metres which is average for leading ports. The Kwai Tsing container port handled 1,745 Twenty-foot Equivalent Units (TEU) per metre quay length in 2004 which is average amongst leading container ports. The physical size of Hong Kong's container terminals is considered average yet our terminals have the highest container storage capacity in the world. The ratio of container storage to total terminal area in 2004 at 74 TEU per thousand square metres ranks the fifth behind Kaohsiung.
- Worldwide crane productivity ranges from 23 to 40 moves per hour (MPH) with many advanced ports able to achieve a rate of at least 30 MPH. For Hong Kong's container terminals, the average crane rate is 36 MPH with peak rate at 40 MPH. This makes Hong Kong one of the most efficient container ports in the world.
- The analysis on services reveals that Hong Kong is providing world class port services to visiting ships and port formality procedures are considered very satisfactory. Hong Kong may be considered a little lagging in terms of IT application amongst leading container ports worldwide, but it is more advanced than other ports in this region.

## **Recommendations**

8. The study has the following recommendations :-

- On the basis of full cost recovery for port services, the present competitive and simple port charge strategy should continue.
- Efficient and simple port formalities should be maintained.
- The two suggestions made by the shipping industry on providing port formality service at Kwai Chung and

reducing physical inspection of the trading certificates of Hong Kong registered ship will be addressed by the Marine Department e-Business System Phase 2. The effectiveness of this system on alleviating these issues should be taken into account in system development.

- Continuous effort should be given to further promote and develop IT applications with a view to providing more user friendly automated port and shipping services to our customers.
- Means of facilitating the smooth flow of cargoes from Pearl River Delta to Hong Kong should be pursued.

### **Advice Sought**

9. Member's views and/or comments on this study are welcomed.

### **Presentation**

10. This paper will be presented by Mr. W H Wong, Senior Marine Officer of the Marine Department

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